

A MESSAGE FROM THE PRESIDENT

1995

... another great year for NIAC.

Our membership during the year grew to 1,323 with 311 new members joining us and 1,012 of our members renewing with us. Our gross written premium for the year of \$9,342,824 represents an increase of ten percent over 1994.

NIAC's net income for the year was \$572,292 and we increased our members' equity during the year by \$1,163,304. We have achieved this success while not increasing rates for six years. In real terms, this is equivalent to a price decrease of approximately 16 percent. Nonprofits' better-than-average



claims experience and our continuing efforts to keep overhead low have enabled us to achieve these favorable results without raising rates.

Because NIAC is owned by its 501(c)(3) nonprofit members, all of NIAC's net income and the savings enjoyed by our members benefit the nonprofit community. In addition to enjoying these savings, NIAC members obtain broad coverages tailored to their specific needs, and service which we have been told is the "best in the industry."

Few of NIAC's members return to commercial insurance carriers. But when one does, our underwriters often make file notes such as, "They'll be back when their new insurer learns more about their operations and raises the price," or "They need a lot of additional insured endorsements; they'll be back for our service." It is gratifying that former members often return, usually for our stable prices and reliable service. We know that unexpected price increases for insurance and an insurer's failure to comply in a timely manner with the paperwork requirements of funders can wreak havoc on nonprofits' abilities to fulfill their missions. We take pride in making the insurance buying process as hassle-free as possible.

As pleased and enthusiastic as we are about NIAC's financial success this year, it is what is behind the numbers that motivates us. In 1987, I testified before the California Assembly regarding the unconscionable insurance prices being charged nonprofits. My instincts that prices were too high did not impress the legislature. The only ones presumed to have accurate data were commercial

insurers who stood by their high prices.

In 1989, NIAC began by charging rates that were 25 percent below industry advisory rates. Since 1989, NIAC's rates have declined another 16 percent in real terms. In addition to keeping prices down for liability coverages, this year NIAC created two new programs. These include a property program through Genesis Insurance Company (Best's A++), which is serviced exclusively by NIAC staff, and a group workers' compensation program through TheZenith Insurance Company (Best's A+).

With all of the financial uncertainty facing nonprofits today, we at NIAC are extremely pleased to be able to provide stability and security in an area that was once unpredictable, even chaotic. We look forward to bringing many additional benefits to California nonprofits over the coming years.

A handwritten signature in dark ink, reading "Pamela Davis".

Pamela Davis, *President/CEO*

FROM THE CHAIRMAN OF THE BOARD

"Working together, we can continue to reduce the insurance costs for the nonprofit community, and deliver greater value to our members."

The Board of Directors is pleased to report that 1995 proved to be an exceptional year for your company. We began 1995 with a solid track record of consistent membership growth and financial strength. While it is easy to focus on the growth in number of members or net income earned, it is necessary to emphasize the factors which are less tangible, but no less important. We have developed a strong organization to serve our members, both current and future, with a diverse product line at affordable prices. We believe our investment in staff education and service delivery systems will enable us to maintain our strong financial condition and reputation for great service as we continue our steady growth. Our collaboration with our

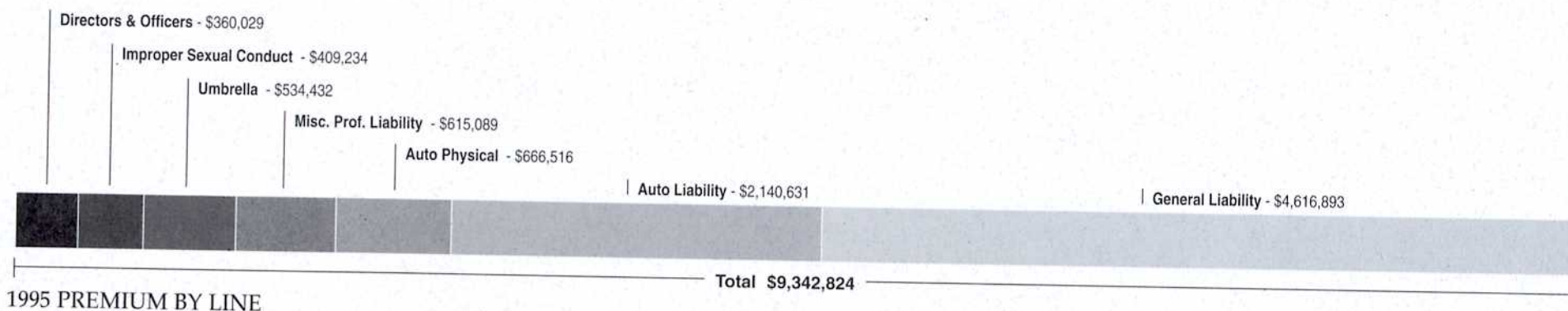
members to reduce claims through loss control is critical to keeping costs low.

Our work to achieve federal tax-exempt status for NIAC continues. The legislation to clarify the law governing NIAC's tax status, H.R. 1299, has strong congressional support. During 1995, the high-profile budget debate prevented the development of a miscellaneous tax bill on which H.R. 1299 could have been included. We will continue to report on our efforts to achieve the appropriate tax-status for NIAC.

We enter 1996 a financially strong company with a dedicated staff to serve nonprofit organizations in California. We appreciate the confidence you have placed in us.



Jess Gutierrez
Citation Insurance Group



BOARD OF DIRECTORS



BACK ROW FROM LEFT:
Phillip Kimble, Meredith Clark,
John Christensen, Elizabeth Dietrich

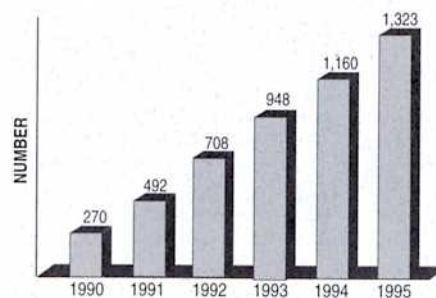
MIDDLE ROW FROM LEFT:
Marianne Franks, R. Lawrence Bacon,
Pamela Davis, Suzie Pollak, Robert Bond

FRONT ROW FROM LEFT:
Audrey Harrison, Renate-Karin Wunsch,
Diane Cooper

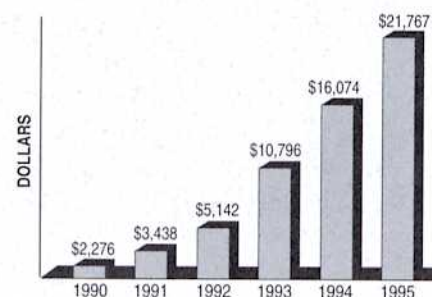
NOT PICTURED
Jess Gutierrez

PERFORMANCE MEASURES

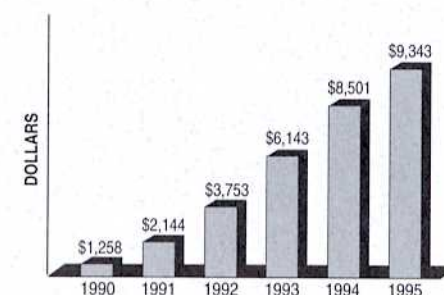
MEMBERS



ASSETS
(thousands)



PREMIUMS
(thousands)



STAFF



BACK ROW FROM LEFT:
Todd Connor, Steven Moody,
Jim Westbrook, Joseph Morton,
Michael Pramuk, Betty Johnson

SECOND ROW FROM LEFT:
Kim Christensen, Paul Roman,
Randy Gorman, Bill Chappelear

THIRD ROW FROM LEFT:
Kathleen Morgan-Martinez,
Carla Cramblett, Sean Kelly,
Renel Ralston

FOURTH ROW FROM LEFT:
Donna Drabek, Sharon Felice,
Dottie Lechtenberg

FIFTH ROW FROM LEFT:
Claudia Weeks, Lisa Edelman,
Michele Thomas

NOT PICTURED:
Sue Reimuller

A NONPROFIT SOLUTION

Considered risky, even radical, when the idea was introduced in 1987, NIAC's mission is really quite simple.

It is to serve 501(c)(3) tax-exempt nonprofit organizations in California by providing a stable source of reasonably priced liability insurance coverages tailored to the specialized needs of the nonprofit sector, and to assist these organizations to develop and implement successful loss control and risk management programs.

That is the mission adopted in 1988 and it remains the same today. NIAC is a liability insurance pool, owned and governed by its more than 1,300 member-insureds which are 501(c)(3) tax-exempt California nonprofit corporations. Together we pool more than \$9,000,000 in annual premiums and provide one or more of the following coverages to each member-insured:

- Commercial General Liability
- Miscellaneous Professional Liability
- Improper Sexual Conduct Liability
- Auto Liability
- Auto Physical Damage
- Non-owned/Hired Auto Liability
- Liquor Liability
- Employee Benefits Liability
- Directors and Officers Liability
- Umbrella Liability

Effective January 1996, liability claims in excess of \$100,000 for defense and indemnity are covered by the terms of reinsurance treaties with two of the country's largest reinsurers, General Reinsurance (Best's A++) and Swiss Re America (Best's A). NIAC also has a treaty with another premier reinsurer, American Re-Insurance (Best's A+) for claims which apply to a member's umbrella policy.

Through group arrangements, NIAC members can also access the following coverages:

- Commercial Property
- Fidelity
- Workers' Compensation
- Student/Volunteer Accident
- Foster Parent Liability

NIAC requires each member to use the services of a licensed insurance broker or agent. Brokers and agents advise members regarding appropriate coverages and limits and assist members with loss control needs. NIAC pays a commission to brokers and agents which is included in the price of the premium paid by members.

Having broad coverages which meet the needs of our members is only the beginning. We also know that the manner in which claims are handled can have a significant impact on the size of a settlement and our members' satisfaction with their insurance coverage. We use the services of a contract



NIAC's members provide a variety of services to children including enrichment programs, camps, daycare, and afterschool care. These children at Fairfax San Anselmo Children's Center found a way to happily combine exercise, teambuilding, and nature study into one!

claims adjuster, but NIAC makes the final settlement decision on all claims in excess of \$2,000. We believe that early, careful investigation of all claims, no matter how minor, helps us to fairly evaluate the potential for liability and damages. We avoid needless legal wrangling when liability is clear and the settlement demand is reasonable. However, we strongly resist paying frivolous or inflated claims.

We work to help our members reduce avoidable accidents and expect our members to implement effective loss control programs. To assist our members with these efforts, we pro-

vide the following resources on a free or highly subsidized basis:

- Video Lending Library
- Driver Training Workshops
- Newsletters
- Loss Control Booklets
- Workshops on Topics of Interest

NIAC staff makes about 400 visits per year to our members and their brokers. These visits enable us to get to know our members better and to learn their concerns and loss control needs. Many helpful ideas have reached us through these visits.

