

A MESSAGE FROM THE PRESIDENT

1994

... was a year of milestones.

During the year, NIAC completed its fifth year of operation and welcomed its 1,000th member. Our net income of \$304,306 was the largest in our history. With \$8,501,049 in gross written premium for the year, we grew 38 percent over 1993. We welcomed 212 new members during the year and completed the year with a total of 1,160 members.

NIAC had the good fortune of benefitting from the considerable skills and broad industry experience of Renate-Karin Wunsch as Managing Director during 1994. Joining us in July, Ms. Wunsch agreed to serve in this capacity for one year while I pursued legislation in Congress to clarify federal tax law as it applies to charitable risk pools and



worked on special projects for the Ford Foundation in New York City and the Nonprofit Risk Management Center in Washington, D.C.

Renate worked intensively to establish and implement systems and procedures that will serve NIAC for many years to come. In particular, she worked with our systems analyst and underwriters to develop computerized reports to provide detailed member profiles to assist our underwriters with the renewal process. With NIAC's premium volume expected to exceed \$10 million in 1995, it is imperative that our systems grow with our service needs. NIAC is already seeing the benefits of Renate's considerable contributions in this regard.

Our reinsurance treaty, which is shared equally by General Reinsurance (Best's rated A++) and North American Reinsurance (Best's rated A), was renewed last year with the most favorable terms in NIAC's history. Because of our substantial profit-sharing arrangements, each year that NIAC maintains claims experience that is superior to industry averages is like putting money in the bank.

NIAC's fixed income investment portfolio totaled \$9,036,759 at the end of 1994. Invested conservatively, the portfolio fared far better than market averages during 1994, when intermediate term bonds suffered their largest annual loss since 1926. We earned investment income of over \$421,253 on our portfolio while taking only \$78,031 in realized losses. New accounting regulations require NIAC to report unrealized market losses of \$315,696 on our balance sheet to reflect the decline of market value at year end below the cost of the securities. Many of those unrealized losses have already been regained through the rebounding bond market in early 1995. Furthermore, because NIAC has adequate cash to pay current claims and expenses, we can hold these bonds and not realize the losses unless and until it becomes

financially advantageous to do so.

Some insurance industry insiders once again are hinting that a general hardening of the market, with its higher prices and shortages of coverage, may soon, honest, really, be just around the corner. Hard market or soft, NIAC has shown that it just makes sense for a company that provides insurance for nonprofits to be owned and controlled by the nonprofits themselves. Tough decisions are made by our member-elected board of directors who have both the economic and social costs clearly in mind. With NIAC, any benefits gained from nonprofits' better than average claims experience are retained for use by and for the nonprofit community.

Our challenge for 1995 and beyond is to remain responsive to the needs and concerns of the growing number of California nonprofits who are simultaneously our members, our customers, and our owners and to work efficiently with the insurance brokers and agents who serve them. As always, it is a privilege to serve this creative, diverse, and hard-working sector.

— Pamela Davis, *President/CEO*

ACCOLADES

"Building the organizational infrastructure of the non-profit community is an important strategy of Marin Community Foundation's grantmaking. The difficulty that many nonprofits face in finding a reliable source of affordable, high quality insurance coverage has been an impediment to strengthening infrastructure.

The proposal to establish NIAC as an insurance cooperative for nonprofits was a carefully thought-out response to an important need. The exemplary manner in which NIAC has fulfilled its initial promise makes us proud to be one of the foundations that have enabled it to offer affordable insurance products and services to the nonprofit community.

Congratulations to the NIAC staff and Board on reaching this milestone with an impressive record of accomplishment."

—Barbara B. Lawson
Vice President,
Administration and Finance
Marin Community
Foundation

FROM THE CHAIRMAN OF THE BOARD

The Board of Directors is pleased with NIAC's progress during 1994 and we are proud of the reputation NIAC has developed within the insurance community and the nonprofit sector. And, we are committed to developing NIAC in a manner which will meet the needs of a growing insurance organization without losing sight of our primary goal of providing broad and affordable coverage for our members.

In 1993 Congressman Pete Stark (with original co-sponsor, Congressman Sam Farr) introduced a bill to

clarify existing tax law and grant tax-exemption to a narrow class of nonprofit insurance pools like NIAC. This bill fell victim to the Congressional gridlock of 1994.

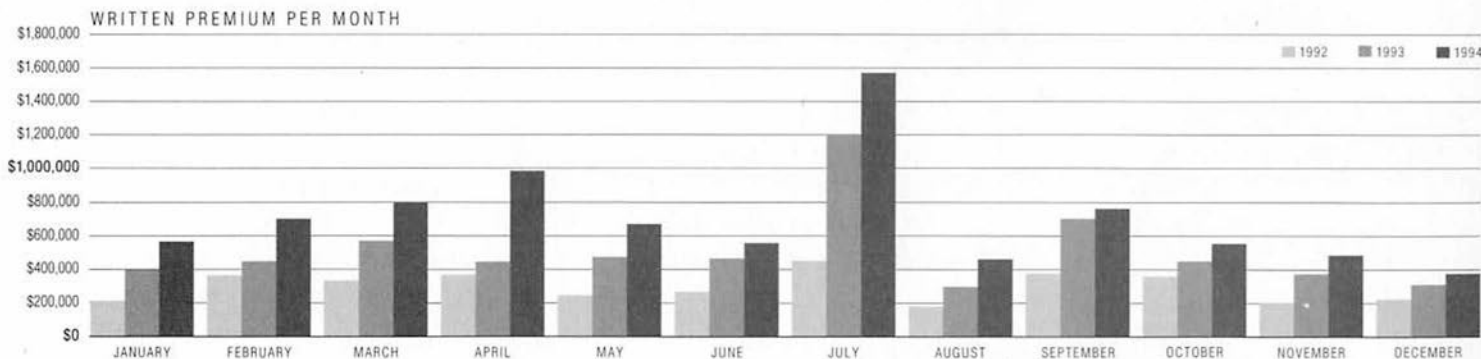
This effort to clarify the law has had bipartisan support since very early in the process and Congressman Bill Thomas introduced an identical bill, H.R. 1299, in the 104th Congress in March of 1995. Congressmen Pete Stark and Sam Farr signed on as original co-sponsors. We have been impressed and pleased with this bipartisan cooperation and the genuine concern shown by these individuals that this clarification not get caught in partisan politics. We are very hopeful that 1995 will be the year that we will see this small, but important, clarification become law.

Our effort to achieve tax-exemption is just one of the ways that we are working to try to keep costs down for you, our members, so that more of



your scarce resources can be used for direct services. On behalf of the Board of Directors, I assure you that we are constantly mindful of our charge to provide you with the best possible coverages at fair and reasonable rates.

Jess Gutierrez
— Jess Gutierrez
Citation Insurance Group



BOARD OF DIRECTORS



BACK ROW FROM LEFT:
**Jess Gutierrez, Phillip Kimble,
Marianne Franks, Dick Hotaling**

FRONT ROW:
**Audrey Harrison, Suzie Pollak,
Diane Cooper, Renate-Karin Wunsch,
Pamela Davis, Larry Bacon**

NOT SHOWN:
**Robert Bond, Meredith Clark,
Elizabeth Dietrich**

Directors & Officers \$292,150

Improper Sexual Conduct \$351,154

Umbrella \$550,951

Auto Physical \$644,033

Auto Liability \$2,041,257

General Liability \$4,621,504

ANNUAL PREMIUM BY LINE

TOTAL \$8,501,049

A SUCCESS STORY

NIAC's successful partnership with the California State PTA is described in the following letter from Pat Dingsdale:



The California Congress of Parents, Teachers and Students is a place where children come first. Working as a team, they strive to make California schools a forum where all children receive an excellent education and the opportunity for positive personal growth.

Dear NIAC,

The California State PTA has enjoyed its relationship with the Nonprofits' Insurance Alliance Of California for the past year. The company made a commitment from the beginning to not only take the PTA's money, but to educate our members in the area of liability insurance.

Together, we developed three surveys for our units, councils and districts to determine their activities and needs. The surveys were an Activity Survey, a Fidelity Bond Survey and a Property Insurance Survey.

At the California State PTA Annual Convention held in May 1994 at the Long Beach Convention Center, NIAC provided an insurance display, distributed and collected the surveys, and talked to the delegates about insurance issues and concerns. Pamela Davis participated with Kathryn Hines, Ingham Coates & Payne, Inc. in our insurance conference for our delegates. This was the first time our insurance company had expressed a desire to display and also our first experience with a conference devoted solely to the issue of insurance. Both were positively received and we plan to repeat the activity again this year at our annual convention in San Francisco.

By far the most significant contribution to our organization by the Nonprofits' Insurance Alliance of California is the Insurance and Loss Prevention Guide. This guide, developed by both entities with the assistance of Kathryn Hines, our insurance broker, has made a huge impact on the PTAs in California. They have gained a greater understanding of the scope of their insurance. We have heard only the most positive comments. Even the risk managers of some of the school districts have complimented the publication.

The California State PTA also appreciates the fact that when we have an insurance issue that needs to be addressed, that NIAC looks at all sides to determine the feasibility of making changes to the way we've always done things. Our PTAs are looking at insurance in a more positive light.

We hope that this relationship will continue for many years to come.

Sincerely,

Pat Dingsdale

— Pat Dingsdale, *President,*
California Congress of Parents, Teachers,
and Students

NIAC STAFF



BACK ROW FROM LEFT:

**Steven Moody, Thomas Crubaugh,
Michael Pramuk, Todd Connor**

SECOND TO LAST ROW:

**Carla Cramblett, Joseph Morton,
Michele Thomas, Renel Ralston,
Paul Roman**

MIDDLE ROW:

**Kathleen Morgan-Martinez,
Sharon Felice, Victoria Ruggles,
Claudia Weeks**

SECOND ROW:

**Renate-Karin Wunsch,
Amanda Goldman, Lisa Edelman,
Betty Johnson**

FRONT ROW:

Sue Reimuller, Linda Covington

"We have been writing our nonprofit clients with NIAC for over 5 years now, and NIAC is absolutely the best! Not only is NIAC super competitive, but we can obtain the coverage that meets the special needs of our nonprofit clients."

— Allen Erle
*Albano, Dale, Dunn &
Lewis Insurance Service,
Orangevale*

The Institute for Food and Development Policy was one of the first agencies to join NIAC because commercial insurance underwriters have not always been very interested in the special needs of nonprofits.

— Marilyn Borchardt
Deputy Director,
The Institute for Food
and Development Policy
(NIAC's first member)

A NONPROFIT NEED

In the mid-1980s traditional commercial insurance providers were failing to meet the special needs of California nonprofit agencies.

The Nonprofits' Insurance Alliance of California (NIAC) originated with a genuine concern for the well being of the sector, along with a clear understanding of the nonprofit community. The mid-1980s brought a new challenge to California nonprofit agencies:

traditional commercial insurance providers were failing to meet their special needs. Access to adequate liability insurance deteriorated as policies were restricted or denied, and premiums soared.

