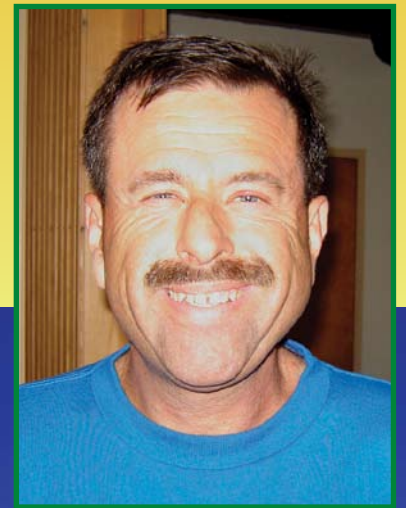


Hillside House Annual Report 2008-2009



*fostering abilities
creating community*



Dear Friends,



Although the economic challenges of the past year have certainly been felt by many of us, we are happy to report that Hillside House is on a solid financial footing at this time. Year-end gifts and total donations were lower than in the previous year across all sectors of the non-profit world, and Hillside House was no exception. However, with the help of careful management, we finished the year with a small surplus for the third consecutive year and have been able to rebuild some of the essential reserves that we had to liquidate in previous years in order to continue our services.

We are very pleased to be able to re-open our aquatic therapy pool this year after more than a 5-year hiatus. Being able to bring the benefits and pleasures of this unparalleled form of physical therapy to our residents once again represents real, positive change in their lives.

Our newly established Nancy Read Life Enrichment Fund will help more of our residents to be able to go on outings and overnight trips off-campus, expanding their life experiences.

We are also pleased that our annual Women of Purpose fundraising luncheon this May showed no decline in either attendance nor in the generosity of the donations received. Thank you to all who participated to make that such a wonderful day for Hillside House.

Most importantly, the residents of Hillside House are thriving. We watch with joy as they develop new skills, show improvements in health and social interactions, take a more active role in community activities, form close bonds, explore their interests, and just simply seem to shine.

We look ahead cautiously as many foundation funders have cut back on their grants, due to reduced endowments, and as we face the California budget crisis and possible impending cuts to Medi-Cal, which we rely on for nearly 88% of our revenue. We will keep you informed as changes are announced. Meanwhile, we wish to express our gratitude to the foundations and individuals who have given so generously to us, so that we can continue to create rewarding lives for our residents.

Sincerely,

Earl Armstrong
President, Board of Directors

Pam Flynt Tambo
Executive Director



Hillside House Gets Into Social Networking

As social networking sites like Facebook and Twitter take the world by storm, there is tremendous discussion and activity in the non-profit sector about the possibilities these sites hold to further charitable causes and institutions. Everyone is scrambling to keep up with the fast-changing world of the internet and to figure out how new online tools can help non-profits better keep in touch with their constituents, spread the word about their work in the world, and raise funds. Hillside House has joined this trend in the past year. We have created a page on Facebook for Hillside House, where anyone can become a “fan” of our page and receive updates on Hillside House activities, view photos and videos and also write comments and share stories with us and our community:

<http://www.facebook.com/pages/Hillside-House/115494370106>



We have begun using an online fundraising site called givezooks!, where donors can read about and track the progress of our various campaigns, make secure donations online, and most importantly, share information about Hillside House with their friends, making use of the kind of “viral” grassroots fundraising that was such a success for the past presidential campaign and also for a number of non-profits. If you would like to see what we’ve created: <http://hillside-house.givezooks.com/campaigns/annual-fund-2>. On the site you can become a grassroots supporter of Hillside House by emailing a friend, putting a link on your own social networking sites, or even creating your own mini-campaign. Givezooks! makes this process easy and fun.

We have also been updating the News page of our website (http://www.hillsidehousesb.org/ne_News.html) each month with news and activities at Hillside House and in the broader developmental disabilities community. And we launched a monthly e-newsletter. To receive our newsletter, please visit our website and click on the sign-up link: www.hillsidehousesb.org.

Community Plan Moves Into Environmental Review

The plans to develop the 23-acres of land which Hillside House owns and on which our current facility sits into a vibrant, mixed-abilities, mixed-income community continue to move forward, though progress through all of the city planning requirements is time-consuming. When finally realized the plan will allow our residents to live more independently and in a more integrated community, while still receiving the 24-hour nursing care and individualized programs that they currently enjoy. The plan will also help to ensure Hillside House’s financial well-being into the future.

