A M E S S A G E F R O M T H E P R E S I D E N T

Nonprofits’ Insurance Alliance of California

1996 was our most exciting and productive year ever! After a six year struggle, we were successful in getting federal law enacted which enables organizations like NIAC to achieve 501(c)(3) tax-exempt status. In 1997, we expect to be the first organization in the nation to qualify under this new law. We will use these tax savings to support growth and financial strength and to expand loss control and educational resources.

During 1996 membership grew to 1,493 with 329 new members joining us and 88 percent of our members renewing with us. The company continues on sound financial footing with a net income for the year of $547,906 and reinsurance protection through three of the world’s premier reinsurers, General Re, American Re, and Swiss Re America. Written premium for 1996 of $10,305,225 represents an increase of 10.3 percent over 1995. In addition, our special property program through Genesis Insurance Company had an extraordinary first year with more than $1 million in premium.

Although we are pleased with this growth, we are most proud of the enhancements we have made in NIAC’s products and services. In 1995, we surveyed our members and their brokers for feedback on how we were doing. In addition, we obtained valuable information during our visits to hundreds of members and brokers. Although more than 90 percent of those surveyed were “satisfied” or “very satisfied” we saw some areas for improvement. We assembled a team of NIAC employees, one from each department, to take an honest look at the survey responses and recommend solutions to eliminate inefficiencies and duplication of work in all processes. In short, we asked, we listened, and then we took action.

What are some of the changes we made? We scrapped our cumbersome application and replaced it with a shorter, more user-friendly one. We reorganized our underwriting and policy issuance departments into fully accountable, highly-trained client service teams. And, we developed new computer programs to eliminate duplication of effort and accelerate our responsiveness to members and brokers.

We took a hard look at some of our policy forms and found that a couple of them required clarification. Avoiding “legalese” as much as possible, we made it clear that our directors and officers policy provides coverage for a broad array of employment related matters, the number one exposure for nonprofit boards. On our improper sexual conduct policy we clarified that alleged employee and volunteer perpetrators are eligible for defense coverage in a civil law.
suit unless and until they receive a criminal conviction. Surprisingly, most commercial insurers do not provide a defense for employees and volunteers against allegations of sexual abuse. Our revised policy language also enables us to reimburse the insured member for the cost of a replacement employee when an accused employee is placed on paid administrative leave during an improper sexual conduct investigation. We made these changes because members told us these unique coverages are important to them.

We found that managers who receive sound legal advice before taking employment related actions can dramatically reduce the likelihood of a lawsuit. Unfortunately, many nonprofits feel they cannot afford to obtain preventative legal advice. As a service to members who purchase directors and officers insurance from us, we retain an employment law attorney to provide limited legal counsel before a personnel action is taken. In most cases, we pay for the full cost of these consultations. We believe this important service has helped many of our members avoid difficult and expensive lawsuits.

Our loss control efforts in 1996 focused on auto safety. Through analysis of the detailed database we maintain on every claim, we determined that nearly 50 percent of at-fault auto accidents reported by our members are caused by drivers who are unfamiliar with the vehicles they are driving. One in three accidents involve only one moving object, a member's vehicle! While most of these are relatively inexpensive, non-injury accidents, their total cost in premium dollars is significant. These types of incidents can be reduced through better training. Throughout the year, NIAC provided driver training to more than 500 employees and volunteers at members' locations. Members participating in training received a full reimbursement of the cost through a reduction in their renewal premiums. To further assist our members in reducing auto claims, we published Arrive...Safe and Sound: Tips to Help with your Nonprofit's Vehicle Safety Program. We distributed this booklet free of charge to all members.

In light of the many changes and enhancements accomplished during 1996, we are enthusiastic about the potential for 1997. We plan to expand the loss control resources available to members to help them reduce avoidable auto and slip and fall accidents. And, though not frequent, there are still too many reports of sexual abuse. During 1997, NIAC will take a more active role in helping members find ways to protect their clients from these incidents. We hope to bring together those with expertise in the area and discover common threads that may be applicable to members' operations.

Now in our eighth year of operation, we have gained valuable experience settling almost 2,000 claims against nonprofits. We are using this specialized expertise to bring the best possible products and services to members. To our loyal NIAC members, I once again express appreciation for your confidence in us. To those well-managed nonprofits which are not yet members of NIAC, I ask, “What are you waiting for?”

Pamela Davis
President/CEO
The Board of Directors is pleased to report that your company has had a terrific year. In particular, we are extremely pleased that our efforts in Congress and in the California legislature were successful during 1996. This effort to obtain tax-exemption for NIAC took considerable energy and focus during much of the past six years. Although we had many setbacks over that time, we were convinced of the correctness of our position and believed we would prevail. The Board of Directors extends special thanks to our many members who wrote letters in support of our work to get this change in the law and who testified so eloquently to the benefits NIAC has brought to their organizations. On the federal bill, we owe special thanks to Congressmen Sam Farr, Wally Herger, Pete Stark, Bill Thomas and Senator Diane Feinstein. In California, success would not have been possible without the help of Senator Henry Mello and Assemblyman Bruce McPherson.

With seven years of operating history behind us and a state of the art database available for analyzing the costs of insuring nonprofits, NIAC is uniquely well-placed to serve the insurance needs of California nonprofits. NIAC is challenged daily to live up to its byline, "a head for insurance...a heart for nonprofits". We expect NIAC prices to be the lowest possible prices that can be sustained over the long-term. Our commitment to our members is stability in pricing and coverages. Although it is the practice of some commercial insurers to offer a low first-year price and then a substantially increased price the following year, the NIAC board believes that nonprofits are not well served by this practice. In the long run, we believe this type of insurance-hopping is more costly for the nonprofit. Our 88% renewal rate demonstrates that the vast majority of members value our consistent pricing practices.

The board extends special appreciation to those 470 members who have been with NIAC for five or more years. That is the type of core commitment that is key to NIAC's success. We will continue to work efficiently and conscientiously for you in 1997 to enhance NIAC's value for all of its nonprofit member-owners.

Jess Gutierrez
Chairman
Board of Directors
(left to right)

Front Row:
R. Lawrence Bacon
Diane Cooper
Audrey Harrison
Robert Bond

Middle Row:
Jess R. Gutierrez
Pamela Davis
Renate-Karin Wunsch

Back Row:
John M. Christensen
Jade Kaye
Phillip Kimble

Not Pictured:
Meredith Clark
Elizabeth Dietrich
Marianne Franks
THE NIAC STORY

River Oak Center for Children of Sacramento

The member profiles on the following pages best describe NIAC's purpose. Their stories are much more heartwarming than ours. However, members, prospective members, and brokers tell us that they appreciate a brief overview of NIAC products and services each year in our annual report. Here is the lowdown for 1996.

WHY AN INSURANCE POOL?
Today NIAC is best known for its reasonable and stable prices and for its specialized claims handling and loss control services to its members. Those are much welcomed outcomes of a more basic purpose that spurred NIAC's creation. During the mid 1980s, some nonprofits were being forced out of business because no one would provide them with insurance. It occurred to NIAC's founders that insurance professionals should not hold that kind of power over the provision of nonprofit services. Why should insurers determine which social programs could be offered and which ones should be discontinued or never started? The founders sought more control over the insurance source. NIAC, a liability insurance pool, owned and operated by nonprofits emerged as the solution.

WHO IS BEHIND US?
Through the vision and foresight of a few, NIAC was capitalized with $1,300,000 from the following foundations:
• Ford Foundation
• David & Lucile Packard Foundation
• Wallace Alexander Gerbode Foundation
• San Francisco Foundation
• Marin Community Foundation
• Walter S. Johnson Foundation

Further adding to NIAC's financial strength, claims in excess of $100,000 are covered by three of the world's largest and most highly regarded reinsurers:
• General Reinsurance (Best's rated A++)
• Swiss Re America (Best's rated A)
• American Re-Insurance (Best's rated A+)

WHAT ARE OUR PRODUCTS?
To qualify for NIAC membership, an organization must be a 501(c)(3) nonprofit organization incorporated and operating in California. To become a member of NIAC, an organization must purchase general liability coverage and pay a one-time membership fee. Coverages available on a pooled basis include:
• 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

WHAT SPECIALIZED SERVICES DO WE OFFER?
Through companion programs, NIAC members may also purchase the following:
• Commercial Property
• Fidelity
• Workers' Compensation
• Student/Participant/Volunteer Accident
• Foster Parent Liability

1996 PREMIUM BY LINE

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TOTAL $10,305,225

Auto Liability $2,258,321
General Liability $4,997,819
proof of insurance is usually not the top priority for the nonprofit manager trying to meet multiple demands. We pride ourselves in doing what it takes to get those necessary policies and endorsements out in time to meet your deadlines.

Our claims handling is also sensitive to nonprofits' special needs within the community. Our claims adjusters are keenly aware that negative publicity surrounding a claim can have adverse effects on a nonprofit's standing in the community and ability to raise funds. We do our best to handle claims economically and efficiently, with as minimal an impact as possible on your operations.

All of us, clients, employees, volunteers, and nonprofit organizations, benefit from keeping claims costs to a minimum. To that end, we offer our members an array of free or highly subsidized loss control resources such as:

**Publications**
Titles presently available free to members include:
- **Arrive...Safe and Sound**: Tips to Help with your Nonprofit's Vehicle Safety Program
- **Sound Advice for Functions and Events**: Tips to Help your Nonprofit Stage Safer Special Events

**Driver Training Workshops**
More than 500 employees trained at member locations in 1996. Costs to members reimbursed by NIAC.

**Newsletters**
Topics such as avoiding lawsuits against directors and officers, understanding insurance and legal terminology, and claim trends.

**Video Lending Library**
More than 30 titles available free of charge for in-service trainings at your location.

**Workshops**
On a variety of topics conducted free of charge across the state by NIAC employees.

**On-site Visits**
NIAC employees make hundreds of visits to our members each year. Our members are a growing, dynamic group about which we must constantly learn more if we are to serve them well.

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**NIAC's seven years of insuring nonprofits has not diminished our appreciation of our members' creativity, resolve and dedication to their missions. Our nearly 1,500 members are located in every major city and nearly every county in California.**

The scope of services provided by members range from adolescent gang intervention to art history museums. Some members have no staff and rely entirely on volunteer efforts. Others have a staff of hundreds of individuals.

Although our membership continues to grow, the general composition of our members has remained steady since NIAC was created in 1989. The statistical depiction of our members is shown on the pie chart below. Please take a few moments to review the member profiles and list of members on the following pages. As a nonprofit owned by its members, we are proud to be associated with so many dynamic agencies providing much needed services in their communities.
The Orange County Community Development Council (CDC) was founded in 1965 and is one of 50 Community Action Agencies in California. The Orange County CDC is dedicated to enhancing the quality of life within Orange County by eliminating and preventing the causes and effects of poverty by mobilizing and directing resources to assist, educate and promote self sufficiency. The CDC's main efforts are focused on the following activities:

- **Orange County Food Bank.** The food bank receives its food from various food manufacturers and grocery stores. They provide the food to other social service agencies who in turn serve low income families, senior citizens, homeless and needy. Over 51,000 people a month receive food and over 13 million pounds of food was distributed in 1996!