Responding to these adverse conditions, the California Association of Nonprofits convened a group of nonprofit leaders in late 1986. This group was determined to safeguard nonprofits against an unpredictable insurance market and shelter them from future liability crises. Two years of research and analysis pointed toward risk pooling as a promising solution. Doctors, churches, municipalities and others had achieved success with risk pooling. NIAC's proponents were confident that nonprofits could employ risk pooling with similar success. Initial support from a consortium of California funders provided \$300,000 for research and start-up costs. The Ford Foundation, the San Francisco Foundation, the David and Lucile Packard Foundation, the Wallace Alexander Gerbode Foundation, the Marin Community Foundation, and the Walter S. Johnson Foundation provided further funding, \$1.3 million in initial capital.



JACK KURTZ/IMPACT VISUAL

Food First, NIAC's first member, is an organization dedicated to eradicating hunger world-wide and educating about its effects.

A NONPROFIT SOLUTION

NIAC offers insurance expertise without profit motivation.



The ARC of Amador and Calaveras has been a NIAC member since 1989. The ARC provides day programs and supported employment services for developmentally disabled adults. Shown here are participants of ARC's annual reception for the PUSH bicyclists who are passing through town during a bicycle tour of America.

"NIAC is willing to work with us on our diverse accounts... Their Risk Management team is excellent in avoiding potential claims for our clients... They are a pleasure to work with."

— Tom South
*South Insurance Services,
Santa Rosa*

Owned and controlled by nonprofit member organizations, NIAC is a successful example of the nonprofit community's resilience and ability to pioneer solutions for difficult problems. NIAC delivers member agencies superior service, broad coverage and efficient claims handling with minimal hassle. Agencies rely on NIAC to do one thing well so that they can better serve their clients and communities.

Now five years strong, NIAC has grown to more than 1,000 member-insureds and \$8 million in annual premiums. With a head for insurance and a heart for nonprofits, NIAC offers insurance expertise without profit motivation. All savings are passed on to the nonprofit agency.

In addition, NIAC's specially trained underwriting staff is sensitive to the unique aspects of nonprofit organizations.

NIAC's strong reinsurers, American Reinsurance, General Reinsurance and North American Reinsurance substantially enhance its stability and security.

NIAC promotes a sensible approach to loss control: helping members avoid claims whenever possible. Through site visits and video tapes on topics ranging from driver safety to earthquake prepared-

ness, members receive the tools and services to help safeguard clients, volunteers and employees. The wealth of information and data collected relating to risk in nonprofit activities helps NIAC to continually refine its products and services.

Even with the best planning, accidents happen. NIAC is sensitive to the negative impact that claims-related publicity can have on nonprofit operations. With offices throughout California, NIAC's claims administrator provides quick, effective and conscientious service.

"In this past year of working with NIAC, I have come to value our professional and personal relationship. Since the beginning, NIAC has guided me through the nonprofit world with their knowledge and insight into the community.

I have never before worked with a company that is more committed and sensitive to their clients' needs than NIAC. And the staff are knowledgeable, friendly and fun to work with.

NIAC's servicing is great! The turnaround time is so fast, I can deliver much better service to my clients.

The Nonprofits' Insurance Alliance of California has what it takes and is a great company."

— Carla J. Colombana
Account Manager
ISU Insurance Services,
San Francisco

THE FUTURE

Future plans include expansion of loss control resources available to our members.

We are proud of NIAC's accomplishments over the past five years but, like most nonprofits, there is no time to rest on our laurels. We must find creative solutions to persistent problems and adapt to the changes and challenges of our unique sector.

In 1995 we anticipate enhancements to umbrella, property, and workers' compensation coverages available exclusively to NIAC members. Future plans also include collaboration with the Nonprofit Risk Management Center in Washington,



A therapist at Girls, Inc., a NIAC member since 1989, utilizes play therapy with her young patient to begin the healing process. Girls, Inc. provides a wide range of services to individuals and families.

D.C. to expand loss control resources available to our members.

We encourage our members to take advantage of the many resources available through NIAC and to let us know what we can do to better serve you.

For those 501(c)(3) nonprofit organizations who are not yet member-insureds of NIAC, we encourage you to get to know us. We would like to work with you and your local broker to assure that you are getting the best possible insurance for your dollar.

NIAC MEMBERS

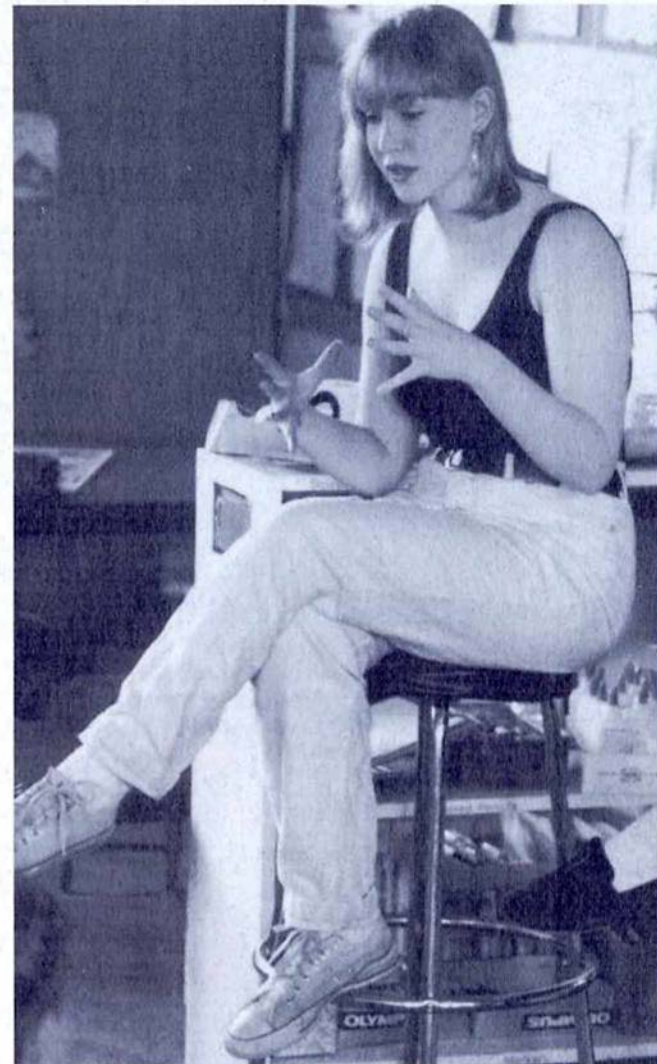
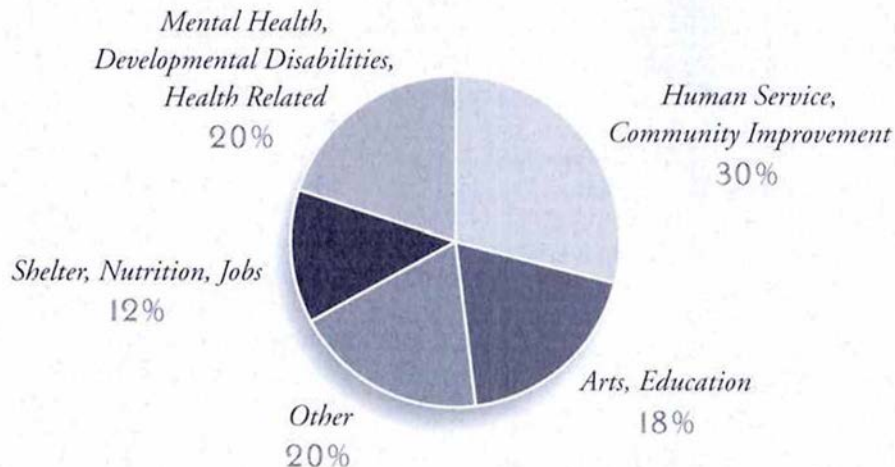
IAC's five years of insuring nonprofits has not diminished our appreciation of our members' ingenuity, resolve and dedication to their missions.

Approaching community problems with persistence and imagination, our members successfully serve the physical, emotional, and cultural needs of Californians statewide.

Our membership continues to grow, but the general composition of our members remains constant. Our members provide service in the following areas:

- 30% Human Service, Community Improvement
- 20% Mental Health, Developmental Disabilities, Health Related
- 18% Arts, Education
- 12% Shelter, Nutrition, Jobs
- 20% Other

NIAC is a nonprofit owned by its members. We are proud to be in the company of so many agencies working for positive change in their communities. Take a moment to review the list of NIAC members on the following pages.



The Santa Cruz AIDS Project provides various services relating to the issues of AIDS and HIV. Pictured here is one of their AIDS educators, who lost both parents to AIDS, and who now speaks to the public about how to prevent this deadly disease.

N I A C M E M B E R S

Members as of December 31, 1994

A

A Broader Living Experience (A.B.L.E.)
 A Woman's Place of Merced County
 A.B.C. Recovery Center
 ABC Child Development
 AD Care Inc., R.S.V.P. and Caring Callers
 AID Employment
 ALS Association, Greater Sacramento Chapter
 ARC Vallejo-Benicia
 ARC of Amador and Calaveras
 Action for Kids
 Activities for Retarded Children
 Actors' Theatre of Sonoma County
 Adopt International
 Adoption for African American Children Committee
 African Community Resource Center
 Aim to Please
 Al Wooten, Jr. Heritage Center
 Al-Anon Family Groups, District 13
 Al-Anon Inland Empire Service Center
 Alameda Emergency Food Bank
 Alcoholism & Drug Abuse Council of Fresno County
 Alleluia
 Alliance for the Mentally Ill of Placer County
 Alliance for the Mentally Ill of San Mateo
 Allied Fellowship Service
 Alma School Foundation
 Almost Like Home
 Alpha House
 Alpha of San Diego
 Alzheimer's Association - Monterey County Chapter

Alzheimer's Association of Orange County
 Alzheimer's Association, Greater Sacramento Area
 Alzheimer's Disease & Related Disorders Assoc.
 Alzheimer's Services of the East Bay
 Alzheimer's Association Greater North Valley Chapter
 Alzheimers Disease/Related Disorders Association/Ventura
 American Academy of Workers Compensation
 American Decorative Arts Forum of Northern California
 American Society on Aging
 American Sports Institute
 Amigos de las Americas-Marin Chapter
 Anaheim Interfaith Shelter
 Ananda Marga, Los Altos
 Anderson Marsh Interpretive Association
 Angel Island Association
 Angel Society of Fallbrook
 Anger Management & Counseling Services
 Ann Martin Children's Center
 Antelope Valley Council on Alcoholism
 Antelope Valley High School Cheerleader Booster
 Apollo West Theatre Drama and Workshop/Carson
 Arcata McKinleyville Children's Center
 Aresis Ensemble
 Arrid Club
 Art Re-Group
 Arte Americas, The Mexican Art Center
 Arts Benicia
 Arts Council of Santa Clara County
 Arts Council of the Conejo Valley