The profiles on the following pages give an idea of our members' considerable accomplishments.

THE SAN FRANCISCO SHAKESPEARE FESTIVAL

San Francisco



The San Francisco Shakespeare Festival was created in 1982 to give the gift of Shakespeare to the Bay Area. After fourteen successful years of providing free Shakespearean theater, companion Festivals have been created in San Jose and Oakland.

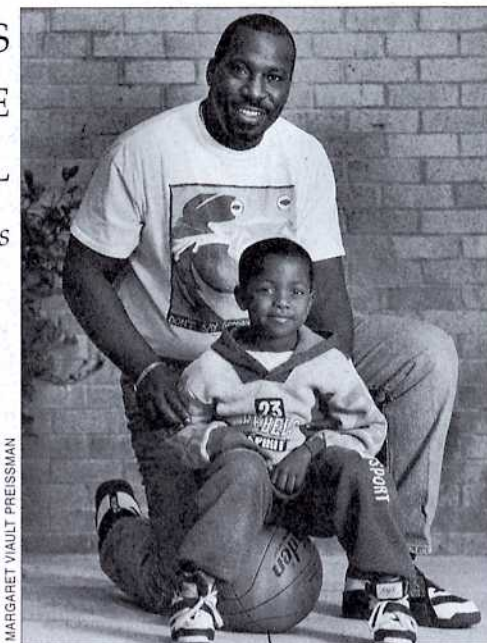
A NIAC member since 1993, The Festival is the largest provider of arts education to schools in California. The Festival visits over 400 schools a year, exposing over 250,000 children to the unique experience of free Shakespearean theater.

Midnight Shakespeare, a youth program created to teach at-risk youth the beauty of Shakespeare, is one of the Festival's more unique means in which to educate children.

Prior to becoming a NIAC member, the Festival had a difficult time obtaining affordable insurance. Their prior carrier did not clearly understand the Festival's operations or unique needs, and the Festival suffered with higher prices every renewal. "We are proud to be associated with NIAC, and look forward to many more years of stable coverage," stated Bobby Winston, President of the Festival.

CHILDREN'S INSTITUTE INTERNATIONAL

Los Angeles



"There's no way I'd be where I am today if I hadn't gone through the program. At CII, there are people who care, who you can trust, who can help you through the crisis. CII gave me a lot of support to get my life in order, to learn again." Darlene, a successful participant in CII's New Beginnings Program

Dedicated to the goal of family preservation, Children's Institute International, (CII) was founded over 84 years ago as the Big Sister League. Located in Los Angeles, CII fights child abuse and neglect on many fronts. By involving entire families and attending to the causes as well as the effects of child abuse, CII improves children's lives and helps break the

terrible cycle of pain passed on from generation to generation.

Now serving over 4,900 children and adults annually, CII has developed a comprehensive spectrum of services for at-risk infants, children, and their families. Services include a 24-hour emergency shelter and assessment, foster family care, therapeutic day care, individual and family counseling, parent education, and in-home family preservation services. CII has been a NIAC member since 1993.



VICTOR TREATMENT CENTERS

Chico

Victor Treatment Centers provide many services to children that have serious emotional difficulties and have been resistant to other treatment interventions. Operating residential treatment facilities throughout California, Victor provides a stable, structured, and nurturing atmosphere for over 200 children and teens. Their programs allow the child to grow and succeed while feeling protected and valued as a member of a caring environment.

A NIAC member since 1992, Victor joined NIAC at the suggestion of their insurance broker, Griffiths Insurance. According to Leticia Pozar at Victor, "Our claims are always processed in a professional and

efficient manner by NIAC. I spend a lot of time dealing with our assigned adjuster. In addition to being friendly and proficient, the adjuster is knowledgeable, and is on top of every claim without delay."



WOMEN ESCAPING A VIOLENT ENVIRONMENT

Sacramento

FISHBACK PHOTOGRAPHY

Women Escaping a Violent Environment (WEAVE) was established in 1978 in Sacramento and is now a nationally recognized domestic violence and rape crisis intervention center. The goals of WEAVE are to reduce victim trauma, to promote recovery and to decrease the incidence of domestic violence and sexual assault in their community.

They accomplish these goals through a myriad of services including a 24-hour crisis line, rape crisis and sexual assault services, community education, family violence counseling, legal advocacy and family violence shelter services.

WEAVE has been a NIAC member since 1994. When asked why they

became a NIAC member, Gail Jones, WEAVE's Executive Director said, "We had heard of NIAC as a credible insurer that assists nonprofits. The price they quoted was competitive, and our broker spoke highly of NIAC's service. All three have proven to be true."



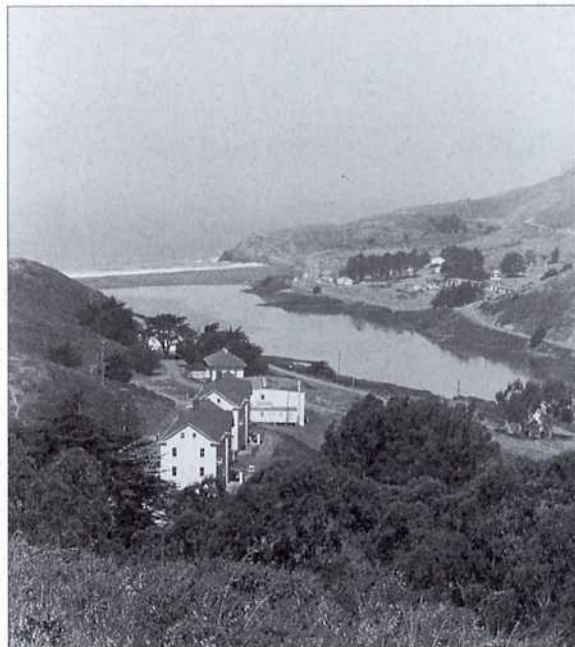
VOCATIONAL TRAINING CENTER

Santa Maria

The ARC of Santa Maria Valley, dba: Vocational Training Center, serves over 300 adults with various developmental disabilities. The Center specializes in site based and community based job skill training and independent living skill training. They offer many services to the Santa Maria Valley, including lawn and garden care, janitorial services, catering, and recycling operations. Having served the Santa Maria Valley for over 30 years, the Center is one of the ten largest private employers in Santa Maria.

The Vocational Training Center has been a NIAC member since 1992. According to Kirk Spry, VTC's Chief

Executive Officer, "Many insurance companies did not understand our unique circumstances and needs. NIAC took the time to learn about us and understands our needs. I appreciate the timely service, stable renewal pricing, and concern for members shown by NIAC staff."



HEADLANDS CENTER FOR THE ARTS

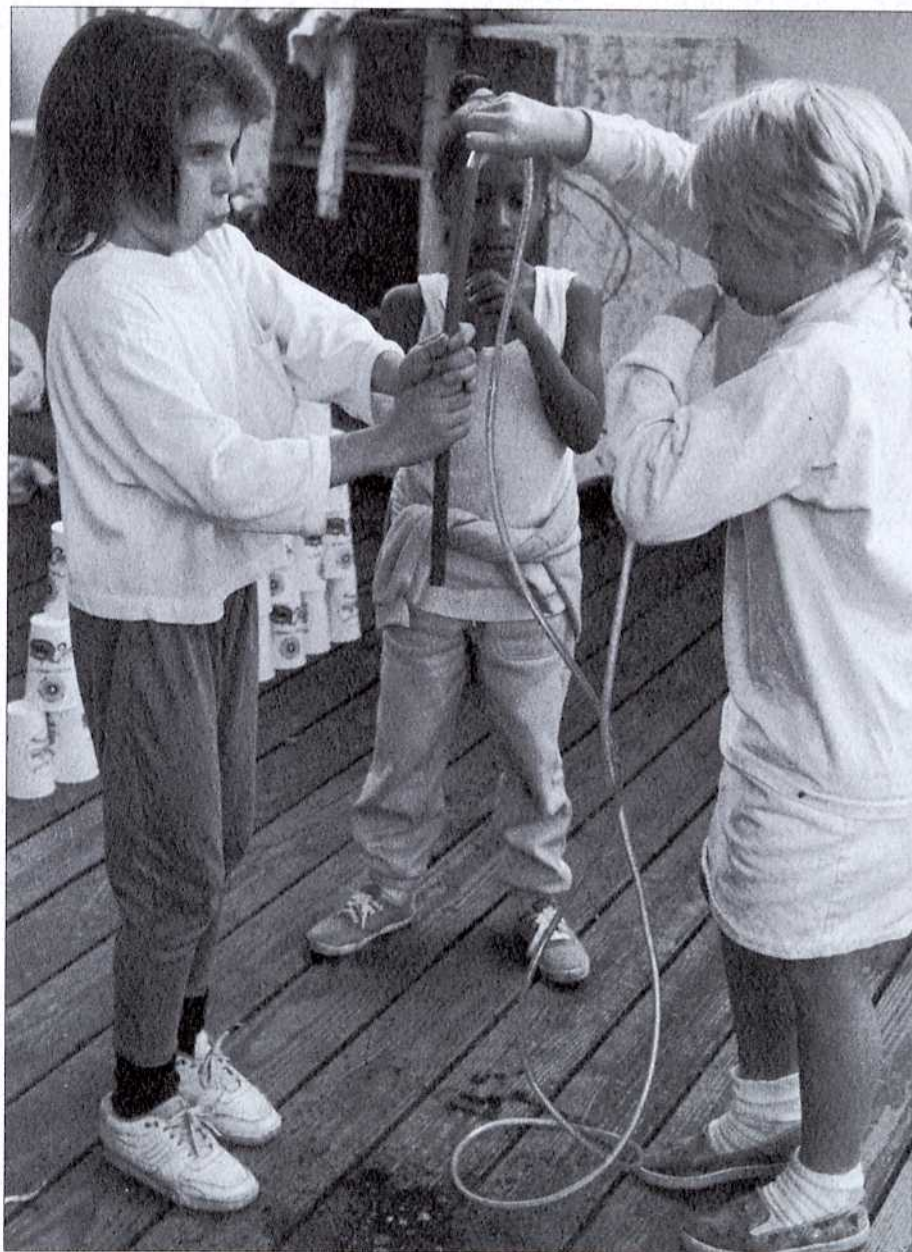
Sausalito

Located in the coastal wilderness of Marin, Headlands Center for the Arts is a laboratory for the development of new work and a place for the exchange of ideas across cultures and professional disciplines.

Incorporated in 1982, the Center's mission is to investigate the relationship between human and natural systems through the arts. The main program offered is the Artist-in-Residence program. Approximately 30 artists from the United States and around the world stay at the Center for up to 11 months in an environment that enhances their ability to experiment, reflect and grow. Disciplines

include visual arts, dance, literature, music and performance. By creating opportunities for artists to interact across traditional boundaries, Headlands works to introduce artists and audiences to new creative processes, and to broaden the range of possibilities for art's function in our society.