- **CDC Human Services.** The human services department provides utility assistance, information and referral services and consumer education programs for about 6,000 low income persons each month.

- **Weatherization Services.** The weatherization program enhances energy conservation through door and window weather-stripping, helps reduce utility costs and increase safety for 700 low income residences annually.

When asked why they became a NIAC member, Julius Cartwright, the Chief Financial Officer of Orange County CDC, stated, “We understood and agreed with the concept of NIAC, and we wanted to own something to obtain clout in the insurance marketplace. We value the power of people working together to strengthen the entire nonprofit sector.”

The Orange County CDC has been a NIAC member since 1991.

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A NIAC member since 1992, the Delta Center provides a multi-purpose senior citizen center with eight satellite locations throughout the greater Los Angeles area. The agency serves individuals 60 years or older and the disabled. A broad spectrum of services are provided with priority given to those with the greatest economic, health and social needs. The agency serves over 5,000 individuals a year.

In business since 1985, the Delta Center’s mission is to enhance the quality of life and maintain the independence of the growing number of elderly citizens in the communities they serve. They offer congregate meals, home delivered meals, respite care, transportation services, and education and health services.

According to Lamon Harney, Chief Financial Officer of the Delta Center, “NIAC reduced our premium the first year we joined and our premium has remained consistent the last five years. We appreciate that NIAC understands and meets the needs of nonprofit agencies such as ours and we have been satisfied with our relationship with them.”
The Santa Maria Valley Youth and Family Center (YFC) provides counseling services to youth and their families. In business since 1973, this agency works with various school districts, police departments, and community agencies on the Central coast. The Youth and Family Center program is comprised of four components:

- **Family counseling.** Recognizing that the family is the basic unit of change, the Center emphasizes a family-based counseling approach whenever appropriate.
- **Child Abuse.** The Center provides a comprehensive treatment program for victims of child abuse and their families.
- **Substance Abuse.** Individual, group, and family counseling are available to clients who are experiencing difficulties with the abuse or misuse of alcohol or drugs.
- **School Project.** In cooperation with the local school district, the Center operates the Outreach Consultant Program for children in grades K-8. The focus of the program is on problem solving, development of self-esteem, peer relationships, and conflict resolution skills.

The center assists over 1,200 youth and adults annually and has been a NIAC member since 1996. When asked why they became a NIAC member, Will Rogers, the Executive Director of YFC stated, "Our broker, Cole Kinney, spoke highly of the company. In fact, Cole stated that NIAC was the only insurer willing to spend the time to understand our agency and assist us with our liability needs."

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The Jean Weingarten Peninsula Oral School for the Deaf was established 30 years ago. The school's focus is to provide an in-depth curriculum that enables children born deaf to acquire spoken language so that they may be mainstreamed with their hearing peers into their neighborhood schools.

The children at Jean Weingarten begin speech therapy as soon as deafness is diagnosed. Sometimes this is as early as three or four months but often as late as two to three years. The school has three main objectives:

- **Formal class training of preschool age deaf children.** The school is unique in its emphasis in cognitive development.
- **Private tutorial sessions.** From the time a child's hearing loss is detected, the school's teaching methods are supplemented by consistent use of amplification for development of residual hearing to a functional level.
- **Research.** The school was a recipient of the Alexander Graham Bell Award for their outstanding achievements in cognitive developmental research on deaf children.

These objectives are fulfilled in a comprehensive educational program that allows hearing impaired children to develop speech, auditory, and communication skills.

According to Margo Rafaty, Development Director at Jean Weingarten, "NIAC provides excellent insurance service at an affordable price. They provide a comfort level for us and all nonprofits, especially those that serve small children with disabilities." The Jean Weingarten Peninsula Oral School for the Deaf has been a NIAC member since 1993.
**FamiliesFirst**

**Davis**

*Darkness is a way of life when you don't know the way. When you find the way, darkness shatters like an old glass bottle. A ticket falls out. A ticket to a lifetime of love.*

A poem by a child who received help through FamiliesFirst.

Throughout its 20 year history of service to children and families, FamiliesFirst has demonstrated a commitment to developing comprehensive services for children who are at risk of out-of-home placement. The agency has designed a system of care that promotes family based alternatives and is founded on the principle that all children will flourish in families rather than in institutions.

A NIAC member since 1996, FamiliesFirst provides intensive family preservation, crisis residential treatment, day treatment and special education, psychiatric residential treatment, professional foster care, and specially designed "wrap" services.

Each year, FamiliesFirst serves over 1,200 children from birth to eighteen years of age from over 32 Northern California counties. They have regional offices located in eight sites throughout Central and Northern California. NIAC was recommended to FamiliesFirst by their broker, Dick Flynn. According to Karen Seiler, Director of Community Relations at FamiliesFirst, “Dick spoke highly of NIAC and we trust his opinion as he is a man of great integrity. I’m glad we listened to him as our relationship with NIAC has been a positive one.”

**The Skills Center**

**Santa Cruz**

A NIAC member since 1995, The Skills Center provides services, programs, vocational training and jobs for adults with developmental disabilities such as mental retardation, autism, and cerebral palsy. Established in 1953 by a small yet powerful group of parents of children with developmental disabilities, the Skills Center has emerged as a leader in its field, currently serving over 350 clients in Santa Clara, Santa Cruz, and Monterey counties.

The primary mission of the agency is to maximize the social and economic independence of people with developmental disabilities. This is accomplished through a wide array of programs and services including adult training centers, vocational training, job development and placement, work crews, and supported living services.

According to John Christensen, Skills Center President and CEO, “We felt that the nonprofit status of NIAC was much more in line with our agency values than other insurers. We have been very impressed with their customer service and professionalism and look forward to working with them in the years to come.”
Girls, Inc. of San Leandro. A NIAC member since 1989, Girls, Inc. provides various social services to girls ages 10 through 18.

ALAMEDA
- 100 Black Men of the Bay Area
- 2311 Corporation
- 45th Street Artists Cooperative
- AIDS Employment
- After School Activities of Pleasanton
- 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
- Anthony's Agape Home
- Arroyo Commons
- Art Research & Curriculum
- Bay Area American Indian Council/Indigenous Nation
- 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 Public Charter School Working Group
- Berkeley Women's Health Center
- Bio Integral Resource Center
- Bonita House
- Bridge to Asia Foundation
- Buddhist Peace Fellowship
- California Institute for Clinical Social Work
- California Oak Foundation
- California Working Group
- Canaan Place
- Canaadero Performing Arts Camp
- Child Abuse Prevention Agency
- Child Assault Prevention Training Center of California
- Children Now
- Citizens' Neighborhood Assistance Program
- Classical Philharmonic of Northern California
- Computer Using Educators
- Conciliation Forums of Oakland
- Donald P. McCullum Youth Court
- East Bay Counseling & Referral Agency for the Deaf
- East Bay Depot for Creative Reuse
- East Bay Intergroup
- East Bay League of Urban Gardeners
- East Bay Secondary School Fund
- East Oakland Youth Development Center
- Eden Youth Center
- Emeryville Community Action Program
- Family Builders by Adoption
- Family Emergency Shelter Coalition
- 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
- HIV Education and Prevention of Alameda County
- Habitat Children's Museum
- Help Another Toward Creative Happiness
- Hispanics in Philanthropy
- 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
- Lake Merritt Institute
- League of Volunteers of Newark
- Learning Disabilities Association of California
- MacArthur Boulevard Merchants Association
- Mary Ann Wright Foundation Outreach Mission
- Middle East Children's Alliance
- Narika
- New Horizons Career Development Foundation
- Newark Schools Foundation
- Northern California Chapter of the National Hemophilia Foundation
- Nurses in Action
- Oakland Community Fund
- Oakland Penuel Missions
- Oakland Youth Chorus
- Organized People of Elmhurst Neighborhood
- Our Family & Friend's Foster Care Services
- Over 21 Homestays
- Parental Stress Service
- Passport to American Studies
- R & L Children's Home
- Rubicon Children's Center
- Rural Urban Dynamics
- San Antonio Community Development Corporation
- San Francisco Early Music Society
- Seneca Residential and Day Treatment Center
- Shelter Against Violent Environments
- Society of Vertebrate Paleontology Berkeley Chapter
- Spectrum Home Health Care
- Stiles Hall
- Third Age
- University of California Berkeley Foundation
- University of Creation Spirituality
- VOCI A Women's Chamber Chorus of San Francisco
- Volunteers of America Bay Area
- Women Organized to Respond to Life
- Walden Center Elementary School
- Women's Economic Agenda Project

AMADOR
- ARC of Amador and Calaveras

* denotes NIAC member for five or more years
### 1996 NIAC Members

**BUTTE**
- Alzheimer's Association Greater North Valley Chapter
- Butte County Children's World
- Butte Folk Music Society
- Catalyst Women's Advocates
- Chico Creek Theatre Festival
- Chico Museum Association
- Community Action Agency of Butte County
- Exceptional Family Resources
- Family Life Foundation
- Four Winds of Indian Education
- Golden State Group Homes
- Gridley Guardian
- Help-4-People
- Independent Living Services of Northern California
- Innovative Health Care Services
- Kylle Foundation
- Northern California Branch/American Society for Microbiology
- North Valley Schools
- Paradise Center for Attitudinal Healing
- Paradise Scholarship Foundation
- Paradise Strive Center
- 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 for the Handicapped
- Youth for Change
- Yuba Feather Communities Services
- *denotes NIAC member for five or more years*

**CALAVERAS**
- Humane Society of Calaveras County
- Volunteer Center of Calaveras County

**CONTRA COSTA**
- Association of Housing Management Agents
- Bay Area Network of Gay and Lesbian Educators
- Behavioral Intervention Associates
- Cambridge Community Center
- Center for Applied Local Research
- Center for New Americans
- Clayton Community Library Foundation
- Contra Costa Alternative School
- Danville Girls Chorus
- East Bay Center for the Performing Arts
- East Bay Services to the Developmentally Disabled
- East County Community Detox Center
- Elder Abuse Prevention
- Friendship Foundation
- Gateway Pacific Foundation
- Guardian Adult Health Centers of California
- House of Champions Group Home
- Independent Adoption Center
- Kensington Community Council
- Los Cenzontles Mexican Arts Center
- Mt. Diablo Interpretive Association
- Neighborhood House of North Richmond
- Ombudsman Services of Contra Costa County
- Pinole Area Senior Foundation
- Project: Team Work
- Protect the Children Resource Center
- SHELTER
- Springs Academy
- Steven A. Genard AIDS Assistance Foundation
- United Council of Spanish Speaking Organizations
- Women's Therapy Center

**DEL NORTE**
- Wild Feline Rescue

**EL DORADO**
- Choices Transitional Services
- Delora Corporation
- El Dorado Arts Council
- El Dorado Community Foundation for Youth
- El Dorado National Forest Interpretive Association
- Foothill Indian Education Alliance
- Oak Ridge High School Sports Booster Club
- Sacramento Children's Museum
- Sierra Recovery Center
- Tahoe Tallac Association
- Tahoe Turning Point
- Voluntary Action Center
- Volunteer Center of El Dorado County