Since last summer the development application has been deemed complete by

the city. We completed extensive negotiations with the Department of Public Works to work out the details of the road through the project; some details of that still remain to be resolved. We have had to revisit our site plan to a greater extent than we anticipated, partially due to changes in personnel at the city. Lisa Plowman of Peikert Group Architects and John Polansky of the Housing Authority of the County of Santa Barbara have been instrumental in maintaining momentum for the project. We have also met with several city department heads and their staff to address their concerns directly in an effort to speed up this process.

Currently we are finalizing the road structure and biology study to meet the city’s requirements before we begin the Environmental Impact Review. The environmental review process is anticipated to take approximately one year. We should be in public hearings by July 2010. We welcome support from the community at those hearings.

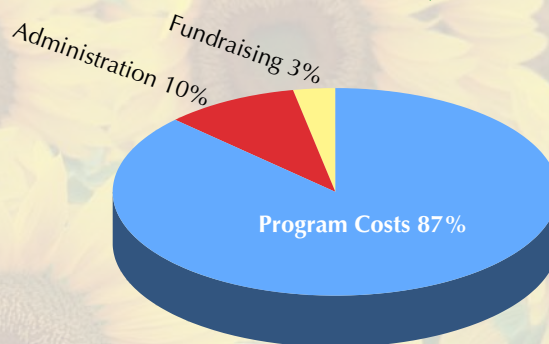


Financial Activity

INCOME	2008	2007
Medi-Cal Revenue	3,698,543	3,403,797
Private Revenue	89,670	89,425
Regional Center Funding	33,550	29,937
Other Operating Revenue	63,010	62,288
Donations & Grants	380,186	468,765*
TOTAL INCOME	<u>4,264,958</u>	<u>4,054,211</u>
EXPENSES		
Personal Care & Laundry	163,220	146,131
Dietary	110,966	105,282
Recreational Activities	16,613	15,032
Transportation	12,691	13,009
Property Expenses	61,905	60,011
Utilities	97,997	96,215
Maintenance, Repairs, Supplies	80,944	74,138
Licensing and Tax Expense	198,470	212,919
Insurance	54,320	55,644
Bank & Investment Expense	5,861	6,895
Staff Salaries & Benefits	2,486,620	2,425,266
Payroll Taxes	181,213	176,664
Additional Staff Expense	148,479	163,859
Consultant Services	37,879	43,805
Administrative Expenses	127,827	146,310
TOTAL EXPENSE	<u>3,785,004</u>	<u>3,741,179</u>
NET ORDINARY INCOME	479,954	313,032
INVESTMENT INCOME	(100,664)	15,175
NET INCOME	<u>379,290</u>	<u>328,207</u>

* \$135,000 was donated for a special Facilities Maintenance campaign

Functional Expenses



Financial Position

ASSETS

Current Assets	
Cash and Equivalents	923,741
Accounts and Grants Receivable	406,817
Pledges and Grants Receivable	23,088
Investments	181,837
Prepaid Expenses	103,465
TOTAL CURRENT ASSETS	1,638,948
Property and Equipment, net	710,093
TOTAL ASSETS	2,349,041

LIABILITIES AND NET ASSETS

Current Liabilities	
Accounts Payable	90,767
Accrued Expenses	190,608
TOTAL LIABILITIES	281,375
Net Assets, unrestricted	1,857,732
Temporarily restricted	209,934
TOTAL NET ASSETS	2,067,666
TOTAL LIABILITIES AND NET ASSETS	\$2,349,041

Residents Love "The Little Corner"

One of the things our residents teach us every day is how much little things can make a big difference in their lives. Natasha came to work at Hillside House this year as a Skills Development Specialist because she wanted more meaning in her work life, and she has found it. She has been enthusiastically introducing new things to our residents since she arrived. Her latest inspiration was the creation of "The Little Corner." Natasha cleared out an unused corner of the activity room, put down a rug, and arranged various lounge chairs, bean bag chairs, side tables, and table lamps to create a living room feeling. She brought in some plants and put up a big bulletin board, which she has covered with a colorful collage of photos of the residents. Now The Little Corner is a favorite hang-out spot used daily by the residents. Residents who are non-ambulatory particularly love the chance to be out of their wheelchairs relaxing on the bean bags or lounge chairs, and everyone benefits from the warmth and community there.