Asian American Senior Citizens Service Center
 Asian Pacific Community Fund of Southern California
 Asian Pacific Health Care Venture
 Asian Pacific Self-Development & Residential
 Assistance League of Escondido Valley
 Assistance League of Newport-Mesa
 Association of Former Vietnamese Political Prisoners
 Associated Alumni UCI California College of Medicine
 Associated Center for Therapy/CSATT
 Associated Family Therapy for Effective Recovery
 Association of Housing Management Agents
 At Your Home Services
 Attitudinal Healing Center of Sonoma County
 Audrey L. Smith Developmental Center

B

Baler Foundation
 Baulines Crafts Guild and California Contemporary
 Bay Area Black Consortium for Quality Health Care
 Bay Area Classic Learning
 Bay Area Crisis Nursery
 Bay Area Friends of Tibet
 Bay Area Women Against Rape
 Bay Institute of San Francisco
 Bayview Opera House
 Beacon House Association of San Pedro
 Beacon House
 Becoming Independent

Being Alive San Diego
 Believe in Yourself
 Beneficial Environments
 Berkeley Architectural Heritage Association
 Berkeley Women's Health Center
 Bernal Heights Housing Corporation
 Better Health Foundation
 Better Life Children Services
 Beverly Hills Theatre Guild
 Big Brothers of San Diego County
 Big Brothers/Big Sisters of Fresno County
 Big Brothers/Big Sisters of the Greater Sacramento
 Big Sister League
 Big Sur Historical Society
 Bill Wilson Center
 Black Economic Development Task Force
 Blackwell International Academy of Performing Arts
 Blind & Vision Impaired Center of Monterey County
 Blind Children's Learning Center
 Bonita House
 Borrego Springs Youth Center
 Boys & Girls Club of Harbor City
 Boys & Girls Club of Napa Valley
 Boys & Girls Club of Santa Rosa
 Braille Transcription Project of Santa Clara County
 Breast Cancer Action
 Bridge for the Needy
 Bridge to Asia Foundation
 Buddhist Peace Fellowship
 Build Rehabilitation Industries
 Butte County Children's World

NIAC MEMBERS

C

C.E.S.C.
 CHP 11-99 Foundation
 CLARE Foundation
 Cabrillo Guild of Music
 Cache Creek Lodge
 Cal-Pep
 California Coalition for Rural Housing Project (CCRH)
 California Court Appointed Special Advocate Association
 California AIDS Intervention
 California Age Research Institute
 California Association of Nonprofits
 California Channel
 California Child, Youth and Family Coalition
 California Congress of Parents, Teachers (PTA)
 California Council for the Promotion of History
 California Council for the Social Studies
 California Environmental Trust
 California Family Action
 California Foundation on Employment & Disability
 California Grey Bears
 California Health Decisions
 California Hispanic Commission on Alcohol & Drug
 California Institute for Clinical Social Work
 California Institute of Public Affairs
 California Leadership
 California Native Plant Society
 California Neuropsychology Services
 California Northern Coastal Area of Alcoholics
 California Oak Foundation
 California Rail Foundation

California Rare Fruit Growers
 California Southern Small Business Development Corporation
 California State Student Association (CSSA)
 California Supreme Court Historical Society
 California Working Group
 Californians for Population Stabilization
 Cambridge Community Center
 Campbell Union Elementary Education Foundation
 Cancer Support Community
 Cantori Domino
 Capp Street Project
 Carey Parents
 Casa Libre
 Casa Teresa
 Cascade Canyon School
 Castro Valley Boys and Girls Clubs
 Cat People
 Catalina Youth Arts Exchange
 Catholic Big Brothers
 Cedars Development Foundation of Marin
 Center Point
 Center for Applied Local Research
 Center for Critical Architecture
 Center for Independence of the Disabled
 Center for New Americans
 Center for Studies of the Future
 Central American Mission Partners (CAMP)
 Central Coast Center for Independent Living
 Central Coast Headway
 Central Coast Lighthouse Keepers
 Central Coast Neurobehavior Center
 Central Orange County YWCA
 Central San Fernando Valley Alliance

Central Valley AIDS Team
 Central Valley Equal Rights Congress
 Centro La Familia De Fresno
 Challenged Family Resource Center
 Chamberlain's Children Center
 Champs Foundation
 Che Cafe Collective
 Chemical Awareness and Treatment Service
 Chico Museum Association
 Child Abuse Prevention Agency (CAPA)
 Child Assault Prevention Training Center of California
 Child Quest International
 Child or Parental Emergency Services/C.O.P.E.S.
 Childcare Coordinating Council of San Mateo County
 Children & Language Pre-school
 Children Now
 Children of Parkinsonians
 Children's Benefit League
 Children's Education With Care
 Children's Garden of California
 Children's Institute International
 Children's Placement Service
 Children's Preservation Network
 Children's Research Institute of California
 Choix de Vie
 Choral Artists of California
 Choral Conductors Guild
 Christian Assisted Recovery Environments
 Christian Counseling Service
 Christmas Dinner Fund

Chula Vista Bayfront Conservancy Trust
 Circuit Rider Productions
 Citizens Who Care
 City Heights Community Development Corporation
 CityTeam Ministries & Heritage Life Foundation
 Clairemont Friendship Center
 Clark Ovitt Foundation
 Classical Philharmonic
 Clear Lake Gleaners



SURREY BLACKBURN

The Trader Vic monument honors all Chinese immigrants who passed by the Angel Island Immigration Station. The Angel Island Association, a NIAC member, maintains the island for visitors' education and enjoyment.

NIAC MEMBERS



RICK YAMADA

NIAC members work to enhance childrens' lives through various programs including advocacy, shelter, education, nutrition, and family counseling.

Clearlake Memorial Health Foundation
Coalition Against Domestic and Sexual Violence
Coalition of Mental Health Professionals
Coastside Adult Day Health Center
Coastwalk
Committee for Ciudad de los Ninos de Salamanca
Committee on the Shelterless (C.O.T.S.)
Committee to Restore the Opera House
Community Action Board of Santa Cruz County
Community Assistance for the Retarded & Handicapped
Community Care Car
Community Childcare Council of Sonoma County

Community Children's Center
Community Coalition for Substance Abuse
Community Companions & Acme Environment Management
Community Congress of San Diego
Community Coordinated Child Development Council
Community Design Center
Community Enterprises
Community Environmental Council
Community Housing Developers
Community Human Services
Community Living Centers
Community Medical Education & Research Foundation
Community Transitional Resources

Community Treatment Center
Computer Using Educators
Conflict Resolution Program
Continuum HIV Day Services
Contra Costa Alternative School
Contra Costa Humane Society
Cooper Fellowship
Corner Stone Outreach
Cornerstone Community Alcohol/Drug Recovery
Corralitos Padres
Corriganville Preservation Committee
Corte Madera Larkspur Schools Foundation
Costa Mesa Senior Citizens' Corporation
Cottonwood Community Park
Council on Aging Services for Seniors
Court Appointed Special Advocates of Santa Cruz County
Court Designated Child Advocates of Santa Clara
Creative Harmonics Institute
Crest Forest Community Services Council
Cri-help
Crisis House Corporation
Cuddly Critters
Cultural Odyssey
Cupertino Senior Day Services

D
Daly City Emergency Food Pantry
Davis Community Meals
Daybreak Childcare Network
Defensa de Mujeres
Del Norte Senior Center
Delhi Community Center
Dell Arte
Delta Adult Day Care Program
Delta Sigma Theta Life Development

Democratic Management Services
Dental Health Foundation
Design Response
Diabetes Society of Santa Clara Valley
Diabetes Society of Sonoma County
Didi Hirsch Community Health Clinic
Dientes, the Community Dental Clinic
Disabled American Veterans Charities/Greater L.A.
Disabled In Action League
Disabled Resources Center
Discipleship Training International
Dixieland Monterey
Do It Now Foundation of Southern California
Dolores Street Community Services
Domestic Crisis Services of Tehama County
Donald P. McCullum Youth Court
Door of Hope
Door to Hope
Double Check Retreat
Dramatic Results
Drew Child Development Corporation
Drug Abatement Institute
Drug Abuse Alternative Center

E
EE's Residential Group Homes
EFG Curriculum Collaborative
ETVC-Educational TV Channel
Earth Communications Office/ECO
Earth Connection
Earth Links
East Bay Center for the Performing Arts
East Bay Consortium for Elder Abuse Prevention
East Bay Counseling & Referral Agency for the Deaf
East Bay Depot for Creative Reuse

NONPROFITS' INSURANCE ALLIANCE OF CALIFORNIA MEMBERS

East Bay Intergroup
 East Bay Secondary School Fund
 East Bay Services to the Developmentally Disabled
 East County Community Detox Center
 East Los Angeles Rape Hot Line
 East Los Angeles Sheriffs' Youth Athletic League
 East Oakland Youth Development Center
 Eco-Home Network
 Ecumenical Council of the Pasadena Area Churches
 Eden Youth Center
 Edgemoor Hospital Auxiliary
 Education Foundation of Cotati-Rohnert Park
 Education Programs Associates
 Education, Training and Research Associates
 El Dorado Arts Council
 El Dorado National Forest Interpretive Association
 El Hogar Mental Health and Community Services
 El Pajaro Community Development Corporation
 El Rescate, El Rescate Legal Services & El Refugio
 ElderHelp of San Diego
 Elk Grove Historical Society
 Elmwood Institute
 Emanuel Achievement Program
 Emeline Child Care Center
 Emergency Hunger Fund of Redwood City
 Emeryville Community Action Program
 Encampment for Citizenship
 Endowment for Youth
 Environmental Health Coalition
 Episcopal Community Services

Episcopal Community Services of San Francisco
 Eritrean Cultural & Development Center
 Eschaton Foundation
 Escondido Historical Society
 Ethiopian Community Services
 Evangel Home
 Extended Child Care Coalition

F

Fair Housing Council of Orange County
 Fair Housing Council of San Bernardino County
 Fairfax-San Anselmo Children's Center
 Faith Hope Counseling Services
 Fallbrook Child Development Center
 Fallbrook People to People
 Fallbrook Players
 Familia Center
 Families United
 Family Builders By Adoption
 Family Emergency Shelter Coalition (FESCO)
 Family Giving Tree
 Family Hope
 Family Service Agency & Community Counseling Services
 Family Service Agency of Marin County
 Family Service Agency of the Greater Sacramento Area
 Family Service Association of Northern Santa Cruz County
 Family Service Association of Butte & Glenn Counties
 Family Service Association of the Pajaro Valley
 Family Services Association of Orange County
 Family and Community Enrichment Services