A NIAC member since 1990, The Headlands Center for the Arts appreciates the stable renewal pricing offered by NIAC. They have been rewarded for their loss free claims history over the last five years with substantial savings.



Budding scientists in Girls, Inc.'s SMART program experience the worlds of mathematics and science. The hands-on activities encourage these elementary school-aged girls to continue their education and careers in these fields. Girls, Inc. has been a NIAC member since 1989.

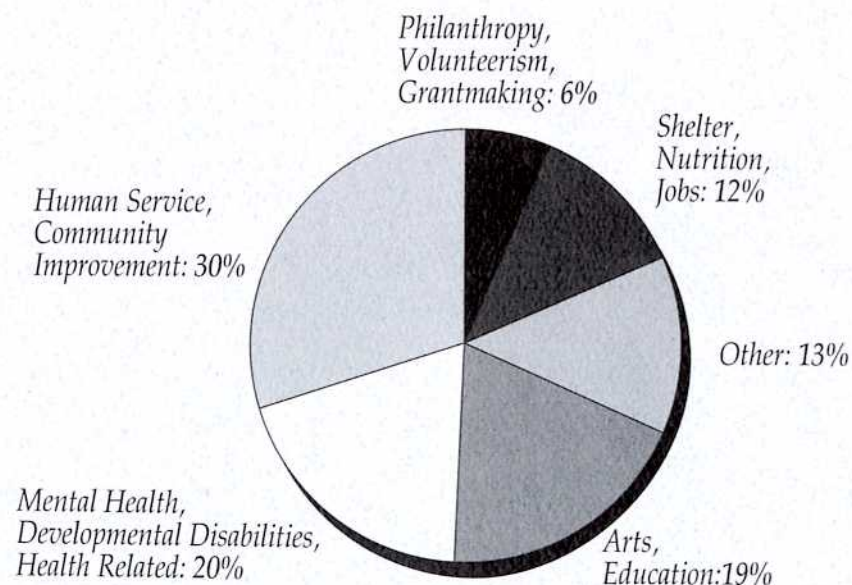
1995 NIAC MEMBERS

The profiles on the prior pages give only a glimpse of the diversity of needs our members meet in their communities. Our more than 1,300 members are located in every major city and nearly every county across the state.

Their services range from finding ways to stop gang violence to rousing spirits through the production of ballets and plays. They serve millions of meals to disabled seniors and shelter thousands among us. Many of our

members operate on tiny budgets with volunteers as their only staff. Even those with budgets that are giant by comparison, seem always needing to do more with less.

The statistical composition of our members is illustrated in the pie chart below. The descriptive names of our member organizations listed on the following pages tell so much more. We invite you to take a few minutes to review them.



1995 N I A C M E M B E R S

ALAMEDA COUNTY

100 Black Men of the Bay Area
AID Employment
ARC Associates
Aim to Please
Alameda Emergency Food Bank
All Ah We
Allied Fellowship Service
* Alzheimer's Services of the East Bay
American Indian Child Resource Center
American Indian Lawyer Training Program
* Ann Martin Children's Center
* Bay Area Black Consortium for Quality Health Care
Bay Area Friends of Tibet
Bay Area Kinder Stube
Bay Area Urban League
* Bay Area Women Against Rape
Berkeley Architectural Heritage Association
Berkeley Women's Health Center
Bonita House
* Bridge to Asia Foundation
Buddhist Peace Fellowship
* California Family Action
California Institute for Clinical Social Work
California Oak Foundation
* California Working Group
Canaan Place
* Castro Valley Boys and Girls Clubs
Cazadero Performing Arts Camp
Centro Legal de la Raza
Child Abuse Prevention Agency (CAPA)
* Child Assault Prevention Training Center of California
Children Now
* Classical Philharmonic of Northern California
Computer Using Educators

Donald P. McCullum Youth Court
Drug Abatement Institute
Earth Connection
East Bay Counseling & Referral Agency for the Deaf
East Bay Depot for Creative Reuse
East Bay Intergroup
East Bay League of Urban Gardeners
East Oakland Youth Development Center
Eden Youth Center
Emeryville Community Action Program
* Family Builders By Adoption
Family Emergency Shelter Coalition (FESCO)
Federation of Indian Association of Northern California
* Filipinos for Affirmative Action
Foundation for Cardiac Research
Fred Finch Youth Center
* Girls, Inc. of Alameda County
Gold Key Club
HOPE Housing Development Corporation
Habitot Children's Museum
Help Another Toward Creative Happiness (HATCH)
Hispanics in Philanthropy
* Horizon Services
* I-Pride
* Institute For Food and Development Policy
* Interface Institute
International Rivers Network
Japan Pacific Resource Network
* Jesuit Volunteer Corps
Kaleidoscope Activity Center
Korean Community Center of the East Bay
League of Volunteers of Newark

* Learning Disabilities Association of California
Mary Ann Wright Foundation Outreach Mission
Narika
* Northern California Chapter of the National Hemophilia Foundation
Nurses in Action
* Oakland Community Fund
Oakland Youth Chorus
* Organized People of Elmhurst Neighborhood (OPEN)
Over 21
Parental Stress Service
Passport to American Studies
* PAX House
Project Volunteer
R & L Children's Home
Reach Out and Touch A Youth
Rubicon Children's Center
Rural Urban Dynamics
San Francisco Early Music Society
* Seneca Residential and Day Treatment Center
Society for the Preservation of Carter Railroad
Society of Vertebrate Paleontology Berkeley Chapter
* Stiles Hall
Third Age
University of California Berkeley Foundation
VOCI A Women's Chamber Chorus of San Francisco
Volunteers of America, Bay Area
Walden Center Elementary School
Women Organized to Respond to Life (WORLD)
* Women's Alliance
* Women's Economic Agenda Project

AMADOR COUNTY

* ARC of Amador and Calaveras

BUTTE COUNTY

* Alzheimer's Association, Greater North Valley Chapter
Butte County Children's World
Chico Museum Association
Community Living Centers
Gridley Guardian
Help-4-People
Independent Living Services of Northern California
North Valley Schools
Northern California Youth & Family Programs
Paradise Scholarship Foundation
* Paradise Strive Center
* Peg Taylor Center for Adult Day Health Care
Private Industry Council
Ridge Area Coalition of Senior Citizens
St. Vincent De Paul Society
U.S. Catholic Conference
United Way of Butte and Glenn Counties
Valley Oak Children's Services
Victor Residential Center
Work Training Center
Youth for Change
Yuba Feather Communities Services

CALAVERAS COUNTY

Humane Society of Calaveras County
Volunteer Center of Calaveras County

CONTRA COSTA COUNTY

Association of Housing Management Agents
Bay Area Network of Gay and Lesbian Educators

* denotes NIAC member for five or more years

1995 NIAC MEMBERS

CONTRA COSTA COUNTY (Cont.)

- * Cambridge Community Center
- Center for Applied Local Research
- Center for New Americans
- * Contra Costa Alternative School
- * Danville Girls Chorus
- Delta Adult Day Care Program
- East Bay Center for the Performing Arts
- East Bay Consortium for Elder Abuse Prevention
- * East Bay Services to the Developmentally Disabled
- * East County Community Detox Center
- Friendship Foundation
- Genard AIDS Foundation
- Guardian Adult Health Centers of California
- House of Champions Group Home
- * Independent Adoption Center
- Los Cenzontles Mexican Arts Center
- * Mt. Diablo Interpretive Association
- Neighborhood House of North Richmond
- Ombudsman Services of Contra Costa County
- Pinole Area Senior Foundation
- Protect the Children Resource Center
- SHELTER
- Springs Academy
- United Council of Spanish Speaking Organizations
- Women's Therapy Center

DEL NORTE COUNTY

- Redwood Cove Community Center
- * Rural Human Services
- Wild Feline Rescue

EL DORADO COUNTY

- Delora Corporation
- * El Dorado Arts Council

- * El Dorado National Forest Interpretive Association
- El Dorado Women's Information Center
- Oak Ridge High School Sports Booster Club
- * Sierra Recovery Center
- * Tahoe Turning Point
- Volunteer Center of El Dorado County

FRESNO COUNTY

- Alcoholism & Drug Abuse Council of Fresno County
- * Alpha House
- Arte Americas, The Mexican Art Center
- * Associated Center for Therapy (CSATT)
- Big Brothers/Big Sisters of Fresno County
- Central San Joaquin Valley HIV Care Foundation
- * Central Valley AIDS Team
- Centro La Familia De Fresno
- Entrepreneurial Training Centers
- Epilepsy Foundation of Central California
- Evangel Home
- Fair Housing Council of Fresno County
- * Fresno Adult Literacy Council
- * Fresno Metropolitan Ministry
- Fresno Rescue Mission
- Fresno Unity Group Homes
- Fresno Youth Advocates
- * Friendship Center for the Blind
- Harry Pinajian Memorial Fund
- Hmong Council
- House of Hope for Youth, San Joaquin Valley
- Jewish Welfare Federation of Fresno
- OSA Women's Center
- Rape Counseling Service of Fresno
- * University Religious Center
- * Valley Advocacy & Communications Center
- Valley Caregiver Resource Center

GLENN COUNTY

- Glenn County Seniors Centers

HUMBOLDT COUNTY

- Arcata McKinleyville Children's Center
- * Dell Arte
- Friends of the Arcata Marsh
- Hight Community Service
- Humboldt Bay Housing Corporation
- * Humboldt Connections
- Humboldt Family Service Center
- Humboldt Redwoods Interpretive Association
- Institute for Wildlife Studies
- Mitchell-Redner Centers
- North Coast Big Brothers/Big Sisters
- * North Coast Rape Crisis Team
- North Coast Redwood Interpretive Association
- Pacific Art Center & Vagabond Players
- Pacific Dunes High School
- Redwood Coast Dixieland Jazz Festival
- Sumeg Patrick's Point Lagoons Interpretive Association
- United Way of Humboldt
- Humboldt Botanical Gardens Foundation

INYO COUNTY

- * Inyo Council for the Arts
- * Ombudsman/Advocacy Services of Inyo/Mono County

KERN COUNTY

- Arthritis Association of Kern County
- Bethany Services
- * Cat People
- Community Medical Education & Research Foundation
- High Desert Child Abuse Prevention Council

- Kern Bridges Youth Homes
- Kern County Hispanic Commission on Alcohol & Drug Abuse
- Kern County Mental Health Association
- National Association for People with Disabilities
- Redrock Canyon Interpretive Association
- * Rosamond Senior Citizens
- United Way of Indian Wells Valley
- Youth Connection

KINGS COUNTY

- Cornerstone Community Alcohol/Drug Recovery
- * Kings Community Action Organization
- Lemoore Christian Aid
- * Lemoore Senior Citizens
- United Way of Kings County

LAKE COUNTY

- * Anderson Marsh Interpretive Association
- Clear Lake Gleaners
- Highlands Senior Service Center
- Lake County Arts Council
- * Lake County Big Brothers & Sisters
- * Live Oak Seniors
- Lucerne Alpine Senior Center

LASSEN COUNTY

- Spare A Dime

LOS ANGELES COUNTY

- * ABC Child Development
- ALS Association
- Activities for Retarded Children
- African Community Resource Center
- Aid for AIDS
- Akila Concepts

* denotes NIAC member for five or more years

1995 NIAC MEMBERS

LOS ANGELES COUNTY (Cont.)

