



Nourishing the Heart. One Meal at a Time.

**Audited Financial Statements  
December 31, 2008**

Presented By

*Douglas R. Ashbrook, CPA  
San Diego, CA*

**MAMA'S KITCHEN**  
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**December 31, 2008**

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## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of  
Mama's Kitchen

I have audited the accompanying statement of financial position of Mama's Kitchen (a nonprofit organization) as of December 31, 2008, and the related statements of activities, cash flows, and functional expenses for the year then ended. These financial statements are the responsibility of Mama's Kitchen's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Mama's Kitchen as of December 31, 2008, 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.

May 13, 2009

Douglas R. Ashbrook, CPA

**MAMA'S KITCHEN**  
**Statement of Financial Position**  
**December 31, 2008**  
**(With Comparative Totals for December 31, 2007)**

**ASSETS**

	2008	2007
Cash and cash equivalents	\$ 361,505	\$ 529,424
Investments	1,651,409	2,198,214
Prepaid expenses and deposits	23,538	22,191
Grant contracts receivable	46,393	74,619
Inventory	16,718	11,610
Office & computer equipment	136,390	144,674
Kitchen equipment	136,573	130,185
Vehicles	23,858	23,858
Leasehold improvements	53,039	53,039
Less: accumulated depreciation	(281,868)	(265,031)
Intangible assets	13,761	13,761
Less: accumulated amortization	(5,275)	(2,523)
 Total Assets	 \$ 2,176,041	 \$ 2,934,021

**LIABILITIES AND NET ASSETS**

**LIABILITIES:**

Accounts payable	\$ 6,815	\$ 22,182
Accrued payroll liabilities	28,356	20,030
Deferred revenue	-	15,000
Accrued vacation payable	43,664	36,933
 Total Liabilities	 78,835	 94,145

**NET ASSETS:**

Unrestricted	2,068,206	2,809,514
Permanently restricted	29,000	30,362
 Total Net Assets	 2,097,206	 2,839,876
 Total Liabilities and Net Assets	 \$ 2,176,041	 \$ 2,934,021

See accompanying notes and auditor's report

**MAMA'S KITCHEN**  
**Statement of Activities**  
**For the Year Ending December 31, 2008**  
**(With Comparative Totals for December 31, 2007)**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2008</u>	<u>2007</u>
<b><u>REVENUE, GAINS, AND OTHER SUPPORT:</u></b>					
CARE Act - Home delivered meals	\$ 493,759	\$	\$	\$ 493,759	\$ 447,017
County of San Diego	15,405			15,405	-
Contributions	1,319,153			1,319,153	1,069,642
Donations in-kind	289,278			289,278	394,485
Donated services and facilities	503,400			503,400	195,043
Special events, net of direct expenses	12,458			12,458	276,015
Investment income	84,363			84,363	124,382
Net realized and unrealized gain on investments	-			-	76,028
Released from restriction by payment	1,656	(1,656)		-	-
<b>Total Revenue, Gains, and Other Support</b>	<b>2,719,472</b>	<b>(1,656)</b>	<b>-</b>	<b>2,717,816</b>	<b>2,582,612</b>
<b><u>EXPENSES AND LOSSES:</u></b>					
Program services	2,328,743			2,328,743	1,993,309
Management and general	151,007			151,007	140,266
Fundraising	429,830			429,830	399,859
<b>Total Expenses</b>	<b>2,909,580</b>		-	<b>2,909,580</b>	<b>2,533,434</b>
Net loss on disposition of assets	3,294			3,294	-
Net realized and unrealized loss on investments	547,612	-	-	547,612	-
<b>Total Expenses and Losses</b>	<b>3,460,486</b>	<b>-</b>	<b>-</b>	<b>3,460,486</b>	<b>2,533,434</b>
Change in Net Assets	(741,014)	(1,656)	-	(742,670)	49,178
Net Assets, Beginning of Year	2,809,514	-	30,362	2,839,876	2,737,573
Reclassification adjustment	(294)	1,656	(1,362)	-	-
<b>Net Assets, End of Year</b>	<b>\$ 2,068,206</b>	<b>\$ -</b>	<b>\$ 29,000</b>	<b>\$ 2,097,206</b>	<b>\$ 2,786,751</b>

See accompanying notes and auditor's report

**MAMA'S KITCHEN**  
**Statement of Cash Flows**  
**For the Year Ending December 31, 2008**  
**(With Comparative Totals for December 31, 2007)**