**FRESNO**
- Alano Club of Fresno
- Alcoholism & Drug Abuse Council of Fresno County
- All About Care
- Arte Americas The Mexican Art Center
- Associated Center for Therapy
- Bennett Centers
- Big Brothers/Big Sisters of Fresno County
- California Association for Physically Handicapped
- Central San Joaquin Valley HIV Care Foundation
- Central Valley AIDS Team
- Centro La Familia De Fresno
- Epilepsy Foundation of Central California
- Evangel Home
- Fair Housing Council of Fresno County
- Fresno Adult Literacy Council
- Fresno Center for New Americans
- Fresno Leadership Foundation
- Fresno Metropolitan Ministry
- Fresno Pacific Service Corporation
- Fresno Rescue Mission
- Fresno Unity Group Homes
- Fresno Youth Advocates
- Friendship Center for the Blind
- House of Hope for Youth - San Joaquin Valley
- Jewish Welfare Federation of Fresno
- Music Performance Foundation of Central California
- OSA Women's Center
- Rape Counseling Service of Fresno
- United Way of Fresno County
- University Religious Center
- Valley Caregiver Resource Center
- Volunteer Bureau of Fresno County

**GLENN**
- Glenn County Seniors Centers

**HUMBOLDT**
- Alcohol/Drug Care Services
- Arcata McKinleyville Children's Center
- Dell Arte
- Environmental Protection Information Center
1996 NIAC Members

KERN
- Arthritis Association of Kern County
- Bethany Services
- CASA of Kern County
- 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
- New Advances for People with Disabilities
- Redrock Canyon Interpretive Association
- Rosamond Senior Citizens
- United Way of Indian Wells Valley
- Youth Connection

KINGS
- Cornerstone Community Alcohol/Drug Recovery
- Kings Community Action Organization

KINGS UNITED WAY
- Lemoore Christian Aid
- Lemoore Senior Citizens

LAKE
- Anderson Marsh Interpretive Association
- Boys & Girls Club of Lake County
- Clear Lake Gleaners
- Highlands Senior Service Center
- Lake County Big Brothers & Sisters
- Live Oak Seniors
- Lucerne Alpine Senior Center
- Triple S Institute

LASSEN
- Mountain High Homes
- Spare A Dime

LOS ANGELES
- ABC Child Development
- Activities for Retarded Children
- African Community Resource Center
- Aid for AIDS
- Akila Concepts
- Al Wooten Jr. Heritage Center
- Ala Nort
- An Claidheamh Soluis
- Apollo West Theatre Drama and Workshop
- Artesis Ensemble
- Arroyo Arts Collective
- Asian Pacific Community Fund of Southern California
- Asian Pacific Health Care Venture
- Assistance League of the East San Gabriel Valley
- Associated League of Mexican Americans
- Awareness Foundation
- Baldwin Park Community Food Center
- Beacon House Association of San Pedro
- Bell Gardens Community Services Center
- Beverly Hills Theatre Guild
- Bilingual Foundation of the Arts
- CHP 11-99 Foundation
- CLARE Foundation
- California Foundation on Employment & Disability
- California Men's Gathering
- California Youth Chess League
- Cantori Domino
- Catalina Youth Arts Exchange
- Catholic Big Brothers
- Center for the Partially Sighted
- Central San Fernando Valley Alliance
- Century Counseling Center
- Challengers Boys & Girls Club
- Chaminade College Preparatory
- Children's Cancer Research Fund
- Children's Institute International
- Children's Mental Health Awareness Foundation
- Coalition of Mental Health Professionals
- Community Coalition for Substance Abuse
- Community Development Center
- Community Outreach Center of Pasadena
- Cri-help
- Delta Sigma Theta Life Development
- Didi Hirsch Community Mental Health Center
- District Attorney Crime Prevention Foundation
- Do It Now Foundation of Southern California
- Door of Hope

- denotes NIAC member for five or more years
Heads Up of Saugus. A NIAC member since 1995, Heads Up provides innovative physical therapy on horseback for children with cerebral palsy.

Dramatic Results
Drew Child Development Corp.
Earth Communications Office
East Los Angeles Rape Hot Line
East Los Angeles Sheriffs' Youth Activities League
Eco-Home Network
Ecumenical Council of the Pasadena Area Churches
Ehlers-Danlos National Foundation
El Rescate El Rescate Legal Services
Family Hope
Fiesta Educativa
Filipino American Service Group
Foothill Area Community Services
Foothill Friends of Music
Foothill Unity Center
Fred Brown's Recovery Services
Friends of Choices
Friends of McGroarty Cultural Arts Center
Friends of Robinson Gardens
Friends of the Antelope Valley Indian Museum
Friends of the Open School
Futuro Infantil Hispano Foster Family Agency
Grace Homes for Waiting Children
Grant Beckstrand Cancer Foundation
Great Leap
Hadassah - Southern Pacific Coast Region
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
Hernandad Mexicana Nacional
His Sheltering Arms
Hollywood Urban Project
Homestead Hospice and Shelter
Hospice of Pasadena
IRADA Foundation
Impact Drug & Alcohol Treatment
Inglewood Neighborhood Housing Services
Inner Circle Foster Family Agency
Inner Strength Foundation
International Foster Family Agency
Japanese Community Health
Jay Cee Dee Childrens Home
Jefferson Center for Character Education
June L. Mazer Lesbian Collection
KHEIR Center
Keep Youth Doing Something
Kenny Nickelson Memorial Foundation
L.A. Family Housing
L.A. Tenth District PTA Congress of Parents
La Puente Valley Food Pantry
Life Services
Little Tokyo Service Center
Long Beach Ballet Arts
Los Angeles Baroque Orchestra
Los Angeles Chamber Singers
Los Angeles Children's Chorus
Los Angeles Classical Ballet
Los Angeles Coalition to End Homelessness
Los Angeles Municipal Art Gallery Associates
Los Angeles Shanti Foundation
Los Angeles Women's Foundation
Marianne Frostig Center of Educational Therapy
Marina del Rey Anglers
Meals on Wheels of La Mirada
Montebello Community Gang Diversion Task Force
Mothers Club Community Center
Multicultural Service Center
National Academy of Songwriters
National Council On Alcoholism & Drug Dependency
Neighborhood Youth Association
Nemen Group Homes
Ninos Latinos Unidos
North Hollywood Group
Nuevo Amanecer Latino Childrens Services
OPICA Adult Day Care Center
Ocean Park Community Center
One Institute: International Gay and Lesbian Archives
Pets Are Wonderful Support
Pacific Ackworth Friends School
Pacific Resident Theatre Ensemble
Parenting Institute
Pasadena Boys Choir
Pasadena Shakespeare Company
Peace and Joy Care Center
Pediatric Projects
Peninsula Committee for the L.A. Philharmonic
Peregrinos De Emaus
Planet Hope
Pomona Valley Community Services
Pomona Valley Youth Employment
Pomona-Inland Valley Council of Churches
Positive Alternative Choices
Pueblo Y Salud
Purple Heart Veterans Rehabilitation Services
Reason Foundation
Refugio Para Ninos A Division of John White Institute
Region 2 of Overeaters Anonymous
Roscomare Road Booster Club
Rosemary Cottage
Rue's House
Salido Recovery Center
San Gabriel Valley Alliance for the Mentally Ill
Santa Clarita Valley Boys and Girls Club
Santa Maria House
Santa Monica Bay Area Drug Abuse Council
Santa Monica Symphony Association
Seeking It Through Exhibitions
Sequoiah Educational Center
Services Center for Independent Living
Shalhevet High School
Society for Calligraphy

* denotes NIAC member for five or more years
1996 NIAC MEMBERS

Society of Saint Vincent de Paul
Soledad Enrichment Action
Sonshine Youth Services
South Bay Boys and Girls Club
South Bay Coalition
South Central Food Distributors
Southern California Assoc. 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
United Latino Fund
Urban Health Care Project
Valley Home for Women
Verdugo Hills Alamon Club
Verdugo Woodlands Dads Club
Victory Foundation
Volunteers of America of Los Angeles
Watts Health Systems
Welfare Action
West Antelope Valley Educational Foundation
West Pasadena Residents' Association
Whittier Cultural Arts Foundation
Witherbee Foundation

MARIN
- A Broader Living Experience
- Alliance for the Mentally Ill – Marin
- 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
- Digital Village Foundation
- Drawbridge: An Arts Program for Homeless Children
- Environmental Forum of Marin
- Face the World Foundation
- Fair Housing of Marin
- Fairfax-San Anselmo Children's Center
- Family Service Agency of Marin County
- Fifth Business
- Four Winds West
- Garden School
- Headlands Center for the Arts
- Jennifer Altman Foundation
- Liss Fain Dance
- Marin AIDS Interfaith Network
- Marin Athletic Foundation
- Marin Child Abuse Prevention Council
- Marin Child Care Council
- Marin City Children's Program

Marin City Children's Program of Sausalito.
A NIAC member since 1993, Marin City provides assistance to school age children with homework and after school enrichment.

Marin Civic Ballet Association
- Marin Community Food Bank
- Marin Council of Agencies
- Marin Court Appointed Special Advocate Program
- Marin Education Fund
- Marin Interfaith Homeless Chaplaincy
- Marin Services for Men
- Marin Services for Women
- Matrix
- Meals of Marin
- Mountain Play Association
- Mt. Tamalpais Interpretive Association
- National Society of Fund Raising Executives
- New Century Chamber Orchestra
- Northbay Childrens Center
- Northbay Ecumenical Homes
- Novato Human Needs Center
- Novato Youth Center
- Parent Services Project
- Parents United
- Performing Stars of Marin

Phillips-Morrison Institute of California
- Public Art Works
- Quality Care for Kids
- San Geronimo Valley Art Center
- Sausalito Salvage Shop
- Senior Access
- Shakespeare at the Beach
- Summer Search Foundation
- Teen Inspiration Foundation
- Therapon Association for the Developmentally Disabled
- Trips for Kids
- Voices of Healing
- Volunteer Center of Marin County
- WILDCARE: Terwilliger Nature Education & Wildlife

MARIPOSA
- Almost Like Home
- Mariposa County Fish & Game Protective Association
- Mariposa Golden Agers
- Mountain Crisis Services
- S.P.C.A. of Mariposa County
- denotes NIAC member for five or more years
1996 NIAC MEMBERS

MENDOCINO
ACCESS/AIDS Counseling Community Education and Support
Arena Renaissance Company
Emergency Sanctuary for Coastal Acts
Ford Street Project
Gualala Community Center Incorporated
• Mariposa School
Matrix of Change
• Mendocino Coast Botanical Gardens Preservation
Mendocino Coast Christian School
• Mendocino County Public Broadcasting KZYY Radio
Mendocino Dispute Resolution
Pacific Textile Arts
• Project Sanctuary
Redwood Project for Healing

MERCEDES
• A Woman's Place of Merced County
Central Valley Opportunity Center
Challenged Family Resource Center
Love, Inc. of Greater Merced
Merced-Mariposa District Council of St. Vincent de Paul

MODOC
Alturas Community Theater
Modoc Child Care Council
Resources for Indian Student Education
• T.E.A.C.H.