Aquatic Therapy Pool Re-opened!



Thanks to the generosity of the June G. Outhwaite Charitable Trust, the Assistance League of Santa Barbara, Catholic Daughters of the Americas, and 27 individual donors, we re-opened our aquatic therapy pool on Saturday, July 11. Our residents are thrilled to be swimming again! The pool, which had been a mainstay of Hillside House's physical therapy program, has been closed for more than 5 years due to funding shortages. We are very grateful to be able to offer this important program for our residents again.

After sitting unused for so many years, the pool needed to be reconditioned, acid-washed and the entire room re-painted. In addition, new federal regulations required that we make changes to the type of drain we use. The Assistance League provided funding for this work, as well as giving us the needed resources to purchase new bathing suits for the residents and a variety of adaptive pool equipment to be used in the therapy. We trained two aquatic therapy assistants,

who are already enjoying the immense enthusiasm of the residents as they find new ease of movement in the water. The first day Morgan went in the pool since it re-opened he could not stop saying "Thank you!" to the staff.

Seeing the delight on the residents' faces as they float in the pool is reason enough for us to re-instate this vital program. The freedom of movement, increased muscle relaxation, coordination and strength that can be gained by this exceptionally effective form of physical therapy, combined with the emotional benefits, make the re-opening of our aquatic therapy pool a real milestone.

The pool will now be used by our residents 12-16 hours per week. We will also make the pool available to clients from United Cerebral Palsy and students in the special education programs in the public schools, so that this special resource can be shared with the larger developmental disabilities community.



Donors to Hillside House

July 1, 2008 - June 30, 2009



Thank you!

Board of Directors Special Recognition

\$75,000+

Assistance League of Santa Barbara

Founder's Circle

\$10,000+

Goleta Valley Cottage Hospital
David Gorham
Jackson Family Foundation
June G. Outhwaite Charitable Trust
Santa Barbara Foundation
Daniel A. and Edna J. Sattler Beneficial Trust
Peter Troesch
Weingart Foundation
Wood-Claeysens Foundation

President's Circle

\$5,000-9,999

La Vista Foundation
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Martha Jordano
Robert and Maureen Keeler
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Sandra Woliver
Virginia and Thomas Woliver
John Philip Womble
Barbara Woodward
Sandy and Scott Yancey
Vicki Young
Dick and Ann Zylstra

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Jenni Avila
Susan Bacon
Lynne Cameron
Christine Carr
Sophie Corley
Tommy Dale
Robert S. Fredericks M.D.
Naomi Gerber
Norris and Barry Goss's 40th wedding anniversary
Valerie Hutchinson
Gitanjali Lee
Jeff Minea
Carol Nelmark
Morgan Newfield
Chris O'Neill
Pilar Gonzales
Nancy Read
Nancy Redmond
Dean and Donna Kay Reece's 50th wedding anniversary
Joan Spevak
Katie Troesch
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George Connors IV
Bruce Davis
Patty Ericksen
Gene Kasmar
Theresa Lemons
Lloyd Monk
Mike Palmer
Gerry Redmond
Tom Shannon
Phyllis Thaxton
Cocky Thomas
David Winneguth
Esther Woliver
Lane Wright
Akira Yamada



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\$1,000-4,999

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Cynthia Ardell
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Mario and Judy Borgatello, Jr.
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General Electric Foundation
Good Shepherd Lutheran
Women's Missionary League
Norris and Barry Goss
Patricia Gregory, for the Baker Foundation

*Women of Purpose
and
Men of Excellence
Keep Giving
in Hard Times*



*Event Committee Chair Norris Goss and
Woman of Purpose Nancy Read*

On May 21, 2009 Hillside House hosted its 6th annual Women of Purpose luncheon, a benefit for the residents of Hillside House. Despite all the gloomy news about the economy, this year was one of our most successful fundraising luncheons ever, bringing in close to \$60,000 (after expenses) for Hillside House. 210 people joined us for a day of inspiration, and many more mailed in generous contributions. We were blessed with perfect weather, an idyllic setting in the gorgeous gardens of El Mirador Estate, moving presentations from our speakers, and an extraordinary group of guests.