Federation of Indian Association
 Fifth Business
 Filipino American Council of San Francisco
 Filipino American Service Group
 Filipino Task Force on AIDS
 Filipinos for Affirmative Action
 Fillmore Historical Museum
 Five Branches Institute, College of Traditional Medicine
 Florence Crittenton Services
 Fontana We Care
 Food Bank for Monterey County
 Food Bank of Nevada County
 Foothill Area Community Services
 Foothill Unity Center
 For Parents' & Kids' Sake
 Ford Street Project
 Forest Theatre Guild
 Fort Ross Interpretive Association
 Foster Youth Connection of Los Angeles County
 Foundation Center for Phenomenological Research
 Foundation for the Performing Arts Center
 Foundation for the Retarded of the Desert
 Frank H. & Eva B. Buck Foundation
 Frazee Community Center
 Fred Brown's Recovery Services
 Fred Finch Youth Center
 Free at Last
 Fresh Start Farms
 Fresh Start Surgical Gifts
 Fresno Adult Literacy Council
 Fresno Metropolitan Ministry
 Fresno Rescue Mission
 Fresno Unity Group Homes
 Fresno Youth Advocates
 Friends Outside Modesto Stanislaus County

Friends Outside in San Luis Obispo County
 Friends of Ethnic Arts
 Friends of Jefferson House
 Friends of Robinson Gardens
 Friends of San Luis Obispo Botanical Garden
 Friends of Scrap
 Friends of Sunset Foundation
 Friends of the Allied Non-Profits
 Friends of the Antelope Valley Indian Museum
 Friends of the Arcata Marsh
 Friends of the Mission Cultural Center
 Friends of the Napa River
 Friends of the Santa Cruz Public Libraries
 Friendship Center for the Blind
 Future Families

G

G.A.P.A. Community HIV Project
 GRASP Foundation
 Gemini Community Programs
 Genesis/A Sanctuary for the Arts
 Girls, Inc. of Alameda County
 Glenn County Seniors Centers
 Global Exchange
 Gold Key Club
 Golden Umbrella
 Good Samaritan Shelter
 Good Shepherd Fund
 Goodwill Industries of the Redwood Empire
 Grandview Foundation
 Grant Beckstrand Cancer Foundation
 Great Leap
 Great Northern Corporation
 Green Pastures
 Greenacre Homes

NIAC MEMBERS



RICK YAMADA

From senior volunteer groups to senior day care programs, NIAC members enhance the quality of life for thousands of seniors across California.

H —————
 H.O.M.E.S.
 HOPE Housing Development Corp.
 Haight Ashbury Food Program
 Hancock Park Elementary School Booster Club
 HandsNet
 Harbor Area Gang Alternative Program
 Harbor Gateway Center
 Harbor View Urban Foundation
 Harry Pinajian Memorial Fund
 Haven Hills
 Head Injury Prevention
 Head Trauma Support Project
 Headlands Center for the Arts
 Health Initiatives for Youth
 Health Promotion Institute
 Healthy Babies Project
 Help Another Toward Creative Happiness (HATCH)
 Help-4-People
 Hemophilia Foundation of Southern California
 Henderson Community Center
 Heritage Village Seniors
 High Desert Child Abuse Prevention Council
 Higher Education Policy Institute
 Highlands Senior Service Center
 Hillsborough Schools Foundation
 His Sheltering Arms
 Hmong Council

Hollygrove
 Home At Last
 Home Start
 Homeless Care Force
 Homeless Community Resource Center
 Homeless Prevention Group of Rohnert Park, Cotati
 Hope House for the Multiple Handicapped
 Hope for Kids
 Horizon Services
 Hospital Chaplaincy Services
 House of Champions Group Home
 House of Hope for Youth - San Joaquin Valley
 Housing Development And Neighborhood Preservation Corp.
 Human Investment Project of the Peninsula
 Human Options
 Human Response Network
 Humane Society of Calaveras County
 Humane Society of Del Norte
 Humboldt Connections
 Humboldt Family Service Center
 Humboldt Redwoods Interpretive Association
 Hunger & Homeless Action Coalition of San Mateo County
 Huntington Youth Shelter

—————
 I-Pride
 IOTA Educational Foundation, Bay Area
 IRAIDA Foundation
 Idyllwild HELP Center
 Independent Adoption Center
 Independent Housing Services
 Independent Living Services of Northern California
 Indian Dispute Resolution Services
 Indo-American Community Center

Industries for Christ
 Infant/Child Enrichment Services
 Information and Referral Services
 Inglewood Neighborhood Housing Services
 Inner Circle Foster Family Agency
 Institute For Food and Development Policy
 Institute for Design & Experimental Art (IDEA)
 Institute for Wildlife Studies
 Institute for the Advancement of Human Behavior
 Institute for the Development of Human Resources
 Institute for the Study of Somatic Education
 Instituto Pro Musica de California
 International Gay & Lesbian Human Rights Commission
 Inter-Faith Shelter Network
 Interface Institute
 Interfaith Community Organizing Project
 Interfaith Service Bureau
 International Church Relief Fund
 International Development Exchange
 International Gay & Lesbian Archives
 International Health and Medical Film Festival
 International Rivers Network
 Inyo Council for the Arts
 Irvine Senior Foundation
 Irvine Temporary Housing
 Isla Vista Youth Projects

—————
 J.E.W.L. Corporation
 Japan Pacific Resource Network
 Jean Weingarten Oral School for the Deaf
 Jefferson Center for Character Education
 Jenifer Altman Foundation
 Jesuit Volunteer Corps.

Greenlining Institute
 Gridley Guardian
 Group Home Society
 Gualala Community Center
 Guardian Adult Health Centers of California

Jewish Day School of Sonoma County
 Jewish Senior Center & Geriatric Services
 Jewish Welfare Federation of Fresno
 Jinan-Sacramento Sister City Corporation
 Josephine Taylor Foundation
 Jovenes de Antano
 June L. Mazer Lesbian Collection

K

Kainos Home and Training Center
 Kelso Court
 Ken Jewish Community Center
 Kern Bridges Youth Homes
 Kern County Alcohol Center
 Kern County Hispanic Commission on
 Alcohol & Drug Abuse
 Kern County Mental Health Association
 Khepera Recovery Homes
 Kid's Turn
 Kids Cancer Connection
 Kids in Common
 Kids on the Block of San Diego
 King of Kings Housing Development
 Corporation
 Kings Community Action Organization
 Kira Foundation
 Korean American Community Services
 Korean Community Center of the East Bay

L

L.A. Coalition to End Homelessness
 L.A. Family Housing Corp.
 L.A. Tenth District PTA Congress of
 Parents
 LOOP Center
 La Casa de San Mateo
 La Casa de las Madres
 La Familia Counseling Center
 La Jolla Community Services

La Monte Academie
 La Puente Valley Food Pantry
 La Que Sabe Art Foundation
 Lake County Big Brothers & Sisters
 Lakeside Historical Society
 Leadership Tomorrow
 League of Volunteers of Newark (LOV
 Newark)

Learning Disabilities Association of
 California
 Lekotek Family Resource Center
 Lemoore Christian Aid
 Lemoore Senior Citizens
 Lesbian/Gay Chorus of San Francisco
 Life Lab Science Program
 Life Management Institute
 Life Options, Vocational and Resource
 Center
 Life Services
 Lifeline Mission of San Francisco
 Lilliput Children's Services
 Liss Fain Dance
 Little Tokyo Service Center
 Live Oak Adult Day Services
 Live Oak Foundation
 Live Oak Seniors
 Living Free
 Living in Familiar Environments (LIFE)
 Lompico Community Center
 Long Term Care Services of Ventura
 County
 Los Angeles Baroque Orchestra
 Los Angeles Chamber Singers
 Los Angeles Municipal Art Gallery
 Associates
 Los Angeles Womens Foundation
 Los Gatos Community Foundation, Inc.
 Los Padres Interpretive Association
 Love Inc. of Tulare County

Love Inc. of Santa Clara County
 Lucerne Alpine Senior Center
 Lyme Disease Resource Center
 Lynch Foundation for Children
 Lytle Creek Senior Citizens Association

M

M-2/Match Two
 Madrone Hospice
 Marianne Frostig Center of Educational
 Therapy
 Marin Association for Retarded Citizens
 Marin Athletic Foundation
 Marin Child Abuse Council
 Marin Child Care Council
 Marin City Children's Program
 Marin Community Food Bank
 Marin Council of Agencies
 Marin Court Appointed Special Advocate
 Program
 Marin Education Fund
 Marin Services for Men
 Marin Services for Women
 Marina del Rey Anglers
 Mariposa County Fish & Game Protective
 Association
 Mariposa Golden Agers
 Mariposa School
 Mary Ann Wright Foundation Outreach
 Mission
 Mary's Shelter
 Math/Science Technology Foundation
 Matrix
 McDowell Youth Homes
 Meadowlark Service League
 Meals of Marin
 Meals on Wheels of Lompoc
 Meals on Wheels of San Francisco

Meals on Wheels of the Monterey
 Peninsula
 Meeting Place
 Mendocino Coast Botanical Gardens
 Preservation
 Mendocino Coast Sports Foundation
 Mendocino County Public Broadcasting
 KZYX Radio
 Mental Research Institute
 Mexican Cultural Center
 Michels Education Institute
 Mid City Christian Services
 Mid-Weeklies
 Midvalley Recovery Facilities
 Milhous School
 Miracle House
 Mission of the Good Shepherd
 Mitchell-Redner Centers
 Modoc Child Care Council
 Molecular Research Institute
 Monterey Bay Girl Scout Council
 Monterey County Vietnam Veterans
 Memorial Committee
 Moore's Cottage
 Morgan Center
 Morongo Basin Adult Health Services
 Corporation
 Morongo Basin Mental Health Services
 Association
 Mothers Club Community Center
 Mountain Crisis Services
 Mountain Empire Historical Society
 Mountain Empire Men's Club
 Mt. Diablo Interpretive Association
 Mt. San Jacinto Natural History
 Association
 Mt. Tamalpais Interpretive Association
 Mule Deer Foundation
 Museum of the City of San Francisco