MONTREY
• 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
Charitable Council of Monterey County
Community Human Services
• Dixieland Monterey
• Door to Hope
E.O.O.D. Crops
• Forest Theatre Guild
• Friends of Sunset Foundation
League of United Latin American Citizens
• Meals on Wheels of the Monterey Peninsula
Monterey Bay Blues Festival
Monterey Bay Girl Scout Council
Monterey County Youth Museum
Monterey Peninsula College Foundation
Monterey Peninsula Jr. Golf Association
• Pacific Repertory Theatre
• Peninsula Outreach Welcome House
Preventing Alcohol Related Trauma in Salinas
• Second Chance Youth Program
• Suicide Prevention Center of Monterey County
Volunteer Center of California
• Volunteer Center of Monterey County
• Youth Music Monterey

NAPA
"We Care" Animal Society
Community Health Clinic Ole
Friends of Lincoln Theater
Friends of the Napa River Lifeworks
Napa Valley Alano Club
Second Helping Thrift Shop
St. Helena Family Center
Trinity Education Center

NEVADA
Food Bank of Nevada County
Foundation of Resources for Equality & Employment
Gold Country Telecare
Milhous School/Milhous Children's Services
• Sierra Adoption Services
Sierra Nevada Children's Services

ORANGE
Alano Club of Garden Grove
Alliance for the Mentally Ill of Orange County
• Alzheimer's Association of Orange County
Anaheim Community Foundation
Anaheim Independencia Community Center
Anaheim Interfaith Shelter
Annie's House
• Asian American Senior Citizens Service Center
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 Guidance Center
Child or Parental Emergency Services
Choral Conductors Guild
Christian Center for Family Care
Concept 7
Cooper Fellowship
• Costa Mesa Senior Corporation
Court Appointed Special Advocates of Orange County
Development Solutions
Disabled American Veterans Charities/Greater L.A.
EFG Curriculum Collaborative
El Segundo Humano
Equipping Today's Church
Fair Housing Council of Orange County
Fashioned Forward Ministries
Gay and Lesbian Community Services Center of Orange County
Girls & Boys Club of Garden Grove
God's International Resource Link
H.O.M.E.S.
Inside Edge
International Visitors & Protocol Foundation
• Irvine Senior Foundation
Irvine Temporary Housing
• Jewish Senior Center & Geriatric Services
Just Jazz
• Kids Cancer Connection
La Monte Academie
<table>
<thead>
<tr>
<th>COUNTY</th>
<th>NON-PROFIT ORGANIZATIONS</th>
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<tbody>
<tr>
<td>Placer</td>
<td>Alliance for the Mentally Ill of Placer County</td>
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<td></td>
<td>Child Abuse Council of Placer County</td>
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<td>Children's Psychological Clinic</td>
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<td>North Lake Tahoe Historical Society</td>
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<td>Placer Dispute Resolution Service</td>
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<td>Placer Women's Center</td>
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<td>Roseville Community Health Foundation</td>
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<td>Sierra Council on Alcoholism and Drug Dependence</td>
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<td>Sierra Family Services</td>
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<td>Sierra foothills AIDS Foundation</td>
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<td>Sierra Vista Center</td>
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<td>Squaw Valley Community of Writers</td>
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<td>Plumas Crisis Intervention Resource Center</td>
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<td>Plumas Job Training Center</td>
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<td>RAINBOW Family Support &amp; Resource Network</td>
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<td>Riverside</td>
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<td>Assistance League of Riverside</td>
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<td>Banning Youth Center</td>
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<td>Beaumont State Pre-School Corp.</td>
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<td>Boys &amp; Girls Club of Coachella Valley</td>
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<td>CASA For Riverside County</td>
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<td>Children of Parkinsonians</td>
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<td>Coachella Valley Historical Society</td>
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<td>Double Check Retreat</td>
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<td>Esperanza Youth and Family Center</td>
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<td>Fair Housing Council of Riverside County</td>
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<td>Idyllwild HELP Center</td>
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<td>Inland Empire Community Action Council</td>
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<td>Inland Empire Concilio De La Raza</td>
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<td>Johnson Manor</td>
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<td>Kris' Camp/Therapy Intensive Programs</td>
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<td>Living Free Animal Sanctuary</td>
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<td>National Parenting Institute</td>
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<td>Partnership to Preserve Independent Living</td>
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<td>Prime of Life</td>
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<td>Ramona Bowl Music Association</td>
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<td>Reichart and Dodd Foundation</td>
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<td>Reynaldo J. Carreon M.D. Foundation</td>
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<td>Riverside County Community Investment Corporation</td>
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<td>Riverside County Latino Commission on Alcohol</td>
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<td>Riverside Medical Foundation</td>
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<td>Riverside Recovery Resources</td>
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<td>San Gorgonio Child Care Consortium</td>
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<td>San Jacinto Valley School of the Arts</td>
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<td>Senior Daycare Center/ David Kahn Center</td>
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<td>Shelter from the Storm</td>
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<td>Soroptimist House of Hope</td>
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<td>Sun City Concern</td>
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<td>Teen Challenge of Southern California</td>
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<td>United Way of the Inland Valleys</td>
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<td>Valley Restart Shelter</td>
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<td>Variety Children's Charities of the Desert</td>
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<td>Village Center for the Arts</td>
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<td>Sacramento</td>
<td>Alzheimer's Association Greater Sacramento Area</td>
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<td>Asian Peace Officers Association</td>
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<td>Associated Family Therapy for Effective Recovery</td>
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<td>Better Life Children Services</td>
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<td>Boys &amp; Girls Clubs of Greater Sacramento</td>
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<td>Boys &amp; Girls Clubs of Greater Sacramento</td>
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</tbody>
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Notes:  
- Denotes NIAC member for five or more years.
Breaking the Cycle Treatment Programs

- California Channel
- California Child Youth and Family Coalition
- California Freedom House Fellowship
- California Inland Fisheries Foundation
- California Institute of Public Affairs
- California Native Plant Society
- California State Student Association
- California Wildlife Federation
- Californians for Population Stabilization
- Capitol Area Indian Resources
- Chemical Dependency Center
- Child & Family Institute
- Child Abuse Prevention Council of Sacramento

The Stanford Home for Children of Sacramento, a NIAC member since 1996, Stanford Home provides care and treatment for teenage boys and girls in a therapeutic environment.

Children's Research Institute of California
   Community Services
- Diogenes Youth Services
- Dr. Martin Luther King Jr. Expo and Job Fair
- El Hogar Mental Health and Community Services
- Elk Grove Historical Society
- Families United
- Family Service Agency of the Greater Sacramento Area
- Getting Sober Staying Sober
- Happy Tails Pet Sanctuary
- Head Trauma Support Project
- Home Assistance & Repair Program for Seniors
- Human Resources Consultants
- Indian Dispute Resolution Services
- Interfaith Service Bureau
- Jinan-Sacramento Sister City
- Law Enforcement Chaplaincy
- Lekotek Family Resource Center
- Living in Familiar Environments
- Mental Health Association Sacramento Chapter
- Mexican-American Alcoholism Program
- Michael's Education Institute
- National Foundation for the Treatment of Abused Children
- National Visiting Teachers Association
- New Horizons Counseling Center
- Omni Programs /Peers Against Substance Abuse
- One Shoe Crew
- Options Group Homes
- Pacific Crest Trail Association
- Positive Option Family Services
- River City Recovery Center
- River Oak Center for Children
- Sacramento Alliance for the Mentally Ill
- Sacramento Area Emergency Housing
- Sacramento Area Fire Fighters Burn Center Committee
- Sacramento Black Alcoholism Center
- Sacramento Center for Assistive Technology
- Sacramento Hearing Services Center
- Sacramento Leaves & Fishes
- Sacramento Museum of History Science & Technology
- Sacramento Occupational Advancement Resources
- Serene Community Homes
- Sierra Curtis Neighborhood Association
- Somerset Home School
- St. Francis Home for Children
- St. John's Shelter for Women & Children
- Stanford Home for Children
- Training Toward Self-Reliance
- Treat'em Like a King
- Vinny's Care Home
- Visions Unlimited South Area Mental Health Clinic
- Volunteers of America Sacramento & Central Valley
- Women Escaping a Violent Environment
- Women's Civic Improvement Club of Sacramento
- Works in New Directions
- YWCA of Sacramento

SAN BENITO
- Baler Foundation
- Chamberlain's Children Center
- Cuddly Critters
- Jovenes de Antonio Del Condado de San Benito
- San Benito County SPCA Wildlife Rehabilitation
- San Benito Health Foundation

SAN BERNARDINO
- Alzheimer's Disease and Related Disorders Association
- Christian Counseling Service
- Crest Forest Community Services Council
- Elijah's Blessing
- Fair Housing Council of San Bernardino County
- Fontana We Care
- Foothill AIDS Project
- Inland Area Native American Association
- Lytle Creek Senior Citizens Association
- Morongo Basin Adult Health Services
- Morongo Basin Mental Health Services Association
- New Testament Community Outreach
- R-SB Harbinger Corporation
- Rancho Cucamonga Friendship for Animals
- Rolling Start
- San Bernardino Child Advocacy Program
- San Bernardino National Forest Association
- San Gorgonio Volunteer Association
- Vigor International Group Homes
- United Cancer Research Society

SAN DIEGO
- AIDS Walk San Diego
- Alpha of San Diego
- Alzheimer's Disease & Related Disorders Association
- Angel Society of Fallbrook
1996 NIAC MEMBERS

SAN MATEO
• Adopt International
• Al-Anon Family Groups District 13
• All Stars Helping Kids
• Alliance for the Mentally Ill of San Mateo
• Bayside Child Care Services
• Burlingame Historical Society
• California Council for the Social Studies
• Carey School
• Childcare Coordinating Council of San Mateo County
• Daly City Emergency Food Pantry
• Dreamkeeper-Partners in Education Learning Program
• East Palo Alto Senior Center
• Emergency Hunger Fund of Redwood City
• Foundation for Autistic Childhood Education & Support
• Hillsborough Schools Foundation
• Human Investment Project
• Institute for the Advancement of Human Behavior
• Jean Weingarten Oral School for the Deaf
• La Casa de San Mateo
• La Honda Educational Foundation
• Latino Commission on Alcohol & Drug Abuse Services
• MATE Foundation
• Marin Association for Retarded Citizens
• Peninsula Community Foundation
• Peninsula Humane Society
• Peninsula League
• Peninsula Network of Mental Health Clients
• Peninsula Outreach Programs
• Redwood City Friends of Literacy
• Shule Mandela Academy

SAN LUIS OBISPO
• Atascadero Recreation Center Committee
• Central Coast Neurobehavior Center
• Clark Ovitt Foundation
• Economic Vitality Corporation of San Luis Obispo
• Family Care Network
• Food Bank Coalition of San Luis Obispo County
• 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
• Hearthstone Foundation
• Heritage Village Seniors
• Hesed Christian Ministries
• LifeSpan Services Network
• Math/Science Technology Foundation
• NCI Affiliates
• Natural History Association of San Luis Obispo Coast
• Pacific Polytechnic Institute
• 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

SANTA BARBARA
• ARC of Santa Maria Valley
• American Philanthropy Association
• Anger Management & Counseling Services
• Boys & Girls Club of Santa Maria Valley
• CASA of Santa Barbara
• Center for the Preservation of Modern History
• Central Coast Headway
• Community Environmental Council
• Direct Link for the Disabled
• Endowment for Youth
• Good Samaritan Shelter
• Jodi House
• 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 Chapter American Cetacean Society
• Santa Barbara Rape Crisis Center
• Santa Barbara Rescue Mission
• Santa Maria Arts Council
• Santa Maria Civic Theatre
• Santa Maria Museum & Art Center
• Santa Maria Valley Youth & Family Center
• Senior Programs of Santa Barbara

San Francisco League of Urban Gardeners, A NIAC member since 1992, SLUG provides environmental education workshops and community garden assistance.