Al Wooten, Jr. Heritage Center
 Ala Nest
 Antelope Valley Council on Alcoholism
 Antelope Valley High School Cheerleader
 Booster Club
 Apollo West Theatre Drama and
 Workshop
 Aresis Ensemble
 Arroyo Arts Collective
 Asian Pacific Health Care Venture
 Awareness Foundation
 * Beacon House Association of San Pedro
 Believe in Yourself
 Beverly Hills Theatre Guild
 * Boys & Girls Club of Harbor City
 Build Rehabilitation Industries
 CHP 11-99 Foundation
 * CLARE Foundation
 California Congress of Parents, Teachers
 (PTA)
 California Foundation on Employment
 & Disability
 * Cantori Domino
 Catalina Youth Arts Exchange
 Catholic Big Brothers
 Central San Fernando Valley Alliance
 Children's Benefit League
 Children's Cancer Research Fund
 Children's Institute International
 Coalition of Mental Health Professionals
 College Marketplace
 Community Coalition for Substance
 Abuse
 Community Development Center
 Community Outreach Center of Pasadena
 Community Youth Gang Services
 Corporation
 Cri-help
 Delta Sigma Theta Life Development

Didi Hirsch Community Health Clinic
 * Do It Now Foundation of Southern
 California
 Dominguez Family Shelter
 Door of Hope
 Dramatic Results
 Drew Child Development Corporation
 Earth Communications Office (ECO)
 East Los Angeles Rape Hot Line
 East Los Angeles Sheriffs' Youth Athletic
 League
 * Eco-Home Network
 * Ecumenical Council of the Pasadena Area
 Churches
 * El Rescate, El Rescate Legal Services
 & El Refugio
 Family Hope
 Fiesta Educativa
 Filipino American Service Group
 Foothill Area Community Services
 Foothill Friends of Music
 Foothill Unity Center
 Foster Youth Connection of Los Angeles
 County
 Fred Brown's Recovery Services
 Friends of McGroarty Cultural Arts Center
 Friends of Robinson Gardens
 Friends of the Antelope Valley Indian
 Museum
 Futuro Infantil Hispano Foster Family
 Agency
 Grandview Foundation
 Grant Beckstrand Cancer Foundation
 * Great Leap
 Hadassah, Orange County/Long Beach
 * Hancock Park Elementary School Booster
 Club
 * Harbor Area Gang Alternative Program
 * Harbor Gateway Center
 Haven Hills

Heads-Up
 Health Promotion Institute
 Hemophilia Foundation of Southern
 California
 Henderson Community Center
 His Sheltering Arms
 Homestead Hospice and Shelter
 Hope House for the Multiple
 Handicapped
 IRAIDA Foundation
 Impact Drug & Alcohol Treatment
 Inglewood Neighborhood Housing
 Services
 Inner Circle Foster Family Agency
 International Gay & Lesbian Archives
 Japanese Community Health
 Jay Cee Dee Childrens Home
 Jefferson Center for Character Education
 * June L. Mazer Lesbian Collection
 KHEIR Center
 Keep Youth Doing Something (KYDS)
 Kenny Nickelson Memorial Foundation
 L.A. Coalition to End Homelessness
 L.A. Family Housing Corp.
 L.A. Tenth District PTA Congress of
 Parents, Teachers
 * La Puente Valley Food Pantry
 Life Services
 Little Landers Historical Society
 * Little Tokyo Service Center
 * Los Angeles Baroque Orchestra
 Los Angeles Chamber Singers
 Los Angeles Classical Ballet
 Los Angeles Municipal Art Gallery
 Associates
 * Los Angeles Orphans Home Society
 Los Angeles Womens Foundation
 Marianne Frostig Center of Educational
 Therapy
 Marina del Rey Anglers

Mothers Club Community Center
 Multicultural Service Center
 National Council On Alcoholism &
 Drug Dependency
 Neighborhood Youth Association
 Neumen Group Homes
 New Directions
 New Way Foundation
 Ninos Latinos Unidos
 North Hollywood Group
 OPICA Adult Day Care Center
 * Ocean Park Community Center
 Pacific Ackworth Friends School
 * Pacific Resident Theatre Ensemble
 Parenting Institute
 Pasadena Children's Training Society
 Peace and Joy Center
 Pediatric Projects
 Peninsula Committee for the Los Angeles
 Philharmonic
 Peregrinos De Emaus
 Pets Are Wonderful Support (PAWS)
 Planet Hope
 Pomona Valley Community Services
 Pomona Valley Youth Employment
 Pomona-Inland Valley Council of
 Churches
 Proyecto Esperanza
 Pueblo Y Salud
 Purple Heart Veterans Rehabilitation
 Services
 Reason Foundation
 Roscomare Road Booster Club
 Rosemary Cottage
 Salsido Recovery Center
 * San Gabriel Valley Alliance for the
 Mentally Ill
 Santa Clarita Valley Boys and Girls Club
 Santa Maria House

* denotes NIAC member for five or more years

1995 NIAC MEMBERS

LOS ANGELES COUNTY (Cont.)

- * Santa Monica Bay Area Drug Abuse
- * Santa Monica Symphony Association
- * Seeking It Through Exhibitions (SITE)
Sequoyah Educational Center
- * Services Center for Independent Living
Shalhevet High School
- * Society for Calligraphy
Society of Saint Vincent de Paul
Sonshine Youth Services
- * South Bay Coalition
South Bay Conservatory
South Central Food Distributors
- * Southern California Veterans Service
Council
- * Southern California Association for
Non-Profit Housing
- * Southern California Ecumenical Council
Southern California Foster Family Agency
- * Southern California Rehabilitation
Services
- * Southern California Women for
Understanding
St. Francis House
Substance Abuse Foundation of
Long Beach
Teen Crisis Intervention
Therapeutic Living Centers for the Blind
Tomorrow's Entrepreneurs Today
- * Tree Musketeers
U.P.
United Irish Societies of Southern
California
United Latino Fund
Urban Health Care Project
Valley Home for Women
Verdugo Hills Alanon Club
Verdugo Woodlands Dads Club

- Victory Foundation
- Volunteers of America of Los Angeles
- * Watts Health Foundation/United Health
Plan
- Welfare Action
- West Antelope Valley Educational
Foundation
- West Pasadena Residents' Association
- Whittier Cultural Arts Foundation
- Women In Film
- Youth Intervention Program

MADERA COUNTY

- * Alleluia

MARIN COUNTY

- * A Broader Living Experience (ABLE)
Alliance for the Mentally Ill-Marine
American Decorative Arts Forum of
Northern California
- * American Sports Institute
- * Amigos de las Americas, Marin Chapter
Angel Island Association
Bay Area Discovery Museum
Bay Institute of San Francisco
California Neuropsychology Services
- * Cascade Canyon School
Center Point
Children's Garden of California
Choral Singers of Marin
- * Corte Madera Larkspur Schools
Foundation
Cultural Homestay International
- * Dental Health Foundation
Face the World Foundation
- * Fairfax-San Anselmo Children's Center
- * Faith Hope Counseling Services
Family Service Agency of Marin County

- * Fifth Business
Four Winds West
Garden School
- * Headlands Center for the Arts
Jenifer Altman Foundation
Liss Fain Dance
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 Housing Center
Marin Services for Men
- * Marin Services for Women
- * Matrix
Meals of Marin
- * Mt. Tamalpais Interpretive Association
National Society of Fund Raising
Executives
New Century Chamber Orchestra
Northbay Children's Center
- * Northbay Ecumenical Homes
Novato Human Needs Center
- * Novato Youth Center
Operation Give A Damn (OGAD)
Parent Services Project
Parents United
- * Performing Stars of Marin
Phillips-Morrison Institute of California
Public Art Works
Quality Care for Kids
Ross Valley Community for Schools
San Geronimo Valley Art Center
Sausalito Salvage Shop
Sparrow Creek School

- Summer Search Foundation
Therapion Association for the
Developmentally Disabled
Volunteer Center of Marin County
WILDCARE: Terwilliger Nature Education
& Wildlife Rehabilitation

MARIPOSA COUNTY

- Almost Like Home
Mariposa County Fish & Game Protective
Association
Mariposa Golden Agers
Mountain Crisis Services
SPCA of Mariposa County

MENDOCINO COUNTY

- Arena Renaissance Company
Disabled In Action League
Ford Street Project
Gualala Community Center
- * Mariposa School
- * Mendocino Coast Botanical Gardens
Preservation
Mendocino County Public Broadcasting
KZYX Radio
- * Project Sanctuary
- * Willits Community Theatre

MERCED COUNTY

- * A Woman's Place of Merced County
Challenged Family Resource Center

MODOC COUNTY

- Alturas Community Theater.
Modoc Child Care Council
Resources for Indian Student Education
TEACH

** denotes NIAC member for five or more years*

1995 NIAC MEMBERS

MONTEREY COUNTY

- * Alma School Foundation
- * Alzheimer's Association, Monterey County Chapter
- American School of Puerto Vallarta Foundation
- Blind & Vision Impaired Center of Monterey County
- Business & Education Alliance of the Monterey Peninsula
- Central Coast Center for Independent Living
- Central Coast Lighthouse Keepers Community Human Services
- Dixieland Monterey
- * Door to Hope
- FOOD Crops
- Forest Theatre Guild
- * Frank H. & Eva B. Buck Foundation
- * Friends of Sunset Foundation
- * Meals on Wheels of the Monterey Peninsula
- Monterey Bay Girl Scout Council
- Monterey Peninsula College Foundation
- * Pacific Repertory Theatre
- Peninsula Outreach Welcome House
- * Second Chance Youth Program
- Suicide Prevention Center of Monterey County
- Volunteer Center of California
- Volunteer Center of Monterey County
- * Youth Music Monterey

NAPA COUNTY

- Community Health Clinic Ole
- Friends of Lincoln Theater
- Friends of the Napa River
- Lifeworks

- Network Consulting Services
- Second Helping Thrift Shop
- St. Helena Family Center
- Trinity Education Center
- "We Care" Animal Society

NEVADA COUNTY

- Child Abuse Council of Western Nevada County
- Common Ground Communities
- Food Bank of Nevada County
- Milhouse School
- * Sierra Adoption Services