N I A C M E M B E R S

- N** —————
- NCI Affiliates
 - NORCAL Fishing Guides & Sportsmen's Association
 - Na Ohana O Ke Awawa
 - Names Project Foundation
 - Napa Emergency Women's Services
 - National Foundation for the Treatment of Abused Children
 - National Association for People With Disabilities
 - National Council On Alcoholism & Drug Dependency
 - National Council on Alcoholism, Orange County
 - National Council on Crime & Delinquency
 - National Latina Health Organization
 - National Network of Grant Makers
 - National Society of Fund Raising Executives
 - National Task Force on AIDS Prevention
 - National Visiting Teachers Association
 - Native Animal Rescue
 - Natural History Association of San Luis Obispo Coast
 - Neighborhood House of North Richmond
 - Nepenthean Homes Foster Family Agency
 - New Connections
 - New Directions Adolescent Services
 - New Directions for People with Disabilities
 - New Directions
 - New Fillmore Community Theater
 - New Learning School
 - New Morning Youth & Family Services
 - New Testament Community Outreach
 - New Way Foundation
 - Nina M. Craft Empowerment Education Foundation
 - Northern California Chapter of the National Hemophilia Foundation
 - Nonprofit Development Center
 - North Coast Big Brothers/Big Sisters
 - North Coast Rape Crisis Team
 - North Coast Redwood Interpretive Association
 - North Lake Tahoe Historical Society
 - North Valley Schools
 - Northbay Ecumenical Homes
 - Northern California Ecumenical Council
 - Northern California Service League
 - Northern California Supplier Development Council
 - Northern California Youth Resources
 - Northside Theatre Company of San Jose
 - Northwestern Pacific Railroad Historical Society
 - Novato Youth Center
 - Nurses in Action
- O** —————
- OMI Neighbors in Action
 - OPICA Adult Day Care Center
 - Oak Ridge High School Sports Booster Club
 - Oakland Community Fund
 - Oakland Jazz Alliance
 - Ocean Park Community Center
 - Ombudsman Services of Contra Costa County
 - Ombudsman/Advocacy Services of Inyo/Mono County
 - Omni Programs/Peers Against Substance Abuse
 - On Our Own
 - One Shoe Crew
 - Ontario-Upland Meals on Wheels
 - Open Sea Foundation
 - Operation Give A Damn (OGAD)
 - Options Group Homes
 - Orange County Association for Retarded Citizens
 - Orange County Bicycle Coalition
 - Orange County Community Development Council
 - Orange County Refugee Community (CROP)
 - Orchidmania
 - Organic Farming Research Foundation
 - Organized People of Elmhurst Neighborhood (OPEN)
 - Our Family & Friends Foster Care Services Over 21
- P** —————
- PACT (People Acting in Community Together)
 - PAR (Planning Association for the Richmond)
 - PAWS/L.A. (Pets Are Wonderful Support)
 - PFLAG/Peninsula Parents & Friends of Lesbians and Gays
 - Pacific Ackworth Friends School
 - Pacific Autism Center for Education (PACE)
 - Pacific Composers Forum
 - Pacific Intercultural Exchange
 - Pacific Repertory Theatre
 - Pacific Resident Theatre Ensemble
 - Pajaro Valley Historical Association
 - Pajaro Valley Housing Corporation
 - Pajaro Valley Prevention & Student Assistance
 - Pajaro Valley Shelter Services
 - Palomar Family Counseling Service
 - Palomares
 - Paradise Scholarship Foundation
 - Paradise Strive Center
 - Parent Services Project
 - Parent, Teacher, Counselor Association
 - Parental Stress Service
 - Parenting Institute
 - Parents Center
 - Parents Helping Parents (PHP)
 - Parents United
 - Park Village Apartments
 - Parkinson's Institute
 - Partners - A UMC Mentoring Program
 - Partners in School Innovation
 - Pasadena Children's Training Society
 - Paso Robles Foundation for Culture and the Arts
 - Patient Assistance Foundation
 - PAX House
 - Pediatric Projects
 - Peg Taylor Center for Adult Day Health Care
 - Peninsula Alano Club
 - Peninsula Area Information & Referral Service
 - Peninsula Committee for the L.A. Philharmonic Orchestra
 - Peninsula Community Foundation
 - Peninsula Humane Society
 - Peninsula League
 - Peninsula Network of Mental Health Clients
 - Peninsula Outreach Welcome House
 - People Helping People
 - People Resources
 - People for Irvine Community Health
 - Performing Stars of Marin
 - Perris Valley Child Care Center
 - Phillips-Morrison Institute of California
 - Pied Piper Theater
 - Pioneer Home Outreach
 - Pioneer Players
 - Placer Dispute Resolution Service

NIAC MEMBERS

Placer Women's Center
 Planet Hope
 Plaza De La Raza
 Plumas Crisis Intervention Resource Center
 Plumfield
 Pomona Valley Center for Community Development
 Pomona Valley Community Services
 Pomona Valley Youth Employment
 Pomona-Inland Valley Council of Churches
 Poppy Reserve Interpretive Association
 Porterville Gleaning Seniors
 Porterville Halfway House
 Preservation Action Council of San Jose
 Prime of Life
 Private Industry Council
 Process Therapy Institute
 Programs Plus
 Project Enable
 Project Independence
 Project Sanctuary
 Project Scout
 Project Understanding
 Protect the Children Resource Center
 Proyecto Esperanza
 Public Art Works
 Pueblo Y Salud
 Purple Heart Veterans Rehabilitation Services

R

R & L Children's Home
 R House
 R-SB Harbinger Corporation
 Radiology Research and Education Foundation
 Ramona Animal Shelter
 Rape Counseling Service of Fresno
 Reason Foundation

Redding Community Theatre
 Redrock Canyon Interpretive Association
 Redwood City Friends of Literacy
 Refugee Transitions
 Renaissance Parents of Success
 Ridge Area Coalition of Senior Citizens
 River City Recovery Center
 River Oak Center for Children
 Riverfront Playhouse
 Riverside Medical Clinic Foundation
 Riverside Mental Health Association
 Rosamond Senior Citizens
 Roscomare Road Booster Club
 Rosemary Cottage
 Roseville Community Health Foundation
 Ross Valley Community for Schools
 Rubicon Children's Center
 Rural Opportunities Resource Center
 Russian River Jazz Festival

S

S.E.E. Center for the Advancement of Deaf Children
 S.P.C.A. of Mariposa County
 S.T.A.R.T.
 SHELTER
 SITIKE
 SMILE
 SMOOTH
 Sacramento Alliance for the Mentally Ill
 Sacramento Area Emergency Housing
 Sacramento Black Alcoholism Center
 Sacramento Center for Assistive Technology
 Sacramento Hearing Services Center
 Sacramento Museum of History, Science & Technology
 Sacramento Occupational Advancement Resources
 Sacramento Women's Center

Saint Mary and All Angels School
 Saint Vincent de Paul Society, Arch Diocesan
 Salsido Recovery Center
 Samadana
 Samaritan House
 San Benito County SPCA, Wildlife Rehabilitation
 San Benito Health Foundation
 San Bernardino National Forest Association
 San Clemente Seniors
 San Diego Christian Servicemen's Center
 San Diego County Parks Society
 San Diego Youth Involvement

San Diego Youth Symphony
 San Francisco Adult Day Health Network
 San Francisco Arts & Education Foundation
 San Francisco Baykeeper
 San Francisco Black Coalition on AIDS
 San Francisco Children's Art Center
 San Francisco Community Television Corporation
 San Francisco Early Music Society
 San Francisco Educational Services
 San Francisco Family Foundation
 San Francisco Free Clinic
 San Francisco Friends of the Urban Forest
 San Francisco Host Committee
 San Francisco Housing Development Corporation
 San Francisco League of Urban Gardeners



Pacific Intercultural Exchange helps California youth learn first hand about the diversity of world cultures and languages.

San Francisco Network of Mental Health Clients
 San Francisco Psychotherapy Research Group
 San Francisco Public Health Foundation
 San Francisco S.A.F.E.
 San Francisco School
 San Francisco Study Center
 San Francisco Urban Service Project
 San Francisco Women's Center
 San Gabriel Valley Alliance for the Mentally Ill
 San Geronimo Valley Art Center
 San Gorgonio Child Care Consortium

N I A C M E M B E R S



This photograph taken on Valentine's Day at NIAC member, The Peg Taylor Center for Adult Day Health Care, shows just one of the many benefits that senior day programs can offer, for old and young alike.

San Geronio Volunteer Association
 San Jacinto Valley School of the Arts
 San Jose Children's Musical Theater
 San Jose Shelter
 San Juan Bautista Child Care Center
 San Luis Obispo Children's Museum
 San Luis Obispo County AIDS Support Network
 San Luis Obispo Literacy Council
 San Mateo Coast Natural History Association
 San Pasqual Battlefield Volunteer Association
 Santa Barbara Chapter, American Cetacean Society
 Santa Barbara Rape Crisis Center/De Mano A Mano
 Santa Clara County Bar Association Law Foundation
 Santa Clara Historical and Genealogical Society
 Santa Clara Valley MultiService Center
 Santa Clarita Valley Boys and Girls Club
 Santa Cruz Bluegrass Society
 Santa Cruz Citizen's Committee for the Homeless
 Santa Cruz Clean & Sober Homes
 Santa Cruz Community Counseling Center
 Santa Cruz County Animal Welfare Association
 Santa Cruz County Symphony Association
 Santa Cruz County Youth Symphony
 Santa Cruz Lesbian, Gay Community Center
 Santa Cruz Mountains Natural History Association
 Santa Maria Arts Council
 Santa Maria Association for the Retarded
 Santa Maria House
 Santa Maria Museum & Art Center

Santa Monica Bay Area Drug Abuse
 Santa Monica Symphony Association
 Santa Paula Theater Center
 Santa Ynez Valley Senior Advisory Council
 Sarah's House
 Saratoga Area Senior Coordinating Council
 Saratoga Historical Foundation
 Save the Redwoods League
 Save the Whales
 Schola Cantorum
 School of Humanities & the Arts Alumni Association
 Secession Gallery
 Second Chance Youth Program
 Second Helping Thrift Shop
 Seedling
 Seeking It Through Exhibitions (SITE)
 Self-Reliance House of San Diego
 Seneca Residential and Day Treatment Center
 Senior & Disabled Citizens Coalition of Riverside
 Senior Citizens of Shasta County
 Senior Daycare Center/David Kahn Center
 Senior Legal Center of Northern California
 Senior Programs of Santa Barbara
 Sequoyah Educational Center
 Service Outreach Motivation Empowerment
 Services Center for Independent Living (SCIL)
 Sexual Assault and Domestic Violence Center
 Shakespeare San Francisco
 Shalhevet High School
 Share Homes
 Shasta County Child Abuse Prevention
 Shasta County Women's Refuge
 Shelter from the Storm

Sherning Child Development
 Short Term Emergency Aid Committee of Davis
 Shule Mandela Academy
 Sierra Adoption Services
 Sierra Council on Alcoholism and Drug Dependence
 Sierra Family Services
 Sierra Recovery Center
 Sierra Vista Center
 Silicon Valley Toxics Coalition
 Simi Valley Historical Society
 Siskiyou Child Care Council
 Siskiyou Domestic Violence Program
 Siskiyou Performing Arts Center
 Siskiyou Youth Shelter
 Sledgehammer Theatre
 Society for Calligraphy
 Society for Handicapped Children & Adults
 Society for the Preservation of Carter Railroad
 Society of Saint Vincent de Paul
 Sojourner Truth Foster Family Service Agency
 Solano Adult Day Health Care Center
 Solano Family and Childrens Services
 Soledad Enrichment Action
 Sonoma Child Guidance Institute
 Sonoma City Opera
 Sonoma County A.I.D.E.
 Sonoma County Academic Foundation for Excellence
 Sonoma County Alzheimers Task Force
 Sonoma County Community Foundation
 Sonoma County Council for Community Services
 Sonoma County Men's Support Center
 Sonoma County People for Economic Opportunity