Endowment for Youth
Good Samaritan Shelter
Jodi House
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 Chapter American Cetacean Society
Santa Barbara Rape Crisis Center
Santa Barbara Rescue Mission
Santa Maria Arts Council
Santa Maria Civic Theatre
Santa Maria Museum & Art Center
Santa Maria Valley Youth & Family Center
Senior Programs of Santa Barbara

• denotes NIAC member for five or more years
San Francisco Children's Art Center.
A NIAC member since 1990, the Center works with children of all ages teaching the joys of artwork.

- Greenlining Institute
- Haight Ashbury Food Program
- Health Initiatives for Youth
- Hills Project
- Holocaust Oral History Project
- Homeless Prenatal Program
- Housing Development And Neighborhood Preservation
- IQRAA Educational Academy & Services
- Independent Housing Services
- Instituto Pro Musica de California
- International Gay & Lesbian Human Rights Commission
- International AIDS Society - USA
- International Development Exchange
- Kearny Street Workshop
- Kid's Turn
- Korean Community Service Center
- La Casa de las Madres

- Latino Issues Forum
- Lavender Youth Recreation & Information Center
- Lesbian Gay Chorus of San Francisco
- Liteline Mission of San Francisco
- Men Overcoming Violence
- Meals on Wheels of San Francisco
- Mexican Cultural Center
- Mexican Museum
- Mid-Weeklies
- Mission Childcare Consortium Mission Cultural Center for Latino Arts
- Museum of the City of San Francisco
- National Council of America
- National Council on Crime & Delinquency
- National Sanctuary Defense Fund
- National Task Force on AIDS Prevention
- Network on Women in Prison
- New Fillmore Community Theater
- Northern California Service League
- Northern California Supplier Development Council
- OMI Neighbors in Action
- OMICA/Oceanview-Merced Ingleside Community Association
- Oakland Youth Services
- One at a Time Foundation
- Options for Women Over Forty
- Orchidmania
- Planning Association for the Richmond
- Partners in School Innovation
- Patient Assistance Foundation
- Precita Eyes Mural Arts Center
- Presidio World College
- Radiology Research and Education Foundation
- Redefining Progress
- Refugee Transitions
- Renaissance Parents of Success
- Richmond District Neighborhood Center
- Smuin Ballets
- Saint Vincent de Paul Society, San Francisco
- San Francisco Adul Day Health Network
- San Francisco African American Historical
- San Francisco Arts Education Project
- San Francisco Bay Area Broadcast Skills Bank
- San Francisco Baykeeper
- San Francisco Black Coalition on AIDS
- San Francisco Camerawork
- San Francisco Center for the Book
- San Francisco Challenge
- San Francisco Child Abuse Council
- San Francisco Children's Art Center
- San Francisco Cinematheque
- San Francisco Clothing Bank
- San Francisco Community Television Corporation
- San Francisco Education Fund
- San Francisco Educational Services
- San Francisco Family Foundation
- San Francisco Free Clinic
- San Francisco Friends of the Urban Forest
- San Francisco League of Urban Gardeners
- San Francisco Network of Mental Health Clients
- San Francisco Peniel Missions
- San Francisco Performing Arts Library & Museum
- San Francisco Psychotherapy Research Group
- San Francisco Regional Cancer Foundation
- San Francisco S.A.F.E.
- San Francisco Study Center
- San Francisco Urban Service Project
- Save the Redwoods League
- Shakespeare San Francisco
- Sojourner Truth Foster Family Service Agency
- South Bayshore Community Development Square & Circle Club of San Francisco
- Stop AIDS Project
- Summerbridge National Project
- Support Center for Nonprofit Management
- Tax-Aid
- Tenderloin AIDS Resource Center
- U.S. El Salvador Institute for Democratic Development
- Victorian Alliance
- Volunteer Center of San Francisco
- Volunteers In Parole
- Wagner Society of Northern California
- We Care Bay Area
- West Bay Local Development Corporation
- Western Addition Senior Citizens Service Center
- Western Roundup/Living Sober of San Francisco
- Wiley W. Manuel Law Foundation
- William G. Irwin Charity Foundation
- Women's Initiative for Self Employment
- World Centre-San Francisco
- Yerba Buena Gardens Studio for Technology/Arts
- Young Audiences of the Bay Area

SAN JOAQUIN
- Asian Pacific Self-Development & Residential Association
- Beacon Lighthouse
- Boys & Girls Club of Stockton
- Family Resource Network
1996 NIAC MEMBERS

SAN MATEO
- Adopt International
- Al-Anon Family Groups District 13
- All Stars Helping Kids
- Alliance for the Mentally Ill of San Mateo
- Bayside Child Care Services
- Burlingame Historical Society
- California Council for the Social Studies
- Cary School
- Childcare Coordinating Council of San Mateo County
- Daly City Emergency Food Pantry
- Dreamkeeper-Partners in Education Learning Program
- East Palo Alto Senior Center
- Emergency Hunger Fund of Redwood City
- Foundation for Autistic Childhood Education & Support
- Hillsborough Schools Foundation
- Human Investment Project
- Institute for the Advancement of Human Behavior
- Jean Weinert Oral School for the Deaf
- Kamos Home and Training Center
- La Casa de San Mateo
- La Honda Educational Foundation
- Latino Commission on Alcohol & Drug Abuse Services
- MATE Foundation
- Marin Association for Retarded Citizens
- Peninsula Community Foundation
- Peninsula Humane Society
- Peninsula League
- Peninsula Network of Mental Health Clients
- Peninsula Outreach Programs
- Redwood City Friends of Literacy
- Shule Mandela Academy

San Francisco League of Urban Gardeners. A NIAC member since 1992, SLUG provides environmental education workshops and community garden assistance.

Solidarity Fellowship
- South Coast Children's Services
- Tri City Community Concert Association

SANTA BARBARA
- ARC of Santa Maria Valley
- American Philanthropy Association
- Anger Management & Counseling Services Boys & Girls Club of Santa Maria Valley
- CASA of Santa Barbara
- Center for the Preservation of Modern History
- Central Coast Headway
- Community Environmental Council
- Direct Link for the Disabled
- Endowment for Youth
- Good Samaritan Shelter
- Jodi House
- 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 Chapter American Cetacean Society
- Santa Barbara Rape Crisis Center
- Santa Barbara Rescue Mission
- Santa Maria Arts Council
- Santa Maria Civic Theatre
- Santa Maria Museum & Art Center
- Santa Maria Valley Youth & Family Center
- Senior Programs of Santa Barbara

• denotes NIAC member for five or more years
### SANTA CLARA COUNTY
- South Coast Business Network
- Thresholds to Recovery
- VI.VA./Volunteers for Inter-Valley Animals
- Valley of Flowers Half Century Club

- A Place for Teens
- Advantage Youth Homes
- Alano Club West of San Jose
- Ananda Marga of Los Altos Hills
- Arts Council of Santa Clara County
- Association of Former Vietnamese Political Prisoners
- Bay Area Irish Cultural Society
- Bill Wilson Center
- Braille Transcription Project of Santa Clara County
- California Council for the Promotion of History
- Campbell Union Elementary Education Foundation
- Center for Excellence in Nonprofits
- Champs Foundation
- Child Quest International
- Christian Environmental Association
- Christian Family Fellowship
- Christmas Dinner Fund
- Combined Addicts & Professionals Services
- Community Coordinated Child Development Council
- Community Family Services
- Community Resources in Support of Families in Santa Clara County
- Court Designated Child Advocates of Santa Clara
- Cupertino Senior Day Services
- Daybreak Childcare Network
- Diabetes Society of Santa Clara Valley
- EE's Residential Group Homes
- Esprit de Corps Foundation
- Ethiopian Community Services
- Family Giving Tree
- GRASP Foundation
- Graystone Home & School Club
- Green Pastures
- HandsNet
- Heart of the Valley Services for Seniors
- Higher Education Policy Institute
- Homeless Care Force
- Information and Referral Services
- Intergenerational Health Center
- KARA
- Kids in Common
- Korean American Community Services
- LO*OP Center
- Literacy Alliance for the South Bay
- Live Oak Adult Day Services
- Los Gatos Athletic Association
- 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
- PACT (People Acting in Community Together)
- PFLAG/Peninsula Parents & Friends of Lesbians and Gays
- Pacific Autism Center for Education
- Palomares
- Parents Helping Parents
- Parkinson's Institute
- Peninsula Area Information & Referral Service
- Process Therapy Institute
- Project Sentinel Fair Housing
- San Francisco Bay Bird Observatory
- San Jose Children's Musical Theater
- San Jose Day Nursery
- 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
- Sensory Access Foundation
- Shoot for the Stars
- Silicon Valley Pollution Prevention Center
- Silicon Valley Toxics Coalition
- South Valley Symphony
- Spark Foundation
- Stanford Bay Area Charities
- Summit League
- Timpany Center
- Vietnamese American Cultural & Social Council
- WATCH
- West Bay Opera Association
- Youth Focus
- Youth Service California

### SANTA CRUZ COUNTY
- Agricultural History Project
- Alzheimer's Association of Santa Cruz
- Cabrillo Guild of Music
- California Association of Nonprofits
- California Grey Bears
- Capacitar
- Center for the Future of Teaching and Learning
- Children's Placement Service
- Cindy's Celebrations
- Community Action Board of Santa Cruz County
- Community选项
- Conflict Resolution Center
- Corralitos Padres
- Court Appointed Special Advocates of Santa Cruz County
- Defense 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
- Familiar Center
- Family Service Association of the Pajaro Valley
- Five Branches Institute College of Traditional Chinese Medicine
- Friends of the Santa Cruz Public Libraries
- Future Families
- Good Shepherd Fund
- Group Home Society

*denotes NIAC member for five or more years*
1996 NIAC MEMBERS

SAN MATEO

• Adopt International
• Al-Anon Family Groups District 13
• All Stars Helping Kids
• Alliance for the Mentally Ill of San Mateo
• Bayshore Child Care Services
• Burlingame Historical Society
• California Council for the Social Studies
• Carey School
• Childcare Coordinating Council of San Mateo County
• Daly City Emergency Food Pantry
• Dreamkeeper-Partners in Education Learning Program
• East Palo Alto Senior Center
• Emergency Hunger Fund of Redwood City
• Foundation for Autistic Childhood Education & Support
• Hillsborough Schools Foundation
• Human Investment Project
• Institute for the Advancement of Human Behavior
• Jean Weingarten Oral School for the Deaf
• Kainos Home and Training Center
• La Casa de San Mateo
• La Honda Educational Foundation
• Latino Commission on Alcohol & Drug Abuse Service
• MATE Foundation
• Marin Association for Retarded Citizens
• Peninsula Community Foundation
• Peninsula Humane Society
• Peninsula League
• Peninsula Network of Mental Health Clients
• Peninsula Outreach Programs
• Redwood City Friends of Literacy
• Shule Mandela Academy

San Francisco League of Urban Gardeners.
A NIAC member since 1992, SLUG provides environmental education workshops and community garden assistance.