ORANGE COUNTY

- Alliance for the Mentally Ill of Orange County
- Alzheimer's Association of Orange County
- Anaheim Community Foundation
- Anaheim Independencia Community Center
- Anaheim Interfaith Shelter
- Asian American Senior Citizens Service Center
- Assistance League of Newport-Mesa
- Aurora Communities
- Beyond Survival Counseling
- * Blind Children's Learning Center
- Boys & Girls Club of Buena Park
- Boys Club of Laguna Beach
- California Health Decisions
- California Institute for Chinese Performing Arts
- Cardiac Arrhythmias: Research & Education Foundation
- Casa Teresa
- Central Orange County YWCA
- Child or Parental Emergency Services (COPES)
- Choral Conductors Guild
- Concept 7
- Cooper Fellowship
- Costa Mesa Senior Citizens' Corporation
- * Delhi Community Center
- EFG Curriculum Collaborative
- Equipping Today's Church
- Fair Housing Council of Orange County
- Gay and Lesbian Community Services Center of Orange County
- Girls & Boys Club of Garden Grove
- HOMES
- * Human Options
- Huntington Youth Shelter
- Irvine Senior Foundation
- Irvine Temporary Housing
- Jewish Senior Center & Geriatric Services
- Kids Cancer Connection
- La Monte Academie
- Laurel House
- Leadership Tomorrow
- Mary's Shelter
- Orange County Association for Retarded Citizens
- Orange County Bicycle Coalition
- * Orange County Community Development Council
- Parent, Teacher, Counselor Association
- People for Irvine Community Health
- Pilgrimage Family Therapy Center
- Project Independence
- SEE Center for the Advancement of Deaf Children
- Saint Mary and All Angels School
- Sally's Fund
- Samadana
- San Clemente Seniors
- Shelter for the Homeless
- South County Senior Services

- Southern California Indian Center
- Southwest Minority Economic Development Association
- * Speech & Language Development Center
- Toastmasters International
- Trinity College of Graduate Studies
- Triton Booster Club
- United Family Services
- United Way of Orange County
- Vietnamese Community of Orange County
- * Villa Center
- * Volunteer Center of Greater Orange County
- * Western Youth Services
- YWCA of South Orange County

PLACER COUNTY

- Alliance for the Mentally Ill of Placer County
- Auburn Childrens Psychological Clinic
- Child Abuse Council of Placer County
- North Lake Tahoe Historical Society
- Placer Dispute Resolution Service
- Placer Women's Center
- * Roseville Community Health Foundation
- Sierra Council on Alcoholism and Drug Dependence
- Sierra Family Services
- * Sierra Vista Center
- * Squaw Valley Community of Writers

PLUMAS COUNTY

- Plumas Crisis Intervention Resource Center
- RAINBOW Family Support & Resource Network

* denotes NIAC member for five or more years

1995 NIAC MEMBERS

RIVERSIDE COUNTY

A.B.C. Recovery Center
 Arrid Club
 Banning Youth Center
 CASA For Riverside County
 Children of Parkinsonians
 Coachella Valley Historical Society
 Discipleship Training International
 Double Check Retreat
 Esperanza Youth and Family Center
 Fair Housing Council of Riverside County
 Friends of Jefferson House
 Idyllwild HELP Center
 Inland Empire Community Action Council
 Lighthouse Prison Ministries
 Living Free Animal Sanctuary
 Mission of the Good Shepherd
 National Parenting Institute
 Prime of Life
 Reynaldo J. Carreon M.D. Foundation
 Riverside County Community Investment Corporation
 *Riverside Medical Clinic Foundation
 San Diego International Student House
 *San Gorgonio Child Care Consortium
 San Jacinto Valley School of the Arts
 Senior & Disabled Citizens Coalition of Riverside
 Senior Daycare Center/David Kahn Center
 Shared Housing, A Riverside Experience
 Shelter from the Storm
 *Sorooptimist House of Hope
 Sun City Concern
 T.A. Foundation
 Teen Challenge of Southern California
 Total Living Choices
 *Valley Restart Shelter
 Whiteside Manor

SACRAMENTO COUNTY

Alzheimer's Association, Greater Sacramento Area
 Associated Family Therapy for Effective Recovery
 Better Life Children Services
 Big Brothers/Big Sisters of Greater Sacramento
 *California Coalition for Rural Housing Project (CCRH)
 *California Channel
 California Child, Youth and Family Coalition
 California Freedom House Fellowship
 California Hispanic Commission on Alcohol & Drug Abuse
 California Institute of Public Affairs
 *California Native Plant Society
 California Rehabilitation Association (CRA)
 California State Student Association (CSSA)
 Californians for Population Stabilization
 Capitol Area Indian Resources
 Children's Research Institute of California
 Community Enterprises
 Diogenes Youth Services
 El Hogar Mental Health and Community Services
 Elk Grove Historical Society
 Families United
 Family Service Agency of the Greater Sacramento Area
 Happy Tails Pet Sanctuary
 Head Trauma Support Project
 Home At Last
 Human Resources Consultants
 Indian Dispute Resolution Services
 *Interfaith Service Bureau
 Jinan-Sacramento Sister City Corporation

Law Enforcement Chaplaincy
 Lekotek Family Resource Center
 Living in Familiar Environments (LIFE)
 Mental Health Association, Sacramento Chapter
 Michels Education Institute
 National Foundation for the Treatment of Abused Children
 National Visiting Teachers Association
 Nepenthean Homes Foster Family Agency
 New Horizons Counseling Center
 Olive Glen Foundation
 Omni Programs/Peers Against Substance Abuse
 *One Shoe Crew
 Options Group Homes
 Positive Option Family Services
 *River City Recovery Center
 River Oak Center for Children
 Sacramento Alliance for the Mentally Ill
 Sacramento Area Emergency Housing
 Sacramento Black Alcoholism Center
 Sacramento Center for Assistive Technology
 Sacramento Hearing Services Center
 Sacramento Loaves & Fishes
 Sacramento Museum of History, Science & Technology
 Sacramento Occupational Advancement Resources
 Serene Community Homes
 Sierra Curtis Neighborhood Association
 St. Francis Home for Children
 St. John's Shelter for Women & Children
 Total Youth Homes
 Training Toward Self-Reliance
 Volunteers of America, Sacramento & Central Valley

Women Escaping a Violent Environment (WEAVE)
 YWCA of Sacramento

SAN BENITO COUNTY

Baler Foundation
 Chamberlain's Children Center
 Cuddly Critters
 *Jovenes de Antano Del Condado de San Benito
 San Benito County SPCA, Wildlife Rehabilitation
 *San Benito Health Foundation

SAN BERNARDINO COUNTY

Al-Anon Inland Empire Service Center
 *Christian Counseling Service
 Crest Forest Community Services Council
 Fair Housing Council of San Bernardino County
 Fontana We Care
 Inland Area Native American Association
 Lytle Creek Senior Citizens Association
 *Morongo Basin Adult Health Services Corporation
 *Morongo Basin Mental Health Services Association
 *New Testament Community Outreach
 R-SB Harbinger Corporation
 Rolling Start
 San Bernardino National Forest Association
 San Gorgonio Volunteer Association
 *United Cancer Research Society
 Vigor International Group Homes

** denotes NIAC member for five or more years*

1995 NIAC MEMBERS

SAN DIEGO COUNTY

Alpha of San Diego
 * Alzheimer's Disease & Related Disorders Association
 Angel Society of Fallbrook
 Assistance League of Escondido Valley
 At Your Home Services
 Being Alive San Diego
 * Big Brothers of San Diego County
 Big Sister League
 Black Economic Development Task Force
 Borrego Springs Youth Center
 California Black Health Network
 California Rare Fruit Growers
 California Southern Small Business Development Corporation
 Che Cafe Collective
 Children's Education With Care
 Christian Assisted Recovery Environments
 City Heights Community Development Corporation
 Clairemont Friendship Center
 * Community Congress of San Diego
 Copper Hill Living & Learning Center
 Corrective Behavior Institute
 Crisis House Corporation
 ElderHelp of San Diego
 Environmental Health Coalition
 Escondido Historical Society
 * Fallbrook Child Development Center
 Fallbrook People to People
 * Fallbrook Players
 Family Intervention Parenting Program
 First Financial Education Centre
 For Parents' & Kids' Sake
 Foundation for International Understanding
 Fresh Start Surgical Gifts

Harry E. & Rachael M. Moeller Foundation

* Home Start
 International Mutual Assistance Association of San Diego
 J.W. Sefton Foundation
 Ken Jewish Community Center
 Kids on the Block of San Diego
 Lakeside Historical Society
 Lynch Foundation for Children
 Meeting Place
 Mid City Christian Services
 Mountain Empire Historical Society
 Mountain Empire Men's Club
 National Network of Grant Makers
 Normal Heights Community Development
 Pacific Intercultural Exchange
 Palomar Family Counseling Service
 Partners, A UMC Mentoring Program
 San Diego Catholic Worker
 * San Diego Christian Servicemen's Center
 San Diego Youth Involvement
 * San Diego Youth Symphony
 San Pasqual Battlefield Volunteer Association
 Sledgehammer Theatre
 * Southern Regional Resource Center
 Southwest Wetlands Interpretive Association
 Veteran's Memorial Center
 Vietnam Veterans of San Diego
 * Voices for Children
 Wellness Community of San Diego
 * Western Institute Foundation For Mental Health
 YWCA of San Diego County

SAN FRANCISCO COUNTY

Academy of Friends
 Alternative Family Services
 American Society on Aging
 American Theatre Ventures
 Asian Pacific American Community Fund
 * Audrey L. Smith Developmental Center
 Bay Area Classic Learning
 Bayview Opera House
 Bernal Heights Housing Corporation
 Better Health Foundation
 Booker T. Washington Community Services Center
 Breast Cancer Action
 * California Court Appointed Special Advocate Association
 California Environmental Trust
 California Northern Coastal Area of Alcoholics Anonymous
 California Supreme Court Historical Society
 Cancer Support Community
 Capp Street Project
 Center for Critical Architecture
 Chemical Awareness and Treatment Service
 Committee for Ciudad de los Ninos de Salamanca
 Committee to Restore the Opera House
 Community Children's Center
 Community Design Center
 Continuum HIV Day Services
 Cultural Odyssey
 Digital Queers
 * Dolores Street Community Services
 ETVC-Educational TV Channel
 Emanuel Achievement Program
 Episcopal Community Services of San Francisco
 Family Link
 * Filipino American Council of San Francisco
 * Filipino Task Force on AIDS
 * Florence Crittenton Services
 Food Runners
 Fresh Start Farms
 Friends of Ethnic Arts
 Friends of Scrap
 * GAPA Community HIV Project
 Global Exchange
 Greenlining Institute
 * Haight Ashbury Food Program
 Health Initiatives for Youth
 Hills Project
 Holocaust Oral History Project
 Housing Development And Neighbor Preservation Corporation
 Independent Housing Services
 Institute for the Study of Somatic Education
 * Instituto Pro Musica de California
 International Gay & Lesbian Human Rights Commission
 International AIDS Society-USA
 International Development Exchange
 * Kid's Turn
 Korean Community Service Center
 La Casa de las Madres
 Latino Issues Forum
 * Lifeline Mission of San Francisco
 MOVE
 * Meals on Wheels of San Francisco
 Mexican Cultural Center
 Mexican Museum
 Mid-Weeklies
 Mission Cultural Center for Latino Arts
 Museum of the City of San Francisco
 Names Project Foundation

* denotes NIAC member for five or more years

1995 NIAC MEMBERS

SAN FRANCISCO COUNTY (Cont.)