<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>	<u>2008</u>	<u>2007</u>
Increase (Decrease) in Net Assets	\$ (742,670)	\$ 49,178
<u>Adjustments to reconcile change in net assets to net cash provided/(used) by operating activities:</u>		
Depreciation and amortization	40,500	53,994
(Gain)/loss on investments	547,612	(76,028)
(Gain)/loss on disposition	3,294	-
<u>(Increase)/Decrease in:</u>		
Contracts receivable	28,226	(41,791)
Prepaid expenses and deposits	(1,347)	197
Inventory	(5,108)	4,377
<u>Increase/(Decrease) in:</u>		
Accrued vacation payable	6,731	9,006
Accounts payable	(15,367)	7,437
Deferred revenue	(15,000)	-
Accrued payroll liabilities	<u>8,326</u>	<u>1,475</u>
Net cash provided/(used) by operating activities	(144,803)	7,845
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>		
Purchase of investments	(1,836,251)	(2,443,852)
Proceeds from sale of investments	1,835,444	2,474,815
Purchase of property and equipment	<u>(22,309)</u>	<u>(58,149)</u>
Net cash provided/(used) in investing activities	<u>(23,116)</u>	<u>(27,186)</u>
Net increase(decrease) in cash and cash equivalents	(167,919)	(19,341)
Cash and cash equivalents at beginning of year	476,299	495,640
Cash and cash equivalents at end of year	<u>\$ 308,380</u>	<u>\$ 476,299</u>

See accompanying notes and auditor's report

**MAMA'S KITCHEN**  
**Statement of Functional Expenses**  
**For the Year Ending December 31, 2008**  
**(With Comparative Totals for December 31, 2007)**

	<u>SUPPORTING SERVICES</u>			2008	2007
	Program Services	Management & General	Fund- Raising	Total	Total
Salaries and wages	\$ 354,235	\$ 85,339	\$ 126,618	\$ 566,192	\$ 507,472
Payroll taxes	28,325	6,681	10,895	45,901	40,764
Employee benefits	21,923	8,204	5,740	35,867	38,331
<b>TOTAL SALARY AND RELATED EXPENSE</b>	<b>404,483</b>	<b>100,224</b>	<b>143,253</b>	<b>647,960</b>	<b>586,567</b>
Food costs	991,150	-	-	991,150	887,051
Food costs-In-kind	42,595	-	-	42,595	38,097
Advertising & promotion	3,859	-	39,595	43,454	51,576
Auto expense	3,761	-	-	3,761	3,376
Bank fees	-	12,974	-	12,974	13,272
Client expense	17,461	-	-	17,461	14,799
Contract services	-	-	25,530	25,530	1,596
Depreciation and amortization	36,698	2,500	1,302	40,500	53,994
Direct mail	-	-	49,045	49,045	42,090
Donor expense	-	-	4,394	4,394	1,256
Donated services and facilities	414,100	6,300	83,000	503,400	195,043
Insurance	16,469	3,828	1,319	21,616	22,444
Investment advisory fees	27,486	-	-	27,486	28,638
Legal & professional	2,350	2,350	-	4,700	4,700
Memberships & dues	2,500	1,460	1,571	5,531	4,848
Newsletter & annual report	-	-	28,239	28,239	22,965
Office expense	17,954	5,792	3,308	27,054	25,709
Printing	-	-	5,528	5,528	9,692
Postage	970	700	4,329	5,999	6,242
Professional development	4,526	3,693	4,467	12,686	12,480
Program development & market research	1,699	-	-	1,699	366
Rent	68,008	7,222	3,607	78,837	75,133
Repairs	8,505	-	-	8,505	5,550
Supplies	219,316	-	27,640	246,956	324,743
Telephone	3,494	735	-	4,229	4,292
Utilities	28,333	1,123	562	30,018	29,070
Volunteer expense	11,709	-	-	11,709	8,672
Miscellaneous	1,317	2,106	3,141	6,564	6,048
<b>TOTAL EXPENSES</b>	<b>\$ 2,328,743</b>	<b>\$ 151,007</b>	<b>\$ 429,830</b>	<b>\$ 2,909,580</b>	<b>\$ 2,480,309</b>

See accompanying notes and auditor's report

**Mama's Kitchen**  
**Notes to Financial Statements**  
**December 31, 2008**

**Note 1 - Summary of Significant Accounting Policies**

**Nature of Activities**

Mama's Kitchen is a not-for-profit organization incorporated on September 28, 1990 in California and providing services in San Diego County. It is governed by a Board of Directors who volunteer their services to the organization. Program services consist of free nutrition services that include home-delivered meals, grocery bags, and pantry services for persons affected by HIV/AIDS or other critical illnesses. The pantry service, called Mama's Pantry, started in February 2004. The organization's programs are funded by the Ryan White CARE Act, a federally funded program administered by the County of San Diego, the City of San Diego, grants from private and corporate foundations, and local community support. During the year, the organization delivered 332,529 meals, 1,688 grocery bags, and had 4,299 visits to Mama's Pantry. The Monday and Wednesday deliveries each consist of six meals, including one hot dinner and one frozen dinner. The Friday delivery consists of nine meals, including one hot dinner and two frozen dinners.