San Francisco Chapter

Solidarity Fellowship
• South Coast Children's Services
• Tri City Community Concert Association

SANTA BARBARA

• ARC of Santa Maria Valley
• American Philanthropy Association
• Anger Management & Counseling Services
• Boys & Girls Club of Santa Maria Valley
• CASA of Santa Barbara
• Center for the Preservation of Modern History
• Central Coast Headway
• Community Environmental Council
• Direct Link for the Disabled
• Endowment for Youth
• Good Samaritan Shelter
• Jodi House
• 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 Chapter American Cetacean Society
• Santa Barbara Rape Crisis Center
• Santa Barbara Rescue Mission
• Santa Maria Arts Council
• Santa Maria Civic Theatre
• Santa Maria Museum & Art Center
• Santa Maria Valley Youth & Family Center
• Senior Programs of Santa Barbara

• denotes NIAC member for five or more years
INDEPENDENT AUDITORS' REPORT

We have audited the accompanying consolidated balance sheet of Nonprofits' Insurance Alliance of California (the Company) as of December 31, 1996 and the related consolidated statements of income, members' equity and cash flows for the year 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 audit. The financial statements of the Company for the year ended December 31, 1995 were audited by other auditors whose report, dated March 6, 1996, expressed an unqualified opinion on those statements.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated 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 audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 1996 and the results of its operations and its cash flows for the year then ended in conformity with generally accepted accounting principles.

Deloitte & Touche LLP
San Jose, California

March 7, 1997
### CONSOLIDATED BALANCE SHEETS

**Years Ended December 31, 1996 and 1995**

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>1996</th>
<th>1995</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Investments:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Restricted investments at market</td>
<td>$1,906,859</td>
<td>$1,784,608</td>
</tr>
<tr>
<td>Investments at market</td>
<td>14,072,831</td>
<td>10,916,485</td>
</tr>
<tr>
<td><strong>Total investments</strong></td>
<td>15,979,690</td>
<td>12,701,093</td>
</tr>
<tr>
<td><strong>Cash</strong></td>
<td>285,848</td>
<td>302,322</td>
</tr>
<tr>
<td>Premiums receivable, net of allowance for doubtful accounts of $10,317 in 1996 (none in 1995)</td>
<td>1,046,293</td>
<td>974,480</td>
</tr>
<tr>
<td>Interest receivable</td>
<td>249,863</td>
<td>162,782</td>
</tr>
<tr>
<td>Prepaid expenses and deposits</td>
<td>23,148</td>
<td>21,185</td>
</tr>
<tr>
<td>Reinsurance recoverable</td>
<td>7,312,456</td>
<td>4,873,781</td>
</tr>
<tr>
<td>Prepaid reinsurance premium</td>
<td>1,160,454</td>
<td>1,190,833</td>
</tr>
<tr>
<td>Deferred acquisition costs</td>
<td>748,118</td>
<td>580,707</td>
</tr>
<tr>
<td>Income tax receivable</td>
<td>1,005,236</td>
<td>332,101</td>
</tr>
<tr>
<td>Deferred tax asset</td>
<td>605,755</td>
<td>474,635</td>
</tr>
<tr>
<td>Property and equipment, net of accumulated depreciation of $210,699 in 1996 and $151,243 in 1995</td>
<td>169,008</td>
<td>153,459</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$28,585,869</strong></td>
<td><strong>$21,767,378</strong></td>
</tr>
</tbody>
</table>

### CONSOLIDATED STATEMENTS OF INCOME

**Years Ended December 31, 1996 and 1995**

<table>
<thead>
<tr>
<th><strong>REVENUES:</strong></th>
<th>1996</th>
<th>1995</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross written premium</td>
<td>$10,305,225</td>
<td>$9,342,824</td>
</tr>
<tr>
<td>Ceded premium</td>
<td>(2,687,077)</td>
<td>(2,736,266)</td>
</tr>
<tr>
<td><strong>Net written premium</strong></td>
<td><strong>7,618,148</strong></td>
<td><strong>6,606,558</strong></td>
</tr>
<tr>
<td>Increase in unearned premium</td>
<td>(478,802)</td>
<td>(242,861)</td>
</tr>
<tr>
<td><strong>Net earned premium</strong></td>
<td><strong>7,139,346</strong></td>
<td><strong>6,363,697</strong></td>
</tr>
<tr>
<td>Net restricted investment income</td>
<td>81,482</td>
<td>95,466</td>
</tr>
<tr>
<td>Net investment income</td>
<td>770,986</td>
<td>636,625</td>
</tr>
<tr>
<td>Net realized gain (loss) on sales of investments</td>
<td>(38,162)</td>
<td>112,606</td>
</tr>
<tr>
<td>Other income</td>
<td>127,175</td>
<td>87,110</td>
</tr>
<tr>
<td><strong>Total revenues</strong></td>
<td><strong>$8,130,827</strong></td>
<td><strong>$7,295,504</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>EXPENSES:</strong></th>
<th>1996</th>
<th>1995</th>
</tr>
</thead>
<tbody>
<tr>
<td>Losses and loss adjustment expenses incurred</td>
<td>5,072,325</td>
<td>4,445,009</td>
</tr>
<tr>
<td>Salaries and employee benefits</td>
<td>1,250,737</td>
<td>1,004,893</td>
</tr>
<tr>
<td>Commission expense</td>
<td>854,497</td>
<td>660,632</td>
</tr>
<tr>
<td>Other expense</td>
<td>101,985</td>
<td>316,739</td>
</tr>
<tr>
<td><strong>Total expenses</strong></td>
<td><strong>$7,279,544</strong></td>
<td><strong>$6,427,273</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>INCOME BEFORE INCOME TAXES</strong></th>
<th>1996</th>
<th>1995</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>$851,283</strong></td>
<td><strong>$868,231</strong></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>INCOME TAX EXPENSE</strong></th>
<th>1996</th>
<th>1995</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>$303,377</strong></td>
<td><strong>$295,939</strong></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>NET INCOME</strong></th>
<th>1996</th>
<th>1995</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>$547,906</strong></td>
<td><strong>$572,292</strong></td>
<td></td>
</tr>
</tbody>
</table>

*See notes to consolidated financial statements.*
CONSOLIDATED STATEMENTS OF MEMBERS' EQUITY

Years Ended December 31, 1996 and 1995

<table>
<thead>
<tr>
<th>Members' Contributions</th>
<th>Other Paid-In Capital</th>
<th>Retained Earnings</th>
<th>Unrealized (Losses) Gains on Investments Available for Sale</th>
<th>Total Members' Equity</th>
</tr>
</thead>
<tbody>
<tr>
<td>BALANCES, January 1, 1995</td>
<td>$509,332</td>
<td>$31,054</td>
<td>$695,397</td>
<td>$(315,696)</td>
</tr>
<tr>
<td>Unrealized gain during the year, net of deferred tax of $94,487</td>
<td></td>
<td></td>
<td></td>
<td>499,110</td>
</tr>
<tr>
<td>Members' contributions</td>
<td>91,902</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net income</td>
<td></td>
<td></td>
<td></td>
<td>572,292</td>
</tr>
<tr>
<td>BALANCES, December 31, 1995</td>
<td>601,234</td>
<td>31,054</td>
<td>1,267,689</td>
<td>183,414</td>
</tr>
<tr>
<td>Unrealized loss during the year, net of deferred tax of $51,331</td>
<td></td>
<td></td>
<td></td>
<td>(99,642)</td>
</tr>
<tr>
<td>Members' contributions</td>
<td>104,125</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net income</td>
<td></td>
<td></td>
<td></td>
<td>547,906</td>
</tr>
<tr>
<td>BALANCES, December 31, 1996</td>
<td>$705,359</td>
<td>$31,054</td>
<td>$1,815,595</td>
<td>$83,772</td>
</tr>
</tbody>
</table>

See notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years Ended December 31, 1996 and 1995

CASH FLOWS FROM OPERATING ACTIVITIES:

<table>
<thead>
<tr>
<th></th>
<th>1996</th>
<th>1995</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net income</td>
<td>$547,906</td>
<td>$572,292</td>
</tr>
<tr>
<td>Adjustments to reconcile net income to net cash provided by operating activities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net realized (gains) losses on sales of investments</td>
<td>38,162</td>
<td>(112,606)</td>
</tr>
<tr>
<td>Depreciation</td>
<td>62,001</td>
<td>43,047</td>
</tr>
<tr>
<td>Deferred income tax benefit</td>
<td>(131,120)</td>
<td>(146,856)</td>
</tr>
<tr>
<td>Changes in assets and liabilities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Premiums receivable</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest receivable</td>
<td>(87,081)</td>
<td>(54,593)</td>
</tr>
<tr>
<td>Prepaid expenses and deposits</td>
<td>(1,963)</td>
<td>31,714</td>
</tr>
<tr>
<td>Reinsurance recoverable</td>
<td>(2,438,675)</td>
<td>(1,327,284)</td>
</tr>
<tr>
<td>Prepaid reinsurance premium</td>
<td>30,379</td>
<td>70,755</td>
</tr>
<tr>
<td>Deferred acquisitions costs</td>
<td>(167,411)</td>
<td>(45,234)</td>
</tr>
<tr>
<td>Income tax receivable</td>
<td>(673,135)</td>
<td>(332,101)</td>
</tr>
<tr>
<td>Loss and loss adjustment expense reserves</td>
<td>4,293,306</td>
<td>4,291,149</td>
</tr>
<tr>
<td>Unearned premiums</td>
<td>448,424</td>
<td>172,106</td>
</tr>
<tr>
<td>Reinsurance payable</td>
<td>86,314</td>
<td>251,910</td>
</tr>
<tr>
<td>Accounts payable</td>
<td>299,366</td>
<td>(89,206)</td>
</tr>
<tr>
<td>Other accrued liabilities</td>
<td>272,392</td>
<td>52,846</td>
</tr>
<tr>
<td>Income taxes payable</td>
<td>866,300</td>
<td>(96,233)</td>
</tr>
<tr>
<td>Net cash provided by operating activities</td>
<td>3,373,352</td>
<td>3,116,050</td>
</tr>
</tbody>
</table>

CASH FLOWS FROM INVESTING ACTIVITIES:

<table>
<thead>
<tr>
<th></th>
<th>1996</th>
<th>1995</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchase of investments</td>
<td>(10,794,123)</td>
<td>(10,913,949)</td>
</tr>
<tr>
<td>Sales of investments</td>
<td>6,551,722</td>
<td>7,902,970</td>
</tr>
<tr>
<td>Maturities of investments</td>
<td>826,000</td>
<td></td>
</tr>
<tr>
<td>Purchases of property and equipment</td>
<td>(27,550)</td>
<td>(82,352)</td>
</tr>
<tr>
<td>Net cash used in investing activities</td>
<td>(3,493,951)</td>
<td>(3,093,331)</td>
</tr>
</tbody>
</table>

CASH FLOW FROM FINANCING ACTIVITIES:

<table>
<thead>
<tr>
<th></th>
<th>1996</th>
<th>1995</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proceeds from members' contributions</td>
<td>104,125</td>
<td></td>
</tr>
<tr>
<td>NET INCREASE (DECREASE) IN CASH</td>
<td>(16,474)</td>
<td>114,621</td>
</tr>
<tr>
<td>CASH, Beginning of year</td>
<td>302,322</td>
<td>187,701</td>
</tr>
<tr>
<td>CASH, End of year</td>
<td>$285,848</td>
<td>$302,322</td>
</tr>
</tbody>
</table>

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Cash paid during the year for:

<table>
<thead>
<tr>
<th></th>
<th>1996</th>
<th>1995</th>
</tr>
</thead>
<tbody>
<tr>
<td>Federal income taxes</td>
<td>$190,000</td>
<td>$871,129</td>
</tr>
<tr>
<td>Interest expense</td>
<td>$26,000</td>
<td>$26,000</td>
</tr>
</tbody>
</table>

See notes to consolidated financial statements.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years Ended December 31, 1996 and 1995

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).