- National Council on Crime & Delinquency
- National Federation for Community Broadcasters
- National Sanctuary Defense Fund
- *National Task Force on AIDS Prevention
- New Fillmore Community Theater
- Northern California Community Services Council
- Northern California Service League
- Northern California Supplier Development Council
- Northern California Youth Resources
- *OMI Neighbors in Action
- Oakland Youth Services
- Options for Women Over Forty
- Orchidmania
- Our Family & Friends Foster Care Services
- Partners in School Innovation
- *Patient Assistance Foundation
- Planning Association for Richmond (PAR)
- Radiology Research and Education Foundation
- Refugee Transitions
- *Renaissance Parents of Success
- San Francisco Adult Day Health Network
- *San Francisco African American Historical Foundation
- San Francisco Baykeeper
- *San Francisco Black Coalition on AIDS
- San Francisco Child Abuse Council
- *San Francisco Children's Art Center
- San Francisco Cinemateque
- San Francisco Community Television Corporation
- *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 League of Urban Gardeners
- *San Francisco Network of Mental Health Clients
- San Francisco Performing Arts Library & Museum
- *San Francisco Psychotherapy Research Group
- *San Francisco Public Health Foundation
- San Francisco Regional Cancer Foundation
- San Francisco SAFE
- San Francisco Study Center
- San Francisco Urban Service Project
- San Francisco Women's Center
- Save the Redwoods League
- Shakespeare San Francisco
- Sojourner Truth Foster Family Service Agency
- South Bayshore Community Development Corporation
- Square & Circle Club of San Francisco
- Stop AIDS Project
- *Tax-Aid
- Tenderloin AIDS Resource Center
- Torrano Center
- Victorian Alliance
- Volunteer Center of San Francisco
- Volunteers In Parole
- We Care Bay Area
- West Bay Local Development Corporation
- *Western Addition Senior Citizens Service Center
- Wiley W. Manuel Law Foundation
- William G. Irwin Charity Foundation
- Women's Initiative for Self Employment (WISE)

- World Centre-San Francisco
- Yerba Buena Gardens Children's Place
- Young Audiences of the Bay Area

SAN JOAQUIN COUNTY

- Asian Pacific Self-Development & Residential Association
- Beacon Lighthouse
- Family Resource Network
- *Lilliput Children's Services
- North Valley Symphony Orchestra
- Share Homes

SAN LUIS OBISPO COUNTY

- Atascadero Recreation Center Committee
- Central Coast Neurobehavior Center
- Clark Ovitt Foundation
- Family Care Network
- Foundation for Community Design of the County of San Luis Obispo
- *Foundation for the Performing Arts Center
- Friends Outside in San Luis Obispo County
- Friends of San Luis Obispo Botanical Garden
- *Heritage Village Seniors
- Hesed Christian Ministries
- *LifeSpan Services Network
- Math/Science Technology Foundation
- NCI Affiliates
- National Council on Alcoholism
- *Natural History Association of San Luis Obispo Coast
- Paso Robles Foundation for Culture and the Arts
- *People Helping People
- Pioneer Players
- San Luis Obispo Children's Museum
- *San Luis Obispo County AIDS Support Network

- *San Luis Obispo Literacy Council
- South County Performing Arts Building Foundation

SAN MATEO COUNTY

- *Adopt International
- *Al-Anon Family Groups, District 13
- Alliance for the Mentally Ill of San Mateo
- Bayshore Child Care Services
- California Council for the Social Studies
- Carey Parents
- Centro Cultural Latino de San Mateo
- *Childcare Coordinating Council of San Mateo County
- Children's Preservation Network
- Daly City Emergency Food Pantry
- East Palo Alto Senior Center
- Emergency Hunger Fund of Redwood City
- Hillsborough Schools Foundation
- Human Investment Project of the Peninsula
- Institute for the Advancement of Human Behavior
- Jean Weingarten Oral School for the Deaf
- Kainos Home and Training Center
- La Casa de San Mateo
- Latino Commission on Alcohol & Drug Abuse Service of San Mateo County
- MATE Foundation
- *Marin Association for Retarded Citizens
- *New Learning School
- *Peninsula Community Foundation
- Peninsula Humane Society
- Peninsula League
- Peninsula Network of Mental Health Clients

* denotes NIAC member for five or more years

1995 NIAC MEMBERS

SAN MATEO COUNTY (Cont.)

- Peninsula Outreach Programs
- Redwood City Friends of Literacy
- Shule Mandela Academy
- Solidarity Fellowship
- Sor Juana Ines
- * South Coast Children's Services
- This Side of the Hill Players

SANTA BARBARA COUNTY

- American Cetacean Society, Santa Barbara Chapter
- American Philanthropy Association
- * Anger Management & Counseling Services
- CASA of Santa Barbara
- Central Coast Headway
- * Community Environmental Council
- Endowment for Youth
- Good Samaritan Shelter
- Interfaith Community Organizing Project
- Life Options, Vocational and Resource Center
- * Los Padres Interpretive Association
- Meals on Wheels of Lompoc
- Music and Arts Conservatory of Santa Barbara
- * New Directions for People with Disabilities
- SMILE
- SMOOTH
- * Santa Barbara Rape Crisis Center
- Santa Maria Arts Council
- Santa Maria Association for the Retarded
- Santa Maria Civic Theatre
- Santa Maria Museum & Art Center
- Senior Programs of Santa Barbara
- South Coast Business Network
- Thresholds to Recovery

- Valley of Flowers Half Century Club
- Volunteers for Inter-Valley Animals (VIVA)

SANTA CLARA COUNTY

- A Place for Teens
- All Stars Helping Kids
- Ananda Marga of Los Altos Hills
- Arts Council of Santa Clara County
- Association of Former Vietnamese Political Prisoners
- * Bill Wilson Center
- Braille Transcription Project of Santa Clara County
- California Council for the Promotion of History
- Campbell Union Elementary Education Foundation
- Casa Libre
- Center for Excellence in Nonprofits
- Champs Foundation
- Child Quest International
- * Christmas Dinner Fund
- Christmas in the Park
- * College of Humanities and the Arts Alumni Association
- * Community Companions & Acme Environmental Management
- * Community Coordinated Child Development Council
- Court Designated Child Advocates of Santa Clara
- Cupertino Senior Day Services
- Daybreak Childcare Network
- Design Response
- * Diabetes Society of Santa Clara Valley
- * EE's Residential Group Homes
- Esprit de Corp Foundation
- Ethiopian Community Services
- Family Giving Tree
- Free at Last
- * GRASP Foundation
- * Green Pastures
- HandsNet
- Heart of the Valley Services for Seniors
- Higher Education Policy Institute
- * Homeless Care Force
- Information and Referral Services
- JEWL Corporation
- Kids in Common
- * Korean American Community Services
- * LOOP Center
- Literacy Alliance for the South Bay
- * Live Oak Adult Day Services
- Los Gatos Community Foundation
- Love, Inc. of Santa Clara County
- Mental Research Institute
- * Molecular Research Institute
- Morgan Center
- Morgan Hill Historical Society
- Nonprofit Development Center
- Northside Theatre Company of San Jose
- * Pacific Autism Center for Education (PACE)
- Palomares
- * Parents Helping Parents (PHP)
- Parkinson's Institute
- * People Acting in Community Together (PACT)
- * Peninsula Area Information & Referral Service
- Peninsula Parents & Friends of Lesbians and Gays (PFLAG)
- Pied Piper Theater
- * Preservation Action Council of San Jose
- Process Therapy Institute
- San Francisco Bay Bird Observatory
- San Jose Children's Musical Theater
- San Jose Day Nursery
- San Jose Police Chaplaincy
- San Jose Shelter

- San Juan Bautista Child Care Center
- Santa Clara County Committee for Employment of Disabled
- Santa Clara County Bar Association Law Foundation
- * Santa Clara Historical and Genealogical Society
- Santa Clara Valley MultiService Center
- Saratoga Area Senior Coordinating Council
- Saratoga Historical Foundation
- Schola Cantorum
- School of Humanities & the Arts Alumni Association
- Sensory Access Foundation
- Silicon Valley Toxics Coalition
- South Bay Sickel Cell Program
- South Valley Symphony
- Spark Foundation
- Stanford Bay Area Charities
- * Summit League
- Vietnamese American Cultural & Social Council
- West Bay Opera Association
- Women and their Children's Housing (WATCH)
- Youth Focus

SANTA CRUZ COUNTY

- Alzheimers Association of Santa Cruz
- Association of Watsonville Area Seniors
- CFSC
- Cabrillo Guild of Music
- * California Association of Nonprofits
- * California Grey Bears
- California Leadership
- Children's Placement Service
- * Community Action Board of Santa Cruz County
- Community Options
- * Conflict Resolution Program

* denotes NIAC member for five or more years

1995 NIAC MEMBERS

SANTA CRUZ COUNTY (Cont.)