**Income Taxes**

Mama's Kitchen is a private not-for-profit corporation organized under the laws of the State of California. As a Section 501(c)(3) organization, it is exempt from income taxes on the basis that it qualifies for exemption under section 501(a) of the Internal Revenue Code, and Section 23701(d) of the State Revenue and Taxation Code. Accordingly, no provision for income taxes is included in the accompanying financial statements.

**Financial Statement Presentation and Basis of Accounting**

The financial statements are prepared in accordance with the AICPA Audit and Accounting Guide for Not for Profit Organizations. Financial statement preparation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

The accompanying financial statements have been prepared on the accrual basis in conformity with generally accepted accounting principles. Accordingly, the financial statements reflect all significant receivables, payables, and other liabilities.

**Contributions**

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Contributions are recognized when the donor makes a promise to give, in substance and unconditionally. It is the Organization's policy to treat donor-restricted contributions whose restrictions are met in the same reporting period as unrestricted. Donations that are not expended in the current year are classified as temporarily restricted.

**Mama's Kitchen**  
**Notes to Financial Statements**  
**December 31, 2008**

**Note 1 - Summary of Significant Accounting Policies (cont.)**

**Property and Equipment**

Property and equipment acquisitions of \$1,000 or more are recorded at cost when purchased. The fair market value of donated fixed assets is similarly capitalized. Depreciation is provided over the estimated useful life of each class of depreciable assets and is computed using the straight-line method. Depreciation and amortization expense for the year ending December 31, 2008 is \$40,500.

**Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts 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 vary.

**Expense Allocations**

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

**Compensated Absences**

Employees of Mama's Kitchen are entitled to compensated absences depending on the length of service and other factors. Such absences consist of accrued vacation and sick time; the unused accrued vacation is payable upon termination or retirement. As of December 31, 2008, accrued vacation payable is \$43,664.

**Cash and Cash Equivalents**

For purposes of the Statements of Cash Flows, Mama's Kitchen considers all highly liquid investments with an initial maturity date of three months or less to be cash equivalents.

**Donated Services**

The criteria for recognizing donated services in accordance with SFAS No. 116, *Accounting for Contributions Received and Contributions Made*, are if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization.

The organization received approximately 30,200 volunteer hours for various services including food preparation, packaging and staging prepared meals, and home delivery to more than 535 men, women, and children at high risk of hunger and malnutrition; however, not all of these services met the criteria established by FASB No.116 and therefore are not recorded in the financial statements.

**Mama's Kitchen**  
**Notes to Financial Statements**  
**December 31, 2008**

**Note 1 - Summary of Significant Accounting Policies (cont.)**

**Inventory**

The inventory consists of meal containers, dry and frozen foods, and other food products. Inventory is valued using the First In First Out (FIFO) method. As of December 31, 2008, inventory is valued at \$16,718.

**Comparative Financial Information**

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2007, from which the summarized information was derived.

**Note 2 - Employee Benefit Plan:**

Mama's Kitchen participates in a 401(k) deferred profit sharing plan (a defined contribution plan). All employees that have completed a minimum of 1,000 hours of service are eligible to participate in the plan. Contributions are made by Mama's Kitchen based upon each employee's contributions and eligibility. Participants are vested 100% after 5 years. Mama's Kitchen's contribution to this plan was \$12,341 for the year ended December 31, 2008.

**Note 3 - Rental and Lease Agreements**

Mama's Kitchen leases space located at 1875 2<sup>nd</sup> Avenue in San Diego, CA. The lease space is used for preparation, packaging and staging of the prepared meals and for administrative purposes. The lease term is for four years commencing August 1, 2006 and expiring July 31, 2010. Monthly rent is \$5,608, with annual increases of approximately 5%. In addition to rent, Mama's Kitchen agrees to pay 50% of all utilities and security.

Mama's Kitchen also leases space located at 4083 30<sup>th</sup> Street in San Diego, CA for Mama's Pantry. The lease term was originally for three years commencing June 1, 2004 and expiring June 30, 2007 and has been extended for two years through May 31, 2009. Monthly base rent is \$550 with an annual increase of 3%.