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, SCC Reinsurance Limited (SCC Re), which was incorporated in December 1996 (see Note 2). All intercompany balances and transactions have been eliminated.

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 coverage to its members. Coverage is provided on an occurrence basis. 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 limits available up to a $1,000,000 aggregate including defense and indemnity is available for improper sexual conduct claims. Directors' and officers' liability is available to members on a claims-made basis. The typical limit of coverage is $1,000,000. The Company also offers umbrella coverage for general liability policies up to $10 million in excess of $1 million.

The Company receives a one-time contribution from each new member in the form of a nonrefundable membership contribution, which are recorded as an addition to members' equity. During 1996 and 1995, the contribution amount was 10% of the commercial general liability premium.

Deferred Acquisition Costs — Policy acquisition costs incurred are deferred and amortized over the period of premium recognition. These costs generally include commissions, underwriting, policy issuance and marketing costs. Amortization of acquisition costs was $1,307,861 for 1996 and $1,127,190 for 1995. Anticipated investment income is not considered in determining if a premium deficiency exists.

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.

Investments — The Company has classified all of its investment portfolio as “available-for-sale securities.” Investments that are classified as “available-for-sale securities” are reported at fair value, with unrealized gains and losses excluded from earnings and reported as a separate component of members' equity. Net realized investment gains or losses are recognized based upon the specific identification of investments sold. Gross realized gains and gross realized losses on those sales were $19,656 and $(57,818), respectively, in 1996 and $132,801 and $(20,195), respectively, in 1995.

Loss and Loss Adjustment Expense Reserves — Loss and loss adjustment expense reserves are estimates based on an expected loss and loss adjustment expense ratio. The expected ratio is based on the Company's historical experience and industry statistics. 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. 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.

Reinsurance — 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 insured contracts.

Income Taxes — The Company has previously been granted tax-exempt status by the state of California. On August 1, 1996, federal legislation was passed which allows the Company to elect federal tax-exempt status effective January 1, 1997. As of March 7, 1997, the Company has an application pending to obtain federal tax-exempt status.

In anticipation of potentially becoming a tax-exempt entity, the Company incorporated SCC Re in December 1996. SCC Re is a taxable entity incorporated under the laws of the Island of Nevis, an independent federation in the West Indies.

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 financial statement carrying amounts of 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.

**Reclassifications** — Certain amounts in the 1995 financial statements have been reclassified to conform to the 1996 financial statement presentation.

### 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.

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 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 1996 and 1995.

Restricted investments, carried in the accompanying balance sheets at estimated market value, consist of the following as of December 31, 1996 and 1995:

<table>
<thead>
<tr>
<th></th>
<th>Amortized Cost</th>
<th>Unrealized Gains</th>
<th>Unrealized Losses</th>
<th>Estimated Market Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>1996:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Corporate obligations</td>
<td>$870,976</td>
<td>$8,493</td>
<td>$ —</td>
<td>$879,469</td>
</tr>
<tr>
<td>Money market account</td>
<td>7,669</td>
<td>—</td>
<td>—</td>
<td>7,669</td>
</tr>
<tr>
<td>Mortgage-backed securities</td>
<td>601,998</td>
<td>—</td>
<td>(368)</td>
<td>601,630</td>
</tr>
<tr>
<td>Asset-backed securities</td>
<td>306,945</td>
<td>1,241</td>
<td>—</td>
<td>308,186</td>
</tr>
<tr>
<td>Other debt securities</td>
<td>109,424</td>
<td>481</td>
<td>—</td>
<td>109,905</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$1,897,012</strong></td>
<td><strong>$10,215</strong></td>
<td>(368)</td>
<td><strong>$1,906,859</strong></td>
</tr>
<tr>
<td>1995:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Corporate obligations</td>
<td>$811,517</td>
<td>$17,171</td>
<td>$ —</td>
<td>$828,688</td>
</tr>
<tr>
<td>Money market account</td>
<td>67,388</td>
<td>—</td>
<td>—</td>
<td>67,388</td>
</tr>
<tr>
<td>Mortgage-backed securities</td>
<td>399,299</td>
<td>4,080</td>
<td>—</td>
<td>403,379</td>
</tr>
<tr>
<td>Asset-backed securities</td>
<td>305,170</td>
<td>(1,165)</td>
<td>—</td>
<td>304,005</td>
</tr>
<tr>
<td>Other debt securities</td>
<td>179,770</td>
<td>1,378</td>
<td>—</td>
<td>181,148</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$1,763,144</strong></td>
<td><strong>$22,629</strong></td>
<td>(1,165)</td>
<td><strong>$1,784,608</strong></td>
</tr>
</tbody>
</table>

The amortized cost and estimated market value of restricted investments at December 31, 1996, by contractual maturity, are shown below. Expected maturities may differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

<table>
<thead>
<tr>
<th></th>
<th>Amortized Cost</th>
<th>Estimated Market Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Due in 1 year or less</td>
<td>$37,800</td>
<td>$37,991</td>
</tr>
<tr>
<td>Due after 1 year through 5 years</td>
<td>640,356</td>
<td>643,537</td>
</tr>
<tr>
<td>Due after 5 years</td>
<td>309,713</td>
<td>315,495</td>
</tr>
<tr>
<td>Mortgage-backed securities</td>
<td>601,998</td>
<td>599,782</td>
</tr>
<tr>
<td>Asset-backed securities</td>
<td>306,945</td>
<td>310,034</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$1,897,012</strong></td>
<td><strong>$1,906,859</strong></td>
</tr>
</tbody>
</table>

### 4. INVESTMENTS

Unrestricted investments, carried in the accompanying balance sheets at estimated market value, consist of the following as of December 31, 1996 and 1995:

<table>
<thead>
<tr>
<th></th>
<th>Amortized Cost</th>
<th>Unrealized Gains</th>
<th>Unrealized Losses</th>
<th>Estimated Market Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>1996:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Corporate obligations</td>
<td>$9,586,457</td>
<td>$94,156</td>
<td>$ —</td>
<td>$9,680,613</td>
</tr>
<tr>
<td>U.S. government and agency obligations</td>
<td>249,839</td>
<td>—</td>
<td>(3,745)</td>
<td>246,094</td>
</tr>
<tr>
<td>Money market account</td>
<td>90,856</td>
<td>—</td>
<td>—</td>
<td>90,856</td>
</tr>
<tr>
<td>Mortgage-backed securities</td>
<td>2,542,386</td>
<td>7,372</td>
<td>—</td>
<td>2,549,758</td>
</tr>
<tr>
<td>Asset-backed securities</td>
<td>464,748</td>
<td>8,673</td>
<td>—</td>
<td>473,421</td>
</tr>
<tr>
<td>Other debt securities</td>
<td>1,021,464</td>
<td>10,625</td>
<td>—</td>
<td>1,032,089</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$13,955,750</strong></td>
<td><strong>$120,826</strong></td>
<td>(3,745)</td>
<td><strong>$14,072,831</strong></td>
</tr>
<tr>
<td>1995:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Corporate obligations</td>
<td>$6,092,362</td>
<td>$190,147</td>
<td>$ —</td>
<td>$6,282,509</td>
</tr>
<tr>
<td>U.S. government and agency obligations</td>
<td>249,818</td>
<td>5,416</td>
<td>—</td>
<td>255,234</td>
</tr>
<tr>
<td>Money market account</td>
<td>266,848</td>
<td>—</td>
<td>—</td>
<td>266,848</td>
</tr>
<tr>
<td>Mortgage-backed securities</td>
<td>2,776,183</td>
<td>63,030</td>
<td>—</td>
<td>2,839,213</td>
</tr>
<tr>
<td>Asset-backed securities</td>
<td>627,080</td>
<td>(6,060)</td>
<td>—</td>
<td>621,020</td>
</tr>
<tr>
<td>Other debt securities</td>
<td>647,757</td>
<td>3,904</td>
<td>—</td>
<td>651,661</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$10,660,048</strong></td>
<td><strong>$262,497</strong></td>
<td>(6,060)</td>
<td><strong>$10,916,485</strong></td>
</tr>
</tbody>
</table>
The amortized cost and estimated market value of unrestricted investments at December 31, 1996, by contractual maturity, are shown below. Expected maturities will differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or repayment penalties.

<table>
<thead>
<tr>
<th>Due in 1 year or less</th>
<th>Amortized Cost</th>
<th>Estimated Market Value</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1,986,552</td>
<td>1,989,787</td>
</tr>
<tr>
<td>Due after 1 year through 5 years</td>
<td>3,481,497</td>
<td>3,512,440</td>
</tr>
<tr>
<td>Due after 5 years</td>
<td>5,480,567</td>
<td>5,547,425</td>
</tr>
<tr>
<td>Mortgage-backed securities</td>
<td>2,542,386</td>
<td>2,549,758</td>
</tr>
<tr>
<td>Asset-backed securities</td>
<td>464,748</td>
<td>473,421</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>13,955,750</strong></td>
<td><strong>14,072,831</strong></td>
</tr>
</tbody>
</table>

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":

<table>
<thead>
<tr>
<th>Carrying Amount</th>
<th>1996</th>
<th>1995</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Restricted investments</strong></td>
<td>1,906,859</td>
<td>1,784,608</td>
</tr>
<tr>
<td><strong>Investments</strong></td>
<td>14,072,831</td>
<td>10,916,485</td>
</tr>
</tbody>
</table>

Estimated market values of investments, which are debt securities, are primarily obtained from an independent external pricing service. This service 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 amounts 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.