NIAC MEMBERS

Sonoma County Rental Information and Mediation
 Sonoma State Historic Park Association
 Sonoma Valley Chorale
 Sonshine Youth Services
 Sor Juana Ines
 Soroptimist House of Hope
 South Bay Coalition
 South Central Food Distributors
 South Coast Business Network
 South Coast Children's Services
 South County Performing Arts Building Foundation
 South Valley Symphony
 Southern Alameda County Domestic Violence Law Project
 Southern California Veterans Service Council
 Southern California Association for Non-Profit Housing
 Southern California Ecumenical Council
 Southern California Foster Family Agency
 Southern California Indian Center
 Southern California Interfaith Hunger Coalition
 Southern California Rehabilitation Services
 Southern California Women for Understanding
 Southern Regional Resource Center
 Southwest Minority Economic Development Association
 Southwest Wetlands Interpretive Association
 Spanish Speaking Unity Council of Alameda County
 Spare A Dime
 Spark Foundation
 Sparrow Creek School
 Speech & Language Development Center
 Spiritual Emergence Network

Springs Academy
 Squaw Valley Community of Writers
 St. Francis Home for Children
 St. Francis House
 St. John's Shelter for Women & Children
 St. Vincent De Paul Society
 Stanislaus County Child & Infant Care Association
 Stepping Out Housing
 Stiles Hall
 Stop AIDS Project
 Substance Abuse Foundation of Long Beach
 Suicide Prevention Center of Monterey County
 Sumeg Patrick's Point Lagoons Interpretive Association
 Summer House & Davis Summer House
 Summer Search Foundation
 Summit League
 Sun City Concern
 Sun City Library Foundation

T
 T.E.A.C.H.
 Tahoe Turning Point
 Tax-Aid
 Teen Challenge of Southern California
 The Simeon Institute
 Therapeutic Living Centers for the Blind
 Third Age
 This Side of the Hill Players
 Thresholds to Recovery
 Toastmasters International
 Tomorrow's Entrepreneurs Today
 Torrano Center
 Total Living Choices
 Traveling School
 Tree Musketeers

Tri-Counties Easter Seal Society
 Triad Community Services
 Trichotillomania Learning Center
 Trinity College of Graduate Studies
 Triton Booster Club
 True to Life Counseling
 Tulare County Children's Receiving Home
 Tulare County Lao Family Community
 Tulare County League of Mexican-American Women
 Tuolumne Calaveras Association
 Turning Point Foundation
 Turning Point of Central California

U
 U.N. 50 Committee
 U.P., Inc.
 U.S. Catholic Conference
 United Cancer Research Society
 United Council of Spanish Speaking Organizations
 United Irish Societies of Southern California
 United Latino Fund
 United Lumbee Nation of Northern California and America
 United Way of Butte and Glenn Counties
 United Way of Humboldt
 United Way of Indian Wells Valley
 United Way of Northern California
 United Way of Orange County
 University Religious Center
 University of California Berkeley Foundation
 Urban Health Care Project

V
 V.I.V.A./Volunteers for Inter-Valley Animals



RICK VANADA

NIAC members are actively involved in cultural education and history. Representing an array of diverse cultural backgrounds, they sponsor events that provide their communities an opportunity to enjoy and celebrate their rich heritages.

N I A C M E M B E R S



The Infant Development Program is just one of the many services provided by NIAC member, the Tri-Counties Easter Seal Society.

Valley Advocacy & Communications Center
Valley Churches United
Valley Community Girls Chorus
Valley Oak Children's Services
Valley Restart Shelter
Valley Village
Valley of the Moon Natural History Association
Ventura County Rescue Mission
Verdugo Hills Alanon Club
Verdugo Woodlands Dads Club

Veteran's Memorial Center
Victor Residential Center
Victorian Alliance
Victory Foundation
Vietnam Veterans of California
Vietnam Veterans of San Diego
Vietnamese American Cultural & Social Council Corporation
Villa Center
Vintage House Senior Multipurpose Center
Visalia Rescue Mission
Voices for Children

Volunteer Center of Calaveras County
Volunteer Center of El Dorado County
Volunteer Center of Greater Orange County
Volunteer Center of Monterey County
Volunteer Center of San Francisco
Volunteers In Parole
Volunteers of America of Los Angeles
Volunteers of America, Bay Area
Volunteers of America, Sacramento & Central Valley

W

W.E.A.V.E.
WATCH (Women and their Children's Housing)
Walden Center Elementary School
Walnut Avenue Women's Center
Watts Health Foundation/United Health Plan
We Care Bay Area
Welfare Action
Welfare Foundation of San Jose Lions Club
Welfare Parent's Support Group
West Antelope Valley Educational Foundation
West Bay Local Development Corporation
West Santa Rosa Local Action Council
Western Addition Senior Citizens Service Center
Western Institute Foundation For Mental Health
Western Occupational Health Conference
Western Sonoma County Swimmers
Western Youth Services
Whiteside Manor
Whittier Cultural Arts Foundation
Wild Feline Rescue
Wiley W. Manuel Law Foundation
William G. Irwin Charity Foundation

William James Association & Escuela Amistad Program
Willits Community Theatre
Women In Film
Women's Alliance
Women's Center-High Desert
Women's Crisis Support & Shelter Services
Women's Economic Agenda Project
Women's Initiative for Self Employment (WISE)
Women's Recovery Services, A Unique Place
Work Training Center
World Centre-San Francisco

XYZ

YWCA of Sacramento
YWCA of San Diego County
YWCA
Yerba Buena Gardens Children's Place
Yolo Community Care Continuum
Yolo County Coalition Against Hunger
Yolo Family Service Agency
Yolo Wayfarer Center (Christian Mission)
Young Audiences of the Bay Area
Youth & Family Services
Youth Connection of Ventura County/Casa Pacifica
Youth Focus
Youth Intervention Program
Youth Job Awareness Project
Youth Music Monterey
Youth for Change
Youth-on-the-Move
Yreka Family YMCA
Yuba Feather Communities Services
Yuba-Sutter Gleaners Food Bank
Yuba-Sutter Legal Center Representative Payee Project

REPORT OF INDEPENDENT AUDITORS

We have audited the accompanying balance sheets of Nonprofits' Insurance Alliance of California as of December 31, 1994 and 1993, and the related statements of income, members' equity and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. 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 financial statements referred to above present fairly, in all material respects, the financial position of Nonprofits' Insurance Alliance of California as of December 31, 1994 and 1993, and the results of its operations and its cash flows for the years then ended in conformity with generally accepted accounting principles.

The Company has limited historical data for use in its estimates

of loss and loss adjustment expense reserves and reinsurance premiums. Although the Company considers its experience and industry data in determining such estimates, assumptions and projections as to future events are necessary, and the ultimate amounts may differ materially from the amounts projected.

As described in note 2, the Company changed its method of accounting for investments in 1994 and its method of accounting for reinsurance in 1993.

KPMG Peat Marwick

KPMG Peat Marwick
San Francisco
March 6, 1995

BALANCE SHEETS

December 31, 1994 and 1993

Assets	1994	1993
Restricted investments (at market in 1994 and at amortized cost in 1993)(note 3)	\$ 1,633,248	1,611,715
Investments (at market in 1994 and at amortized cost in 1993)(note 4)	<u>7,403,511</u>	<u>4,193,553</u>
Total investments	9,036,759	5,805,268
Cash	187,701	412,596
Premiums receivable	787,980	588,167
Interest receivable	108,189	84,578
Other receivables	20,844	12,211
Property and equipment, net of accumulated depreciation of \$108,196 in 1994 and \$67,768 in 1993	114,152	111,752
Prepaid expenses and deposits	52,899	26,417
Reinsurance recoverable (note 8)	3,546,497	2,138,495
Prepaid reinsurance premium (note 8)	1,261,588	958,316
Deferred acquisition costs	535,473	429,603
Deferred tax asset (note 5)	<u>422,266</u>	<u>228,638</u>
Total assets	\$ <u>16,074,348</u>	<u>10,796,041</u>
Liabilities and Members' Equity		
Loss and loss adjustment expense reserves (note 6)	\$ 8,375,880	4,725,157
Unearned premiums	3,981,972	3,029,414
Reinsurance payable and other liabilities (note 8)	968,305	566,425
Accounts payable	431,871	220,356
Income taxes payable (note 5)	<u>96,233</u>	<u>168,714</u>
	<u>13,854,261</u>	<u>8,710,066</u>
Subordinated debt (note 7)	<u>1,300,000</u>	<u>1,300,000</u>
Members' equity:		
Members' contributions	509,332	363,830
Unrealized losses on debt securities available for sale	(315,696)	—
Other paid-in capital	31,054	31,054
Retained earnings	<u>695,397</u>	<u>391,091</u>
Total members' equity	<u>920,087</u>	<u>785,975</u>
Commitments and contingencies (notes 8 and 9)		
Total liabilities and members' equity	\$ <u>16,074,348</u>	<u>10,796,041</u>

See accompanying notes to financial statements

STATEMENTS OF INCOME

Years ended December 31, 1994 and 1993

Revenues:	1994	1993
Gross written premium	\$ 8,501,049	6,140,430
Ceded premium (note 8)	<u>(2,697,487)</u>	<u>(1,515,842)</u>
Net written premium	5,803,562	4,624,588
Increase in unearned premium	<u>(649,286)</u>	<u>(768,835)</u>
Net earned premium (note 8)	5,154,276	3,855,753
Net restricted investment income (note 3)	71,609	68,487
Net investment income	349,644	160,884
Net realized loss on sales of investments	(78,031)	(7,575)
Other income	<u>164,717</u>	<u>133,013</u>
Total revenues	<u>5,662,215</u>	<u>4,210,562</u>
Expenses:		
Losses and loss adjustment expenses incurred (notes 6 and 8)	3,394,621	2,483,727
Salaries and employee benefits	827,535	603,982
Commission expense	595,985	434,573
Other expense	<u>381,877</u>	<u>273,804</u>
Total expenses	5,200,018	3,796,086
Income before income taxes	462,197	414,476
Income tax expense (note 5)	<u>157,891</u>	<u>140,922</u>
Net income	\$ <u>304,306</u>	<u>273,554</u>

See accompanying notes to financial statements

NOTES TO FINANCIAL STATEMENTS

1. Organization

Nonprofits' Insurance Alliance of California (the Company) was incorporated on September 15, 1988 as a nonassessable nonprofit mutual benefit corporation. In July, 1991 the status of the Company was changed by a vote of the members to a public benefit corporation. The Company operates in California as a risk pool pursuant to authorization under Section 5005.1 of the California Corporations Code. The Company is not subject to the rules, regulation and supervision of the California Department of Insurance (DOI).

Organizations which meet the following requirements may become members of the Company: 1) nonprofit corporations which are incorporated and operating in the state of California; 2) which have received and maintain current and unrevoked determination of tax-exempt status under Section 501(c)(3) of the Internal Revenue Code; 3) which are offered general liability coverages and agree to purchase such coverages; and 4) which pay the premium for such coverages and the required membership contribution. Because the Company is nonassessable, the members of the Company, which are both its owners and insureds, are not liable for the Company's liabilities should they exceed the Company's assets.