The minimum annual lease payments required under both leases are as follows:

Years ending December 31:	
2009	\$ 78,401
2010	<u>45,339</u>
	<u><u>\$ 123,740</u></u>

**Mama's Kitchen**  
**Notes to Financial Statements**  
**December 31, 2008**

**Note 4 - Grants and Contracts Receivable**

Contract receivables as of December 31, 2008 are \$46,393 due from the County of San Diego - Health & Human Services Agency.

**Note 5 - Prepaid Expenses and Deposits**

Prepaid expenses and deposits as of December 31, 2008 are as follows:

Prepaid insurance	\$ 13,921
Software maintenance	3,612
Rent deposit	300
Vendor security deposit	5,000
Workers compensation deposit	<u>705</u>
 Total prepaid expenses and deposits	 <u>\$ 23,538</u>

**Note 6 - Fund-raising and Special Events, Net**

Special events consist of various fund-raising events as follows:

	<u>Mama's Day</u>	<u>Pie in the Sky</u>	<u>Wine Tasting</u>	<u>Total</u>
Special event revenue	\$ 25,800	\$ 18,780	\$ 4,825	\$ 49,405
Less: direct expenses	<u>(21,533)</u>	<u>(13,418)</u>	<u>(1,996)</u>	<u>(36,947)</u>
Special events, net	4,267	5,362	2,829	12,458
 Special event contributions	 122,613	 80,936	 11,275	 214,824
In-kind donations	190,684	17,450	20,306	228,440
Less: indirect expenses	<u>(177,106)</u>	<u>(24,679)</u>	<u>(17,848)</u>	<u>(219,633)</u>
 Total Fund-raising and Special events, net	 <u>\$140,458</u>	 <u>\$ 79,069</u>	 <u>\$ 16,562</u>	 <u>\$ 236,089</u>

**Mama's Kitchen**  
**Notes to Financial Statements**  
**December 31, 2008**

**Note 7 - Concentration of Revenue**

Mama's Kitchen received approximately 17% of its total revenue from the County of San Diego for the AIDS Home Delivered Meals Program. While there is no imminent plan on the part of the government to discontinue these funds, the contracts are renewed on an annual basis depending on availability of funds.

Mama's Kitchen also received approximately 75% of its total revenue from fund-raising activities and contributions from private foundations and local community support.

**Note 8 - Federal Allowances, Awards and Grants**

The Organization has received state and federal funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate expenditure disallowance under the terms of the grants, it is believed that any required reimbursement would not be material.

**Note 9 - Concentration of Risk and Uncertainties**

Cash balances are insured by the Federal Deposit Insurance Corporation up to \$100,000. At December 31, 2008, Mama's Kitchen's uninsured cash balances total \$48,052. Management believes the risk of loss is remote.

**Note 10 - Donations In-Kind & Donated Services**

Mama's Kitchen received in-kind donations valued at \$289,278 for the year ending December 31, 2008. In-kind donations consist of the following:

Mama's Day	\$ 190,684
Pie in the Sky	17,450
Wine Tasting	20,306
Mama's Pantry/Food drives	42,545
Other various program & office supplies	<u>18,293</u>
 Total Donations In-kind	 <u>\$ 289,278</u>

Donated facilities is valued at \$5,000 for the use of space to hold their annual wine tasting event.

**Mama's Kitchen**  
**Notes to Financial Statements**  
**December 31, 2008**

**Note 10 - Donations In-Kind & Donated Services (cont.)**

Mama's Kitchen also received donated services valued at \$498,400 that met the criteria under SFAS No.116 as described in Note 1. Donated services consist of the following:

Professional Chefs	\$ 78,000
Delivery services*	391,059
Advertising	20,823
Legal services	6,300
IT services	1,500
Plumbing	543
Miscellaneous	<u>175</u>
 Total Donated Services	 <u>\$ 498,400</u>

\*Delivery services include mileage for use of personal vehicles.

**Note 11 - Investments**

Investments are valued at fair value based upon quoted market prices. Income, gains and losses are reported in the statement of activities as increases or decreases in net assets. Investments at December 31, 2008 consist primarily of government securities, corporate bonds, and equities totaling \$1,651,409.