Each year we invite an inspirational speaker who has overcome significant obstacles to lead a full life and make a contribution to our society. This year we featured inspirational singer-songwriter Bree Noble, a graduate of Westmont College in Santa Barbara. David Winter, President Emeritus of Westmont, gave a moving introduction to Bree's presentation. Pat Dickson, the guardian of Emily, one of our newest residents, told us the story of how she came to adopt Emily.

Each year we give a Purpose Award to someone whose leadership and service to the community has been exceptional. This year we were pleased to honor Nancy Read, who inspired the creation of the Women of Purpose events. Nancy gave generously of her time and talents as a volunteer member of the Board of Hillside House from 2001-2008, and has been a caring and devoted friend to our residents, visiting with them often, taking

them out in the community and inviting them into her home.

Our luncheons are open to the public—men and women—and we encourage all to attend and help make a difference for Hillside House.

If you would like to receive an invitation to the 2010 Women of Purpose luncheon please contact Curt Lauber in the Development Office: clauber@hillsidehousesb.org or (805) 687-0788 ext. 15. We would be delighted to share this special occasion with you.

We are grateful to Tita Lanning for hosting the luncheon at her beautiful estate for the past five years; our luncheon committee—Norris Goss, Silvio DiLoreto, Lynn Jones, Phil Salzwedel, and Jim Wolfe—for their tireless efforts planning this event; Antonio Gardella and Silvio DiLoreto for their generous donations to our auction; and our Table Hostesses and Men of Excellence. Also many thanks to our event sponsors: Santa Barbara Bank & Trust, Marborg Industries, Venoco, Bryant & Sons Jewelers, Chapman Financial Group, and also Brighton Collectibles, Debbie's Delights, Herban Essentials, Por La Mar Nursery, Glenda's Party Cove, and Pepper Tree Inn for their donations to the event.



*Resident Nancy Batzle and
Client Services Director Gail Metzger*

THE MARGO FREEMON ENDOWMENT FOR MEDICAL AND DENTAL CARE

This memorial endowment was created in 2003 in loving memory by Margo's sister and brother-in-law, Pat and Don Mersch. Income from the permanently invested fund allows residents who are not covered by Medi-Cal to receive the treatment they need.

THE PHYLLIS THAXTON MEMORIAL ENDOWMENT FOR STAFF SALARIES

Established in memory of Phyllis, a resident of Hillside House for 50 years, by her sisters Madeleine Ball and Betty J. Wilson, and her brother-in-law, William Ball. Income from the permanently invested fund supports the salaries of Hillside House direct care staff.

THE MICHAEL BRAND MEMORIAL FUND

This fund was established by Richard and Ellen Brand in memory of Richard's father. Expenditures from the Fund are restricted for the purpose of enhancing Hillside House staff training programs

Accomplishments & Milestones 2008-2009

☀ With generous support from the June G. Outhwaite Charitable Trust, the Assistance League of Santa Barbara, Catholic Daughters of the Americas, and 27 individual donors we were able to re-open our aquatic therapy pool.

☀ Our annual fundraising event, Women of Purpose 2009, netted close to \$60,000 to enrich the lives of our residents, making it one of our most successful fundraising luncheons.

☀ We launched a monthly e-newsletter last July and have been steadily growing our email list. If you would like to receive our colorful monthly updates on life at Hillside House, please go to our website and click on the email sign-up link: www.hillsidehousesb.org.



☀ Three new foundations, the Sidney Stern Memorial Trust, the Henry W. Bull Foundation, and the Towbes Foundation, joined our list of supporters. Welcome and thank you!

☀ The Board of Directors established the Nancy Read Life Enrichment Fund to support residents, who would otherwise not have the means to do so, to go on trips and enjoy a variety of life-enriching activities off-campus.

☀ We have initiated a new Dinner for Four program on Friday nights to give our residents an experience like fine dining in a restaurant, including candlelight and linen tablecloths.

☀ Thanks to a generous grant from the Weingart Foundation, we were able to purchase a brand-new wheelchair-accessible van for our residents.



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Fostering Abilities. Creating Community.



Photos of Hillside House residents in this report by Chris Giles, Natasha Holmstrom and Rod Rolle.

www.hillsidehousesb.org