6. INCOME TAXES

The components of income tax expense are as follows:

<table>
<thead>
<tr>
<th></th>
<th>1996</th>
<th>1995</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current</td>
<td>477,653</td>
<td>442,795</td>
</tr>
<tr>
<td>Deferred</td>
<td>-174,276</td>
<td>-146,856</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>303,377</strong></td>
<td><strong>295,939</strong></td>
</tr>
</tbody>
</table>

Total income tax expense differed from the amounts computed by applying the U.S. federal income tax rate of 35% to income before taxes as follows:

<table>
<thead>
<tr>
<th></th>
<th>1996</th>
</tr>
</thead>
<tbody>
<tr>
<td>Computed tax expense at federal statutory rate</td>
<td>297,949</td>
</tr>
<tr>
<td>Other, net</td>
<td>5,428</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>303,377</strong></td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Gross Deferred Tax Asset</th>
<th>Valuation Allowance</th>
<th>Gross Deferred Tax Liability</th>
<th>Net Deferred Tax Asset</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balances at January 1, 1995</td>
<td>$ 750,476</td>
<td>(107,337)</td>
<td>$ 643,139</td>
</tr>
<tr>
<td>1995 changes</td>
<td>68,263</td>
<td>107,337</td>
<td>175,590</td>
</tr>
<tr>
<td>Balances at December 31, 1995</td>
<td>818,739</td>
<td>-</td>
<td>474,635</td>
</tr>
<tr>
<td>1996 changes</td>
<td>141,994</td>
<td>-</td>
<td>131,120</td>
</tr>
<tr>
<td>Balances at December 31, 1996</td>
<td><strong>960,733</strong></td>
<td>-</td>
<td><strong>605,755</strong></td>
</tr>
</tbody>
</table>

The types of temporary differences that primarily comprise the net deferred tax asset at December 31, 1996 and 1995 include loss and loss adjustment expenses, the unearned premium reserve, unrealized gains (losses) on debt securities available for sale, and deferred acquisition costs.

Management believes that the net deferred tax asset as of December 31, 1996 and 1995 will be recoverable from income taxes paid and from future taxable income of its wholly-owned subsidiary, SCC Re, which is a taxable entity (see Note 2).
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Years Ended December 31, 1996 and 1995

9. REINSURANCE
In its normal course of business, the Company reinsures 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 1996 and 1995, the Company's reinsurance was in three layers as follows:

<table>
<thead>
<tr>
<th>Layer</th>
<th>Contract Year</th>
<th>Company Retention</th>
<th>Reinsurance Limits</th>
</tr>
</thead>
<tbody>
<tr>
<td>First Excess</td>
<td>1996</td>
<td>$ 100,000</td>
<td>$ 150,000</td>
</tr>
<tr>
<td>First Excess</td>
<td>1995</td>
<td>$ 75,000</td>
<td>$ 175,000</td>
</tr>
<tr>
<td>Second Excess</td>
<td>1995-1996</td>
<td>$ 250,000</td>
<td>$ 750,000</td>
</tr>
<tr>
<td>Third Excess</td>
<td>1995-1996</td>
<td>$ 1,000,000</td>
<td>$ 1,000,000</td>
</tr>
<tr>
<td>Umbrella</td>
<td>1995-1996</td>
<td>$ 1,000,000</td>
<td>$ 10,000,000</td>
</tr>
</tbody>
</table>

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. These policies are 100% ceded on a treaty basis. The Company received ceding commission on this business of $193,604 in 1996 and $102,124 in 1995.

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

<table>
<thead>
<tr>
<th>Reinsurance Ceded</th>
<th>1996</th>
<th>1995</th>
</tr>
</thead>
<tbody>
<tr>
<td>Premiums earned</td>
<td>$ 2,717,456</td>
<td>$ 2,807,017</td>
</tr>
<tr>
<td>Loss and loss adjustment expenses incurred</td>
<td>3,025,540</td>
<td>1,947,362</td>
</tr>
</tbody>
</table>

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 at December 31, 1996 and 1995 includes $1,285,122 and $1,046,508, 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 and has subsequently repaid to the reinsurer $172,785 and $74,324 in 1996 and 1995, respectively, due to subsequent development. 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.

Reinsurance recoverable includes $3,057,000 (41.8%) and $2,954,000 (40.4%) at December 31, 1996 and $2,193,000 (45%) and $1,560,000 (32%) at December 31, 1995, respectively, due from two reinsurance companies, both of which are rated A or better by A.M. Best.

10. COMMITMENTS
The Company has entered into a 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:

<table>
<thead>
<tr>
<th>Year Ending December 31:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1997</td>
<td>$108,000</td>
</tr>
<tr>
<td>1998</td>
<td>18,000</td>
</tr>
<tr>
<td>Total minimum lease payments</td>
<td>$126,000</td>
</tr>
</tbody>
</table>

Total rent expense for 1996 and 1995 was $113,925 and $94,141, respectively.

11. 401(k) PROFIT SHARING PLAN
The Company sponsors an employee 401(k) Profit Sharing Plan (the Plan). Employer non-matching contributions were $1,000 and $750 per employee to its employee/plan participants for 1996 and 1995, respectively. The employer matching contributions were limited to $1,000 per employee during 1996 and 1995. The amounts contributed to the Plan were $41,012 and $23,362 in 1996 and 1995, respectively. Employees qualify for the employer portion of the contribution after one year of service with the Company.
7. LOSS AND LOSS ADJUSTMENT EXPENSE RESERVES

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

<table>
<thead>
<tr>
<th>Year</th>
<th>1996</th>
<th>1995</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net loss and loss adjustment expense reserves, January 1</td>
<td>$ 7,793,248</td>
<td>$ 4,829,383</td>
</tr>
<tr>
<td>Incurred related to:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current year</td>
<td>$ 5,049,730</td>
<td>$ 4,219,635</td>
</tr>
<tr>
<td>Prior years</td>
<td>$ 22,595</td>
<td>$ 225,374</td>
</tr>
<tr>
<td>Total incurred</td>
<td>$ 5,072,325</td>
<td>$ 4,445,009</td>
</tr>
<tr>
<td>Paid related to:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current year</td>
<td>$ 691,414</td>
<td>$ 367,231</td>
</tr>
<tr>
<td>Prior years</td>
<td>$ 2,526,280</td>
<td>$ 1,113,913</td>
</tr>
<tr>
<td>Total paid</td>
<td>$ 3,217,694</td>
<td>$ 1,481,144</td>
</tr>
<tr>
<td>Net loss and loss adjustment expense reserves, December 31</td>
<td>$ 9,647,879</td>
<td>$ 7,793,248</td>
</tr>
<tr>
<td>Reinsurance recoverables</td>
<td>$ 7,312,456</td>
<td>$ 4,873,781</td>
</tr>
<tr>
<td>Gross loss and loss adjustment expense reserves, December 31</td>
<td>$16,960,335</td>
<td>$12,667,029</td>
</tr>
</tbody>
</table>

As a result of changes in estimates of insured events in prior years, the loss and loss adjustment expense reserves increased by $22,595 and $225,374 in 1996 and 1995, respectively, due to recurring and normal adjustments in anticipated losses and loss 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:

<table>
<thead>
<tr>
<th>Foundation</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Ford Foundation</td>
<td>$ 500,000</td>
</tr>
<tr>
<td>Wallace Alexander Gerbode Foundation</td>
<td>$ 250,000</td>
</tr>
<tr>
<td>David and Lucile Packard Foundation</td>
<td>$ 250,000</td>
</tr>
<tr>
<td>San Francisco Foundation</td>
<td>$ 100,000</td>
</tr>
<tr>
<td>Marin Community Foundation</td>
<td>$ 100,000</td>
</tr>
<tr>
<td>Walter S. Johnson Foundation</td>
<td>$ 100,000</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$ 1,300,000</strong></td>
</tr>
</tbody>
</table>

The Company pays 2% simple interest per year on these funds. Payment of interest is made in quarterly installments and amounted to $26,000 in both 1996 and 1995.

Repayment of the principal was scheduled to begin 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 not 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.

In 1996, an independent actuary performed its annual 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 the principal repayments be made in 1996. Actuarial analyses will continue to be performed annually.

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

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>December 31, 1999</td>
<td>$ 240,000</td>
</tr>
<tr>
<td>December 31, 2000</td>
<td>$ 848,000</td>
</tr>
<tr>
<td>December 31, 2001</td>
<td>$ 212,000</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$ 1,300,000</strong></td>
</tr>
</tbody>
</table>

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 of 10% per annum. However, any principal amount not authorized for repayment by a certified actuary, or due according to the schedule of repayments, continues to bear interest at the rate of 2% per annum.

In case of material misrepresentation or fraud by the Company or its employees, use of the funds for other than their stated purpose or to influence political activities, demand may be made by the foundations for repayment of the subordinated debt out of the assets of the Company other than earned surplus. If it is determined that the Company is intentionally charging inadequate premiums to materially adversely affect the Company's ability to make timely 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.
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</tr>
</thead>
<tbody>
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<td>1996</td>
<td>$100,000</td>
<td>$150,000</td>
</tr>
<tr>
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<td>1995</td>
<td>$75,000</td>
<td>$175,000</td>
</tr>
<tr>
<td>Second Excess</td>
<td>1995-1996</td>
<td>$250,000</td>
<td>$750,000</td>
</tr>
<tr>
<td>Third Excess</td>
<td>1995-1996</td>
<td>$1,000,000</td>
<td>$1,000,000</td>
</tr>
<tr>
<td>Umbrella</td>
<td>1995-1996</td>
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</tr>
</tbody>
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<th>$</th>
</tr>
</thead>
<tbody>
<tr>
<td>1997</td>
<td>108,000</td>
</tr>
<tr>
<td>1998</td>
<td>18,000</td>
</tr>
<tr>
<td>Total minimum lease payments</td>
<td><strong>126,000</strong></td>
</tr>
</tbody>
</table>

Total rent expense for 1996 and 1995 was $113,925 and $94,141, respectively.

11. 401(k) PROFIT SHARING PLAN
The Company sponsors an employee 401(k) Profit Sharing Plan (the Plan). Employer non-matching contributions were $1,000 and $750 per employee to its employee/plan participants for 1996 and 1995, respectively. The employer matching contributions were limited to $1,000 per employee during 1996 and 1995. The amounts contributed to the Plan were $41,012 and $23,362 in 1996 and 1995, respectively. Employees qualify for the employer portion of the contribution after one year of service with the Company.
OFFICIAL NAME
Nonprofits’ Insurance Alliance of California (NIAC)

STATEMENT OF PURPOSE
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.

ORGANIZED
Under Section 5005.1 of the California Corporations Code, we are a member-owned nonprofit public benefit corporation with a board of directors elected by its member nonprofit organizations.

MAJOR COVERAGES
Comprehensive general liability, miscellaneous professional liability, business auto liability, business auto physical damage, non-owned and hired auto liability, improper sexual conduct liability, directors and officers liability, and umbrella liability. Other coverages available through companion programs.

BOARD OF DIRECTORS
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Bacon and Company, Carmel
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Claims Administrator, Retired, Fresno
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Women’s Crisis Support, Santa Cruz
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Peg Taylor Center for Adult Day Health Care, Chico
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Skills Center, Santa Cruz
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Michael Pramuk, Claudia Weeks
Underwriters
Randy Gorman, Paul Roman

(Insurance Operations, cont’d.)

D&O Underwriter
Sue Reimuller
Underwriting Assistants
Todd Connor, Carla Cramblett, Lisa Edelman, Sharon Felsic, Sheri Randolph, Michele Thomas
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Renel Ralston

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Actuarial
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Auditor
Deloitte & Touche LLP
Claims Adjusters
Carl Warren & Company
Investment Advisor
GMG Seneca
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Office of Barbara Goode

Reinsurers
American Re-Insurance (Best’s A+)
General Reinsurance (Best’s A++)
Swiss Re America (Best’s A)

A list of names and addresses of current NIAC members is available at our offices:
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