Investment return is summarized as follows:

	<u>Investments</u>	<u>Cash</u>	<u>Total</u>
Interest and dividend income	\$ 79,825	\$ 4,538	\$ 84,363
Net realized gain/(loss) on investment	(201,678)	(225)	(201,903)
Net unrealized gain/(loss) on investment	(345,709)		(345,709)
Less: investment fees	<u>(27,336)</u>	<u>(150)</u>	<u>(27,486)</u>
 Total investment return	 <u>\$ (494,898)</u>	 <u>\$ 4,163</u>	 <u>\$(490,735)</u>

**Note 12 - Net Assets**

Permanently restricted net assets consists of endowment fund contributions as follows:

Mama's Kitchen Endowment	\$ 24,000
The San Diego Foundation Endowment	<u>5,000</u>
 Total Permanently Restricted Net Assets	 <u>\$ 29,000</u>

**Mama's Kitchen**  
**Notes to Financial Statements**  
**December 31, 2008**

**Note 13 - Endowment Funds**

Mama's Kitchen has two separate endowment funds; one is maintained by The San Diego Foundation and the other is pooled with other investments. Both endowments were created to support the organization's operations as a whole and not for any specific purpose. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors of Mama's Kitchen 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. As a result of this interpretation, Mama's Kitchen classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the organization in a manner consistent with the standard of prudence prescribed by SPMIFA. In accordance with SPMIFA, Mama's Kitchen considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment Funds:

- (1) The duration and preservation of the fund.
- (2) The purposes of the Foundation 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.

**Description of Amounts Classified as Permanently Restricted Net Assets and Temporarily Restricted Net Assets (Endowment Only)**

**Permanently Restricted Net Assets**

The portion of perpetual endowment funds required to be retained permanently either by explicit donor stipulation or by SPMIFA      \$ 29,000

**Temporarily Restricted Net Assets**

The portion of perpetual endowment funds subject to a time restriction under SPMIFA      \$ -

**Mama's Kitchen**  
**Notes to Financial Statements**  
**December 31, 2008**

**Note 13 - Endowment Funds (cont.)**

**Endowment Net Asset Composition by Type of Fund  
as of December 31, 2008.**

<u>Endowment funds</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ (381)	\$ -	\$ 29,000	\$ 28,619
Total funds	\$ (381)	\$ -	\$ 29,000	\$ 28,619

**Change in Endowment Net Assets  
for the Year Ended December 31, 2008**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 294	\$ -	\$ 30,362	\$ 30,656
Reclassification adjustment per FSP No. FAS 117-1	(294)	1,656	(1,362)	-
Investment return:				
Brokerage fees	-	(26)	-	(26)
Net depreciation (realized and unrealized)	(381)	(1,336)	-	(1,717)
Total investment return	(381)	(1,362)	-	(1,743)
Appropriation of endowment assets for expenditure	-	(294)	-	(294)
Endowment net assets, end of year	\$ (381)	\$ -	\$ 29,000	\$ 28,619

**Mama's Kitchen**  
**Notes to Financial Statements**  
**December 31, 2008**

**Note 13- Endowment Funds (cont.)**

**Endowment Investment Policies**

**Funds with Deficiencies**

Due to current economic conditions, the fair value of assets associated with The San Diego Foundation's Agency Endowment which maintains individual donor-restricted endowment funds have fallen below the level the donor or SPMIFA requires the organization to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature that are reported in unrestricted net assets were \$381 as of December 31, 2008. These deficiencies resulted from unfavorable market fluctuations. Appropriations in the amount of \$294 to Mama's Kitchen were made by The San Diego Foundation in accordance with donor-restrictions and consisted of 4% of the total value of the endowment fund.

**Return Objectives and Risk Parameters**

Mama's Kitchen has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding for operations supported by its endowments while seeking to maintain the purchasing of the endowment assets. Within prudent investment principles, in selecting FDIC insured institutions for cash, CDs, and similar liquid investments, the Board may take into consideration factors other than the rate of return. Such factors may include, but are not limited to, the institution's community involvement, support of Mama's Kitchen, and similar factors the Board deems prudent under the circumstances, so long as the general rate of return received is similar to that of other institutions.

At such time as investments are made in the US equities market, and consistent with prudent investment standards and safety, Mama's Kitchen shall seek to achieve above the market average rate of return as defined by the S&P 500 index while assuming a moderate level of investment risk. Actual returns in any given year may vary due to economic and other market conditions.

**Strategies Employed for Achieving Objectives**

To satisfy its long-term rate-of-return objectives, Mama's Kitchen relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). Mama's Kitchen's finance committee shall supervise the management of the assets maintained and shall, as appropriate, obtain investment advice from independent sources, including other organizations, Registered Investment Advisors, Securities Dealers, and other Financial Institutions.