- * Corralitos Padres
- Court Appointed Special Advocates of Santa Cruz County
- * Defensa de Mujeres
- * Democratic Management Services
- Dientes, the Community Dental Clinic
- Downtown Management Corporation of Santa Cruz
- Earth Links
- Education Programs Associates
- Education, Training and Research Associates
- * Emeline Child Care Center
- * Eschaton Foundation
- Familia Center
- * Family Service Association of the Pajaro Valley
- Five Branches Institute, College of Traditional Medicine
- Friends of the Santa Cruz Public Libraries
- * Future Families
- Good Shepherd Fund
- * Group Home Society
- Homeless Community Resource Center
- Institute of HeartMath
- La Que Sabe Art Foundation
- * Life Lab Science Program
- * Lompico Community Center
- McDowell Youth Homes
- Monterey Bay Salmon and Trout Project
- Mountain Parks Foundation
- Organic Farming Research Foundation
- * Pajaro Valley Historical Association
- * Pajaro Valley Housing Corporation
- * Pajaro Valley Prevention & Student Assistance
- Pajaro Valley Shelter Services
- * Parents Center

- Project Scout
- Rising Sun Energy Center
- San Lorenzo Valley Mountain Community Theater
- San Mateo Coast Natural History Association
- Santa Cruz AIDS Project
- 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 Child Abuse Prevention Council
- * Santa Cruz County Symphony Association
- Santa Cruz County Youth Symphony
- * Santa Cruz Lesbian, Gay Community Center
- Senior Network Services
- Seniors Council of Santa Cruz & San Benito Counties
- Skills Center
- Spiritual Emergence Network
- * Stepping Out Housing
- Symphony League of Santa Cruz County
- * Traveling School
- * Triad Community Services
- Trichotillomania Learning Center
- * Valley Churches United
- Valley Resource Center
- * Walnut Avenue Women's Center
- * Welfare Parent's Support Group
- * William James Association & Escuela Amistad Program
- * Women's Crisis Support & Shelter Services
- Youth Opportunities, Santa Cruz

SHASTA COUNTY

- Anderson Area Association of Senior Citizens
- Cottonwood Community Park
- Exceptional Family Support, Education, & Advocacy
- Golden Umbrella & Foster Grandparents Program
- Good News Rescue Mission
- Northern California Family Life Skills
- Redding Community Theatre
- Riverfront Playhouse
- * Senior Legal Center of Northern California
- Shasta County Child Abuse Prevention
- Shasta County Women's Refuge
- Shasta/Sierra Work Furlough
- * United Lumbee Nation of Northern California and America
- United Way of Northern California

SISKIYOU COUNTY

- Great Northern Corporation
- Josephine Taylor Foundation
- START
- * Siskiyou Child Care Council
- * Siskiyou Domestic Violence Program
- * Siskiyou Performing Arts Center
- Siskiyou Youth Shelter
- Yreka Family YMCA

SOLANO COUNTY

- * ARC-Solano
- Arts Benicia
- Benicia Community Arts
- Benicia State Parks Interpretive Volunteers
- * Community Treatment Center
- Head Injury Prevention
- * M-2/Match Two
- * Solano Adult Day Health Care Center

- Solano Family and Childrens Services
- * Youth & Family Services

SONOMA COUNTY

- * Actors' Theatre of Sonoma County
- Becoming Independent
- Bird Rescue Center
- Birthright of Sebastopol
- * Boys & Girls Club of Santa Rosa
- * Circuit Rider Productions
- Coastwalk
- Committee on the Shelterless (COTS)
- * Community Childcare Council of Sonoma County
- * Council on Aging Services for Seniors
- * Diabetes Society of Sonoma County
- * Drug Abuse Alternative Center
- Education Foundation of Cotati-Rohnert Park
- * Extended Child Care Coalition
- Family Service Agency & Community Counseling Services
- Fort Ross Interpretive Association
- Greenacre Homes
- Homeless Prevention Group of Rohnert Park, Cotati
- * Hospital Chaplaincy Services
- Inter-Faith Shelter Network
- * International Church Relief Fund
- Jewish Day School of Sonoma County
- Latino Commission on Alcohol & Drug Abuse
- * Life Management Institute
- Lyme Disease Resource Center
- Native California Network
- New Directions Adolescent Services
- * Northwestern Pacific Railroad Historical Society

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1995 N I A C M E M B E R S

SONOMA COUNTY (Cont.)

- * On Our Own
Plumfield
- * R House
Redwood Arts Council
Russian River Jazz Festival
Service Outreach Motivation
Empowerment
- * Sonoma Child Guidance Institute
- * Sonoma City Opera
- * Sonoma County A.I.D.E.
Sonoma County AIDS Network
Sonoma County Academic Foundation for
Excellence
- * Sonoma County Alzheimers Task Force
- * Sonoma County Community Foundation
Sonoma County Men's Support Center
Sonoma County People for Economic
Opportunity
- Sonoma County Rental Information and
Mediation
- * Sonoma State Historic Park Association
Sonoma Valley Chorale
- * True to Life Counseling
- * Vietnam Veterans of California
- * Vintage House Senior Multipurpose
Center
- Volunteer Center of Sonoma County
- * West Santa Rosa Local Action Council
Women's Recovery Services, A Unique
Place

STANISLAUS COUNTY

- Community Temporary Shelter Service of
Stanislaus
- Community Transitional Resources
- Disability Resources Agency for
Independent Living

- Friends Outside Modesto Stanislaus
County
- Na Ohana O Ke Awawa
- Society for Handicapped Children &
Adults
- Stanislaus County Child & Infant Care
Association

SUTTER COUNTY

- California Age Research Institute
- Yuba-Sutter Economic Development
Corporation
- * Yuba-Sutter Gleaners Food Bank

TEHAMA COUNTY

- Domestic Crisis Services of Tehama
County

TRINITY COUNTY

- * Human Response Network

TULARE COUNTY

- Community Services and Employment
Training
- Love Inc. of Tulare County
- Pioneer Home Outreach
- * Porterville Gleaning Seniors
- * Tulare County Children's Receiving Home
- Tulare County Hispanic Commission on
Alcoholism
- Tulare County League of Mexican
American Women
- Turning Point of Central California
- Visalia Rescue Mission

VENTURA COUNTY

- Action for Kids
- Alzheimers Disease/Related Disorders
Association
- Arts Council of the Conejo Valley
Center for Studies of the Future
- * Coalition Against Domestic and Sexual
Violence
- Corriganville Preservation Committee
- * Hope for Kids
- * Infant/Child Enrichment Services
Ventura County
- * Khepera Recovery Homes
- Krishnamurti Foundation of America
- * Long Term Care Services of Ventura
County
- Meadowlark Service League
- Oakbrook Park Chumash Indian
Corporation
- * Project Understanding
- Raptor Rehabilitation and Release
Program
- Santa Paula Theater Center
- Sarah's House
- Tri-Counties Easter Seal Society
- Turning Point Foundation
- Youth Connection of Ventura County

YOLO COUNTY

- Cache Creek Lodge
- Citizens Who Care
- Community Care Car
- Davis Community Meals
- Friends of the Allied Non-Profits
- Mental Health Association of Yolo County
- Morning Star Summer Enrichment
Program
- Pet Assistance League of Northern
California

- Sexual Assault and Domestic Violence
Center
- Short Term Emergency Aid Committee of
Davis
- Summer House & Davis Summer House
- Yolo Community Care Continuum
- Yolo County Coalition Against Hunger
- * Yolo Family Service Agency
- Yolo Wayfarer Center

YUBA COUNTY

- Beneficial Environments
- Midvalley Recovery Facilities
- * Rural Opportunities Resource Center
- Tri-County Respite Care

* denotes NIAC member for five or more years

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying balance sheets of Nonprofits' Insurance Alliance of California as of December 31, 1995 and 1994, 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, 1995 and 1994, and the results of its operations and its cash flows for the years then ended in conformity with generally accepted accounting principles.

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

KPMG Peat Marwick LLP

KPMG Peat Marwick LLP
San Francisco, California

March 6, 1996

BALANCE SHEETS

December 31, 1995 and 1994

Assets	1995	1994
Restricted investments at market (note 3)	\$ 1,784,608	1,633,248
Investments at market (note 4)	10,916,485	7,403,511
Total investments	12,701,093	9,036,759
Cash	302,322	187,701
Premiums receivable	974,480	808,824
Interest receivable	162,782	108,189
Property and equipment, net of accumulated depreciation of \$151,243 in 1995 and \$108,196 in 1994	153,459	114,152
Prepaid expenses and deposits	21,185	52,899
Reinsurance recoverable (note 9)	4,873,781	3,546,497
Prepaid reinsurance premium (note 9)	1,190,833	1,261,588
Deferred acquisition costs	580,707	535,473
Income tax receivable (note 6)	332,101	—
Deferred tax asset (note 6)	474,635	422,266
Total assets	<u>\$ 21,767,378</u>	<u>16,074,348</u>
Liabilities and Members' Equity		
Loss and loss adjustment expense reserves (note 7)	\$ 12,667,029	8,375,880
Unearned premiums	4,154,078	3,981,972
Reinsurance payable and other liabilities (note 9)	1,220,215	968,305
Accounts payable	342,665	431,871
Income taxes payable (note 6)	—	96,233
	18,383,987	13,854,261
Subordinated debt (note 8)	1,300,000	1,300,000
Members' equity:		
Members' contributions	601,234	509,332
Unrealized gains (losses) on investments, net of deferred tax of \$94,487 in 1995 and \$-0- in 1994	183,414	(315,696)
Other paid-in capital	31,054	31,054
Retained earnings	1,267,689	695,397
Total members' equity	2,083,391	920,087
Commitments and contingencies (notes 10 and 11)		
Total liabilities and members' equity	<u>\$ 21,767,378</u>	<u>16,074,348</u>

STATEMENTS OF INCOME

Years ended December 31, 1995 and 1994

Revenues:	1995	1994
Gross written premium	\$ 9,342,824	8,501,049
Ceded premium (note 9)	(2,736,266)	(2,697,487)
Net written premium	6,606,558	5,803,562
Increase in unearned premium	(242,861)	(649,286)
Net earned premium (note 9)	6,363,697	5,154,276
Net restricted investment income (note 3)	95,466	71,609
Net investment income	636,625	349,644
Net realized gain (loss) on sales of investments	112,606	(78,031)
Other income	87,110	82,704
Total revenues	<u>7,295,504</u>	<u>5,580,202</u>
Expenses:		
Losses and loss adjustment expenses incurred (notes 7 and 9)	4,445,009	3,394,621
Salaries and employee benefits	1,004,893	827,535
Commission expense	660,632	595,985
Other expense	316,739	299,864
Total expenses	<u>6,427,273</u>	<u>5,118,005</u>
Income before income taxes	868,231	462,197
Income tax expense (note 6)	295,939	157,891
Net income	<u>\$ 572,292</u>	<u>304,306</u>

STATEMENTS OF MEMBERS' EQUITY

Years ended December 31, 1995 and 1994

	Members' contributions	Other paid-in capital	Retained earnings	Unrealized (losses) gains on investments available for sale	Total members' equity
Balances at December 31, 1993	\$ 363,830	31,054	391,091	—	785,975
Unrealized loss during the year	—	—	—	(315,696)	(315,696)
Members' contributions	145,502	—	—	—	145,502
Net income	—	—	304,306	—	304,306
Balances at December 31, 1994	509,332	31,054	695,397	(315,696)	920,087
Unrealized gain during the year, net of deferred tax of 94,487	—	—	—	499,110	499,110
Members' contributions	91,902	—	—	—	91,902
Net income	—	—	572,292	—	572,292
Balances at December 31, 1995	<u>\$ 601,234</u>	<u>31,054</u>	<u>1,267,689</u>	<u>183,414</u>	<u>2,083,391</u>