The Company provides commercial general liability, miscellaneous professional liability, automobile liability, auto physical damage, and employer's non-owned and hired automobile liability coverages to its members. Coverage is provided on an occurrence form. Typical limits are an annual aggregate of \$1,000,000 and \$1,000,000 per occurrence. An annual aggregate of \$2,000,000 is available. A special claims-made coverage with a \$250,000 annual aggregate limit including defense and indemnity is available for improper sexual conduct claims. Directors' and officers' liability is available to members

on a claims-made form. The typical limit of coverage is \$1,000,000.

The Company receives a one-time contribution from each new member in the form of a nonrefundable membership contribution. During 1994 and 1993, the contribution amount was ten percent of the commercial general liability premium.

2. Summary of Significant Accounting Policies**(a) Revenue Recognition**

Premiums are recognized as earned on a pro rata basis over the terms of the policies, which usually consist of twelve months. Anticipated investment income is not considered in determining if a premium deficiency exists.

(b) Deferred Acquisition Costs

Policy acquisition costs incurred are deferred and amortized over the period of premium recognition as is required by generally accepted accounting principles. These costs generally include commissions, underwriting, policy issuance and marketing costs. Amortization of acquisition costs were \$986,905 for 1994 and \$752,978 for 1993, respectively.

(c) Property and Equipment

Data processing equipment, purchased software, and office furniture and equipment are stated at cost and depreciated over five years using the straight-line method. Upon retirement or disposition of property and equipment, any gain or loss is included in income. Depreciation expense was \$40,428 and \$23,079 in 1994 and 1993, respectively.

(d) Investments

Effective January 1, 1994, the Company adopted Statement of Financial Accounting Standards ("SFAS") No. 115, "Accounting for Certain Investments in Debt and Equity

Securities," which addresses the accounting and reporting for investments in equity securities that have readily determinable fair values and for all investments in debt securities. Those investments are to be classified in one of three categories. Debt securities that the enterprise has the positive intent and ability to hold to maturity are classified as "held-to-maturity securities" and are reported at amortized cost. Debt and equity securities that are bought and held principally for the purpose of selling them in the near term are classified as "trading securities" and are reported at fair value, with unrealized gains and losses included in net income. Debt and equity securities not classified as either "held-to-maturity securities" or "trading securities" are classified as "available-for-sale securities" and are reported at fair value, with unrealized gains and losses excluded from earnings and reported in a separate component of members' equity. SFAS No. 115 does not permit retroactive application of its provisions. The Company classified all of its investment portfolio as "available-for-sale securities." The effect of this change in accounting at January 1, 1994 increased members' equity \$118,288, net of deferred income taxes. This change in accounting had no effect on net income. Prior to January 1, 1994, investments in debt securities were carried at amortized cost.

Declines in the value of investments, which are determined to be other than temporary, are charged to realized losses. Net realized investment gains or losses are reported in the statements of income based upon the specific identification of items sold.

Net unrealized gains and losses on debt securities stated at market value are accounted for directly in members' equity. Proceeds from sales of debt securities during 1994 and 1993 were \$4,961,769 and \$542,488, respectively. Gross realized gains and gross realized losses on those sales were \$9,236 and (\$87,267), respectively in 1994 and \$-0- and (\$7,575), respectively, in 1993.

(e) Loss and Loss Adjustment Expense Reserves

Loss and loss adjustment expense reserves are estimates based on an expected loss and loss adjustment expense ratio. This method is used because the Company has not been in existence for a sufficient length of time to establish historical and statistical bases for estimating these liabilities. The expected ratio is based on the historical experience of a similar program and the Company's claims experience to date. Ultimate losses may differ significantly from the amounts recorded. Changes in estimates of losses are included in income in the period in which the estimates are changed. The Company annually engages an independent actuary to review and analyze its loss data.

(f) Reinsurance

In December 1992, the Financial Accounting Standards Board (FASB) issued Statement No. 113, "Accounting and Reporting for Reinsurance of Short-Duration and Long-Duration Contracts." This Statement establishes the conditions required for a contract with a reinsurer to be accounted for as reinsurance and prescribes accounting and reporting standards for those contracts. It requires reinsurance recoverables (including amounts related to claims incurred but not reported) and prepaid reinsurance premiums to be reported as assets. Estimated reinsurance recoverables are to be recognized in a manner consistent with the liabilities relating to the underlying reinsured contracts. The Company adopted Statement No. 113 effective January 1, 1993. This change in accounting had no effect on net income or members' equity.

(g) Income Taxes

The Company was granted tax-exempt status by the state of California.

In February 1993, the Company received

NOTES TO FINANCIAL STATEMENTS

an adverse ruling on its application for federal tax-exempt status. In November 1994, the Claims Court upheld the Internal Revenue Service (IRS) ruling. A bill was introduced in Congress in 1993 which, if passed, would have granted tax-exemption to the Company. It succumbed to the gridlock of the 103rd Congress. An identical bill was introduced in the House of Representatives in March 1995. The Company was instructed by the IRS to file as a taxable entity for 1991 and subsequent periods. The Company had previously been instructed by the IRS to file as a tax-exempt entity for 1991. Accordingly, the Company records federal income taxes in its financial statements.

The Company accounts for income taxes under the provisions of Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes." Statement No. 109 requires the asset and liability method of accounting for income taxes. Under the asset and liability method of Statement No. 109, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to be applied to taxable income in the years in which those temporary differences are expected to be recovered or settled. Under Statement No. 109, the effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

(h) Reclassifications

Certain amounts in the 1993 financial statements have been reclassified to conform to the 1994 financial statement presentation.

3. Restricted Investments

The proceeds from the issuance of subordinated debt (see note 7) and related earned interest are held as restricted investments and may not be commingled with any other funds.

Funds in these restricted accounts may be withdrawn only to fund obligations of the Company to its policyholders and claimants related to all loss and loss adjustment expenses and to make payments for principal and/or interest related to the subordinated debt. Funds in the restricted accounts may not be used for the operating expenses of the Company. To date, funds have been used only for interest payments on the subordinated debt. Such interest expense was \$26,000 in both 1994 and 1993.

Restricted investments consist of the following as of December 31, 1994 and 1993:

The amortized cost and estimated market value of restricted investments at December 31, 1994, by contractual maturity, are shown below. Expected maturities will differ from contractual maturities because borrowers may have the right to call or repay obligations with or without call or prepayment penalties.

	Amortized cost	Market value
Due in 1 year or less	\$ 112,101	103,251
Due after 1 year through 5 years	1,279,088	1,256,215
Due after 5 years through 10 years	183,223	177,219
Mortgage-backed securities	<u>103,345</u>	<u>96,563</u>
Total	<u>\$ 1,677,757</u>	<u>1,633,248</u>

	Amortized cost	Unrealized gain	Unrealized loss	Estimated market value
1994 (at market):				
Corporate obligations	\$ 884,966	—	(20,396)	864,570
Money market account	12,101	—	—	12,101
Mortgage-backed securities	103,345	—	(6,782)	96,563
Asset-backed securities	407,522	—	(10,212)	397,310
Foreign securities	100,000	—	(8,850)	91,150
Other debt securities	<u>169,823</u>	<u>1,731</u>	<u>—</u>	<u>171,554</u>
	<u>\$ 1,677,757</u>	<u>1,731</u>	<u>(46,240)</u>	<u>1,633,248</u>
1993 (at amortized cost):				
Corporate obligations	\$ 527,823	33,284	—	561,107
U.S. Government and agency obligations	482,560	14,106	(447)	496,219
Money market account	49,540	—	—	49,540
Mortgage-backed securities	<u>551,792</u>	<u>14,561</u>	<u>—</u>	<u>566,353</u>
	<u>\$ 1,611,715</u>	<u>61,951</u>	<u>(447)</u>	<u>1,673,219</u>

NOTES TO FINANCIAL STATEMENTS

an adverse ruling on its application for federal tax-exempt status. In November 1994, the Claims Court upheld the Internal Revenue Service (IRS) ruling. A bill was introduced in Congress in 1993 which, if passed, would have granted tax-exemption to the Company. It succumbed to the gridlock of the 103rd Congress. An identical bill was introduced in the House of Representatives in March 1995. The Company was instructed by the IRS to file as a taxable entity for 1991 and subsequent periods. The Company had previously been instructed by the IRS to file as a tax-exempt entity for 1991. Accordingly, the Company records federal income taxes in its financial statements.

The Company accounts for income taxes under the provisions of Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes." Statement No. 109 requires the asset and liability method of accounting for income taxes. Under the asset and liability method of Statement No. 109, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to be applied to taxable income in the years in which those temporary differences are expected to be recovered or settled. Under Statement No. 109, the effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

(h) Reclassifications

Certain amounts in the 1993 financial statements have been reclassified to conform to the 1994 financial statement presentation.

3. Restricted Investments

The proceeds from the issuance of subordinated debt (see note 7) and related earned interest are held as restricted investments and may not be commingled with any other funds.

Funds in these restricted accounts may be withdrawn only to fund obligations of the Company to its policyholders and claimants related to all loss and loss adjustment expenses and to make payments for principal and/or interest related to the subordinated debt. Funds in the restricted accounts may not be used for the operating expenses of the Company. To date, funds have been used only for interest payments on the subordinated debt. Such interest expense was \$26,000 in both 1994 and 1993.

Restricted investments consist of the following as of December 31, 1994 and 1993:

The amortized cost and estimated market value of restricted investments at December 31, 1994, by contractual maturity, are shown below. Expected maturities will differ from contractual maturities because borrowers may have the right to call or repay obligations with or without call or prepayment penalties.

	Amortized cost	Market value
Due in 1 year or less	\$ 112,101	103,251
Due after 1 year through 5 years	1,279,088	1,256,215
Due after 5 years through 10 years	183,223	177,219
Mortgage-backed securities	<u>103,345</u>	<u>96,563</u>
Total	<u>\$ 1,677,757</u>	<u>1,633,248</u>

	Amortized cost	Unrealized gain	Unrealized loss	Estimated market value
1994 (at market):				
Corporate obligations	\$ 884,966	—	(20,396)	864,570
Money market account	12,101	—	—	12,101
Mortgage-backed securities	103,345	—	(6,782)	96,563
Asset-backed securities	407,522	—	(10,212)	397,310
Foreign securities	100,000	—	(8,850)	91,150
Other debt securities	<u>169,823</u>	<u>1,731</u>	<u>—</u>	<u>171,554</u>
	<u>\$ 1,677,757</u>	<u>1,731</u>	<u>(46,240)</u>	<u>1,633,248</u>
1993 (at amortized cost):				
Corporate obligations	\$ 527,823	33,284	—	561,107
U.S. Government and agency obligations	482,560	14,106	(447)	496,219
Money market account	49,540	—	—	49,540
Mortgage-backed securities	<u>551,792</u>	<u>14,561</u>	<u>—</u>	<u>566,353</u>
	<u>\$ 1,611,715</u>	<u>61,951</u>	<u>(447)</u>	<u>1,673,219</u>

NOTES TO FINANCIAL STATEMENTS

4. Investments

Unrestricted investments consist of the following as of December 31, 1994 and 1993:

	Amortized cost	Unrealized gain	Unrealized loss	Estimated market value
1994 (at market)				
Corporate obligations	\$ 2,897,600	—	(99,204)	2,798,396
U.S. Government and agency obligations	828,264	—	(55,092)	773,172
Certificates of Deposit	198,059	—	—	198,059
Money market account	770,558	—	—	770,558
Mortgage-backed securities	1,256,731	—	(69,404)	1,187,327
Asset-backed securities	1,073,931	—	(34,358)	1,039,573
Foreign securities	200,000	—	(17,700)	182,300
Other debt securities	449,555	4,571	—	454,126
	<u>\$ 7,674,698</u>	<u>4,571</u>	<u>(275,758)</u>	<u>7,403,511</u>
1993 (at amortized cost)				
Corporate obligations	\$ 783,484	42,789	—	826,273
U.S. Government and agency obligations	1,545,237	38,159	—	1,583,396
Certificates of Deposit	50,000	—	—	50,000
Money market account	193,711	—	—	193,711
Mortgage-backed securities	1,621,121	40,712	(3,940)	1,657,893
	<u>\$ 4,193,553</u>	<u>121,660</u>	<u>(3,940)</u>	<u>4,311,273</u>

The amortized cost and estimated market value of unrestricted investments at December 31, 1994, by contractual maturity, are shown below. Expected maturities will differ from contractual maturities because borrowers may have the right to call or repay obligations with or without call or prepayment penalties.

	Amortized cost	Market value
Due in 1 year or less	\$ 1,168,617	1,150,917
Due after 1 year through 5 years	3,130,706	3,046,493
Due after 5 years through 10 years	2,118,644	2,018,774
Mortgage-backed securities	1,256,731	1,187,327
Total	<u>\$ 7,674,698</u>	<u>7,403,511</u>

5. Income Taxes

The components of income tax expense (benefit) are as follows:

	1994	1993
Current	\$ 351,519	242,859
Deferred	(193,628)	(101,937)
Total	<u>\$ 157,891</u>	<u>140,922</u>

Total income tax expense differed from the amounts computed by applying the U.S. Federal income tax rate of 34 percent to income before taxes as a result of the following:

	1994	1993
Computed "expected" tax expense	\$ 157,147	140,922
Increase in income taxes resulting from: Other	744	—
	<u>\$ 157,891</u>	<u>140,922</u>

The following is a summary of the changes in the deferred tax asset:

	Gross deferred tax asset	Valuation allowance	Gross deferred tax liability	Net deferred tax asset
Balances at December 31, 1992	\$ 223,463	—	(96,762)	126,701
1993 changes	154,292	—	(52,355)	101,937
Balances at December 31, 1993	377,755	—	(149,117)	228,638
1994 changes	372,721	(107,337)	(71,756)	193,628
Balances at December 31, 1994	<u>\$ 750,476</u>	<u>(107,337)</u>	<u>(220,873)</u>	<u>422,266</u>

The types of temporary differences that comprise the net deferred tax asset at December 31, 1994 and 1993 include loss and loss adjustment expenses, the unearned premium reserve and deferred acquisition costs. The valuation allowance relates to unrealized losses on debt securities available for sale, for which realization is not assured.

Management believes that the deferred tax asset after valuation allowance as of December 31, 1994 and 1993 will be recoverable from income taxes paid and from future taxable income.

6. Loss and Loss Adjustment Expense Reserves

Activity in the loss and loss adjustment expense reserves is summarized as follows:

	1994	1993
Net loss and loss adjustment expense reserves, January 1	\$ 2,586,662	1,721,660
Incurred related to:		
Current year	3,394,621	2,463,502
Prior years	<u>—</u>	<u>20,225</u>
Total incurred	3,394,621	2,483,727
Paid related to:		
Current year	429,788	397,087
Prior years	<u>722,112</u>	<u>1,221,638</u>
Total paid	1,151,900	1,618,725
Net loss and loss adjustment expense reserves, December 31	4,829,383	2,586,662
Reinsurance recoverables	<u>3,546,497</u>	<u>2,138,495</u>
Gross loss and loss adjustment expense reserves, December 31	<u>\$ 8,375,880</u>	<u>4,725,157</u>

As a result of changes in estimates of insured events in prior years, the loss and loss adjustment expense reserves increased by \$-0- and \$20,225 in 1994 and 1993, respectively, due to recurring and normal adjustments in anticipated losses and related expenses.

7. Subordinated Debt

In 1989, a total of \$1,300,000 was provided by foundations in the form of restricted assets (see note 3) in the amounts listed below:

The Ford Foundation	\$ 500,000
Wallace Alexander	
Gerbode Foundation	250,000
David and Lucile Packard Foundation	250,000
San Francisco Foundation	100,000
Marin Community Foundation	100,000
Walter S. Johnson Foundation	<u>100,000</u>
	<u>\$ 1,300,000</u>

The Company pays two percent simple interest per year on these funds. Payment of interest is made in quarterly installments and amounted to \$26,000 in both 1994 and 1993. Discussions are currently underway with the foundation lenders to revise the proposed repayment schedule to have scheduled payments commence on December 31, 1999. As of December 31, 1994, the original agreement is still in place. The repayment schedule of the principal amount of subordinated debt is as follows:

September 18, 1995	\$ 214,500
September 18, 1996	214,500
September 18, 1997	429,000
September 18, 1998	<u>442,000</u>
	<u>\$ 1,300,000</u>

Repayment of the principal was scheduled to begin in September 1993, however several provisions govern the repayment process. Principal amounts are considered to be due and payable only when an independent actuary certifies that to make such repayment would in no way jeopardize the financial

NOTES TO FINANCIAL STATEMENTS

stability of the Company. Interest payments may be postponed at any time if Company management determines that paying interest would jeopardize the financial stability of the Company.

During 1994, an independent actuary performed an actuarial analysis of the Company's ability to repay the principal. The independent actuary concluded that the Company could repay a portion of the subordinated loans without jeopardizing the ability to meet current liabilities, but any reduction in surplus would affect the Company's ability to continue to grow and write new business. Therefore, since the Company is planning to increase its writings, the independent actuary recommended that principal repayments not be made at September 1994. Actuarial analyses will continue to be performed annually.

Recourse on the subordinated debt is generally limited to Earned Surplus. Earned Surplus is defined as the amount by which the Company's assets exceed the sum of all liabilities (excluding principal and interest obligations related to the subordinated debt). If any principal amount of the subordinated debt has been authorized for payment by an independent actuary, but remains unpaid by the Company, such principal bears interest at the rate of 10% per annum; provided, however, any principal amount not authorized for repayment by a certified actuary, or due according to the schedule of repayments, continues to bear interest at the rate of 2% per annum.

In case of material misrepresentation or fraud by the Company or its employees, use of the funds for other than their stated purpose or to influence political activities, demand may be made by the foundations for repayment of the subordinated debt out of the assets of the Company other than Earned Surplus. If it is determined that the Company is intentionally charging inadequate premiums to materially adversely affect the Company's ability to make timely pay-

ments of principal and/or interest, the foundations may request appropriate increases in premiums. If the Company and the foundations are unable to agree on appropriate future adjustments to premiums, at their option, the foundations may request repayment of the outstanding principal balance.

8. Reinsurance

In its normal course of business, the Company reinsures risks in excess of \$75,000 (\$50,000 in 1993) with other companies through contractual agreements. Such agreements serve to limit the Company's loss on large claims. Risks reinsured would become a liability of the Company in the event the reinsurer is unable to or will not fulfill the obligations assumed under the agreements.

During 1993, the Company's reinsurance was in two layers. The first layer covers losses in excess of \$50,000 to a maximum of \$100,000, subject to an annual aggregate deductible of \$250,000. The second layer covers losses in excess of \$100,000 to a maximum of \$1,900,000. These limits are provided on a "per occurrence" basis and "losses" for the purpose of these agreements include indemnity and allocated loss adjustment expenses.

During 1994, the Company's reinsurance was in three layers. The first layer covers losses in excess of \$75,000 to a maximum of \$250,000. The second layer covers losses in excess of \$250,000 to a maximum of \$1,000,000. The third layer covers losses in excess of \$1,000,000 up to a maximum of \$2,000,000. These limits are on a "per occurrence" basis and "losses" for the purposes of these agreements include indemnity and allocated loss adjustment expenses.

In addition, beginning in 1992, the Company began offering umbrella coverage for general liability policies up to \$5 million in excess of \$1 million. These policies are 100% ceded on a facultative basis. The Company

received servicing fees on this business of \$84,643 in 1994 and \$51,926 in 1993.

The table below reflects the financial statement captions which are stated net of the effects of reinsurance:

Reinsurance ceded	1994	1993
Premiums earned	\$ 2,394,215	1,005,941
Loss and loss adjustment expenses incurred	1,556,240	603,565

The loss and loss adjustment expenses incurred relate to current and all prior policy years while the premiums earned relate only to 1994 and 1993 policy years, respectively.

For the first layer of reinsurance, the Company pays a preliminary reinsurance premium based on gross premiums written, subject to additional premium in the event of unfavorable loss experience. The Company has accrued the maximum possible premium. Reinsurance payable and other liabilities at December 31, 1994 and 1993 includes \$789,751 and \$395,778, respectively of additional premiums related to potential adverse loss experience. For the second layer, the Company pays a fixed reinsurance premium based on gross premiums written, subject to a profit sharing arrangement which could result in a refund of reinsurance premium as a result of favorable loss experience. No provision has been made for potential profit sharing under this agreement. For the third layer, the Company pays a fixed reinsurance premium based on gross premiums written.

During 1993, the Company received a \$394,791 refund of reinsurance premiums due to favorable loss experience in prior years. As subsequent development of this loss experience on prior years may require repayment of some or all of this amount, a liability has been established in reinsurance payable and other liabilities.

9. Commitments

The Company has entered into a five-year, noncancelable, operating lease for office space through March 1998. The lease has an option to renew for a period of up to five years.

Minimum payments due under this commitment (net of sublease rents) are as follows:

Year ending December 31	
1995	\$ 93,408
1996	101,662
1997	103,943
1998	39,303
Total minimum lease payments	\$ 338,316

The lease agreement provides for certain free rent periods and requires varying lease payments over the term of the lease. As required by generally accepted accounting principles, the Company recognizes rent expense based on the straight line average monthly rent cost over the lease term. Total rent expense for 1994 and 1993 was \$94,169 and \$81,558, respectively.

10. 401(k) Profit Sharing Plan

The Company sponsors an employee 401(k) Profit Sharing Plan (the Plan). Employer non-matching contributions were \$500 per employee to its employee/plan participants for 1994 and 1993. The employer matching contributions were limited to \$500 per employee in 1993 and limited to \$1,000 per employee during 1994. The amounts contributed to the Plan were \$21,058 and \$9,596 in 1994 and 1993, respectively. Employees qualify for the employer portion of the contribution after one year of service with the Company.