STATEMENTS OF CASH FLOWS

Years ended December 31, 1995 and 1994

	1995	1994
Cash flows from operating activities:		
Net income	\$ 572,292	304,306
Adjustments to reconcile net income to net cash provided by operating activities:		
Net realized (gains) losses on sales of investments	(112,606)	78,031
Depreciation	43,047	40,428
Deferred income tax benefit	(146,856)	(193,628)
Changes in assets and liabilities:		
Increase in premiums receivable	(165,656)	(199,813)
Increase in reinsurance recoverable	(1,327,284)	(1,408,002)
Decrease (increase) in prepaid expenses and deposits	31,714	(26,482)
Decrease (increase) in prepaid reinsurance premium	70,755	(303,272)
Increase in deferred acquisitions costs	(45,234)	(105,870)
Increase in income tax receivable	(332,101)	—
Increase in loss and loss adjustment expense reserves	4,291,149	3,650,723
Increase in unearned premiums	172,106	952,558
Increase in reinsurance payable and other liabilities	251,910	401,880
Decrease in income taxes payable	(96,233)	(72,481)
Other, net	(90,953)	201,234
Net cash provided by operating activities	<u>3,116,050</u>	<u>3,319,612</u>
Cash flows from investing activities:		
Purchase of investments	(10,913,949)	(9,102,593)
Sales or maturities of investments	7,902,970	5,455,412
Purchases of property and equipment	(82,352)	(42,828)
Net cash used in investing activities	<u>(3,093,331)</u>	<u>(3,690,009)</u>
Cash flow from financing activities:		
Proceeds from members' contributions	<u>91,902</u>	<u>145,502</u>
Net increase (decrease) in cash	114,621	(224,895)
Cash at beginning of year	<u>187,701</u>	<u>412,596</u>
Cash at end of year	<u>\$ 302,322</u>	<u>187,701</u>
Supplemental disclosure of cash flow information:		
Amount paid for:		
Federal income taxes	<u>\$ 871,129</u>	<u>428,815</u>
Interest expense paid	<u>\$ 26,000</u>	<u>26,000</u>

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 organizations 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 \$500,000 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 1995 and 1994, the contribution amount was ten percent of the commercial general liability premium.

(2) Summary of Significant Accounting Policies

(a) Basis of Presentation

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 differ from those estimates.

Certain amounts in the 1994 financial statements have been reclassified to conform to the 1995 financial statement presentation.

(b) 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.

(c) 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 \$1,127,190 for 1995 and \$986,905 for 1994.

(d) 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 \$43,047 and \$40,428 in 1995 and 1994, respectively.

(e) 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. 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 1995 and 1994 were \$7,256,488 and \$4,961,769, respectively. Gross realized gains and gross realized losses on those sales were \$132,801 and (\$20,195), respectively in 1995 and \$9,236 and (\$87,267), respectively, in 1994.

(f) 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 Company's historical experience and industry statistics. 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.

(g) Reinsurance

The Company accounts for reinsurance in accordance with SFAS 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. Reinsurance recoverables (including amounts related to claims incurred but not reported) and prepaid reinsurance premiums are reported as assets. Estimated reinsurance recoverables are recognized in a manner consistent with the liabilities relating to the underlying reinsured contracts.

NOTES TO FINANCIAL STATEMENTS

(h) Income Taxes

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

In February 1993, the Company received 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 asset and liability method of accounting for income taxes. 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. 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.

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 1995 and 1994.

Restricted investments, carried in the accompanying balance sheets at estimated market value, consist of the following as of December 31, 1995 and 1994:

The amortized cost and estimated market value of restricted investments at December 31, 1995, 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	\$ 332,733	334,471
Due after 1 year through 5 years	725,942	742,753
Mortgage-backed securities	399,299	403,379
Asset-backed securities	305,170	304,005
Total	<u>\$ 1,763,144</u>	<u>1,784,608</u>

	Amortized cost	Unrealized gain	Unrealized loss	Estimated market value
1995:				
Corporate obligations	\$ 811,517	17,171	—	828,688
Money market account	67,388	—	—	67,388
Mortgage-backed securities	399,299	4,080	—	403,379
Asset-backed securities	305,170	—	(1,165)	304,005
Other debt securities	179,770	1,378	—	181,148
	<u>\$ 1,763,144</u>	<u>22,629</u>	<u>(1,165)</u>	<u>1,784,608</u>
1994:				
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	169,823	1,731	—	171,554
	<u>\$ 1,677,757</u>	<u>1,731</u>	<u>(46,240)</u>	<u>1,633,248</u>

(3) Restricted Investments

The proceeds from the issuance of subordinated debt (see note 8) and related earned interest are held as restricted investments and may not be commingled with any other funds.

NOTES TO FINANCIAL STATEMENTS

(4) Investments

Unrestricted investments, carried in the accompanying balance sheets at estimated market value, consist of the following as of December 31, 1995 and 1994:

	Amortized cost	Unrealized gain	Unrealized loss	Estimated market value
1995:				
Corporate obligations	\$ 6,092,362	190,147	—	6,282,509
U.S. Government and agency obligations	249,818	5,416	—	255,234
Money market account	266,848	—	—	266,848
Mortgage-backed securities	2,776,183	63,030	—	2,839,213
Asset-backed securities	627,080	—	(6,060)	621,020
Other debt securities	647,757	3,904	—	651,661
	<u>\$ 10,660,048</u>	<u>262,497</u>	<u>(6,060)</u>	<u>10,916,485</u>
1994:				
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	770,358	—	—	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>

The amortized cost and estimated market value of unrestricted investments at December 31, 1995, 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	\$ 987,350	998,788
Due after 1 year through 5 years	2,791,397	2,839,092
Due after 5 years through 10 years	3,478,038	3,618,372
Mortgage-backed securities	2,776,183	2,839,213
Asset-backed securities	627,080	621,020
Total	<u>\$ 10,660,048</u>	<u>10,916,485</u>

(5) Fair Value of Financial Instruments

The table below reflects the summary of fair value disclosures in accordance with SFAS No. 119, "Disclosure about Derivative Financial Instruments and Fair Value of Financial Instruments":

	1995		1994	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Restricted Investments	\$ 1,784,608	1,784,608	1,633,248	1,633,248
Investments	10,916,485	10,916,485	7,403,511	7,403,511

Estimated market values of restricted investments and investments, which are debt securities, are primarily obtained from an independent external pricing service company. This company determines the market value based on average bid prices, or for newly issued securities, the average bid prices of similar issues with the same life and expected yields. The carrying amount of receivables and payables approximate fair value due to the short term maturities of these instruments.

It is not practicable to estimate the fair value of the subordinated debt due to the unique repayment features of this debt.

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

(6) Income Taxes

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

	1995	1994
Current	\$ 442,795	351,519
Deferred	(146,856)	(193,628)
Total	<u>\$ 295,939</u>	<u>157,891</u>

	1995	1994
Computed "expected" tax expense	\$ 295,198	157,147
Other, net	741	744
	<u>\$ 295,939</u>	<u>157,891</u>

NOTES TO FINANCIAL STATEMENTS

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, 1993	\$ 377,755	—	(149,117)	228,638
1994 changes	<u>372,721</u>	<u>(107,337)</u>	<u>(71,756)</u>	<u>193,628</u>
Balances at December 31, 1994	750,476	(107,337)	(220,873)	422,266
1995 changes	<u>68,263</u>	<u>107,337</u>	<u>(123,231)</u>	<u>52,369</u>
Balances at December 31, 1995	<u>\$ 818,739</u>	<u>—</u>	<u>(344,104)</u>	<u>474,635</u>

The types of temporary differences that primarily comprise the net deferred tax asset at December 31, 1995 and 1994 include loss and loss adjustment expenses, the unearned premium reserve, unrealized gains (losses) on debt securities available for sale, and deferred acquisition costs. The valuation allowance at December 31, 1994, relates to unrealized losses on debt securities available for sale, for which realization was not assured.

Management believes that the deferred tax asset after valuation allowance as of December 31, 1995 and 1994 will be recoverable from income taxes paid and from future taxable income.

(7) Loss and Loss Adjustment Expense Reserves

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

	1995	1994
Net loss and loss adjustment expense reserves, January 1	\$ 4,829,383	2,586,662
Incurred related to:		
Current year	4,219,635	3,394,621
Prior years	<u>225,374</u>	<u>—</u>
Total incurred	4,445,009	3,394,621
Paid related to:		
Current year	367,231	429,788
Prior years	<u>1,113,913</u>	<u>722,112</u>
Total paid	<u>1,418,144</u>	<u>1,151,900</u>
Net loss and loss adjustment expense reserves, December 31	7,793,248	4,829,383
Reinsurance recoverables	<u>4,873,781</u>	<u>3,546,497</u>
Gross loss and loss adjustment expense reserves, December 31	<u>\$ 12,667,029</u>	<u>8,375,880</u>

As a result of changes in estimates of insured events in prior years, the loss and loss adjustment expense reserves increased by \$225,374 and \$-0- in 1995 and 1994, respectively, due to recurring and normal adjustments in anticipated losses and related expenses.

(8) 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 1995 and 1994.

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 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 1995, 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 1995. Actuarial analyses will continue to be performed annually.

The Company and the foundation leaders developed a revised repayment schedule in 1995:

December 31, 1999	\$ 240,000
December 31, 2000	848,000
December 31, 2001	<u>212,000</u>
	<u>\$ 1,300,000</u>

The Company intends to accelerate the proposed schedule if recommended to do so by an independent actuary as a result of the annual actuarial analysis.

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,

NOTES TO FINANCIAL STATEMENTS

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 payments 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.

(9) Reinsurance

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

During 1994 and 1995, 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 treaty basis. The Company received ceding commission on this business of \$102,124 in 1995 and \$82,643 in 1994.

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

Reinsurance ceded	1995	1994
Premiums earned	\$ 2,807,017	2,394,215
Loss and loss adjustment expenses incurred	1,947,362	1,556,240

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. Considerable judgment is involved in estimating the ultimate premium to be paid under this reinsurance agreement. The Company has accrued the maximum possible premium. Reinsurance payable and other liabilities at December 31, 1995 and 1994 includes \$1,046,508 and \$789,751, respectively, of additional premiums related to potential adverse loss experience. In the event of favorable loss experience, this premium would result in income to the Company. 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. Subsequent development of this loss experience on prior years required repayment of \$99,707 during 1995. As future development of this loss experience may require additional repayment, the remaining portion of the refund is included as a liability in reinsurance payable and other liabilities.

(10) 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:	
1996	\$ 102,920
1997	102,715
1998	40,861
Total minimum lease payments	<u>\$ 246,496</u>

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 1995 and 1994 was \$94,141 and \$94,169, respectively.

(11) 401(k) Profit Sharing Plan

The Company sponsors an employee 401(k) Profit Sharing Plan (the Plan). Employer non-matching contributions were \$750 and \$500 per employee to its employee/plan participants for 1995 and 1994, respectively. The employer matching contributions were limited to \$1,000 per employee during 1994 and 1995. The amounts contributed to the Plan were \$23,362 and \$21,058 in 1995 and 1994, respectively. Employees qualify for the employer portion of the contribution after one year of service with the Company.