



Special Finance Committee

Agenda

Administration Conference Room

Monday, August 3, 2015

1:00 p.m.

1. Call to Order/Pledge of Allegiance
2. Roll Call/Notice of Quorum
3. Chair's Announcements
 - a. Introduction of Guests and Staff
 - b. Rules of Order
 - c. Chair's Report
4. Shareholder/Member Comments – Agenda Items Only
(Limited to 3 minutes per person)
5. Correspondence
6. New Business
 - a. General
 - i. Contracts Up For Renewal 2016 (pp.1-3)
 - ii. 2016 Preliminary Budget for Cost Centers 29, Administration Building; 31, Finance Department; 32, Purchasing; 39, Resales Office 60, Health Care Center; and 65, Reserve Funding (pp.4-24)
 - iii. New Cost Centers
7. Unfinished Business
 - a. General
 - i. 2015 Audit Proposals (pp.25-28)
8. Staff Reports
9. President's Comments
10. Shareholder Member Comments
(Limited to 3 minutes per person)
11. Committee Member Comments
12. Next Meeting – Regular Monthly Meeting Tuesday, August 18, 2015 at 9:30 a.m.
13. Adjournment

**Golden Rain Foundation
Operating Expense Contracts
As of 7/15/2015**

Vendor	Name	Contract Amount	Contract Start Date	Contract End Date
FRAN02	Franklin Technology Syst	1,425.00	6/18/2014	6/18/2015
MRCA01	Mr Cat Productions	1,125.00	6/27/2013	9/30/2015
ACCU01	Accurate Voting Services	32,687.60	10/28/2014	10/28/2015
BROA01	Broadcast Music, Inc.	7,300.00	11/1/2014	10/31/2015
NEOP01	Neopost Usa Inc	1,099.20	12/2/2014	12/1/2015
ASCA01	American Society Of Comp	-	1/1/2015	12/31/2015
CCSO01	CCS Orange County Janito	87,645.47	1/1/2008	12/31/2015
SESA01	SESAC LLC	1,525.00	1/1/2015	12/31/2015
MAZZ01	Mazztec Inc	800.00	1/1/2015	1/1/2016
CORE01	Corelogic Solutions, Llc	16,243.00	2/24/2015	2/24/2016
PRI001	Priority Neopost	2,976.00	3/27/2015	3/26/2016
FENN01	Fenn Termite & Pest Cont	-	4/1/2014	3/31/2017
JOHN02	John's Landscaping Servi	-	1/1/2015	12/31/2017
SPEC05	Spectrum Care Landscape	9,900.00	1/1/2015	12/31/2017
KONI01	Konica Minolta Business	-	10/1/2013	9/30/2018
KONI02	Konica Minolta Qds	2,047.00	10/1/2013	9/30/2018
CINT01	Cintas Corp	-	1/1/2014	1/1/2019
SUPE04	Superwire Telecom, Inc.	4,962.00	2/18/2004	2/18/2019
CALM01	Calmet Services Inc	-	8/1/2007	7/31/2022
ATHO01	AtHomeNet	633.50	3/15/2013	12/31/9999
BERG02	Bergkvist, Bergkvist & C	-	10/9/2013	12/31/9999
CORO01	Corodata Records Managem	-	9/26/2014	12/31/9999
JADT01	Jadtec Security Services	125.85	8/8/1996	12/31/9999
PAYC01	Paychex	-	10/18/2013	12/31/9999

**Golden Rain Foundation
Revenue Contracts
As of 7/15/2015**

Client	Name	Contract	Expiration Date
3DARRE01	Darrell Peek General Contractor	Parking Lease 1 year	10/1/2015
3JCKRE01	J.C. Kress Construction	Parking Lease 1 year	12/1/2015
3JOHNS01	John's Landscape Service	Parking Lease 1 year	4/1/2016
3RVCLUB	RV Club	Ground Lease 5 years	12/31/2016
3FIRSTCLASS	First Class Vending	Revenue Lease 3 years	3/11/2017
3NUVISION	NuVision Federal Credit Union	Ground and Service Lease 5 years	11/7/2017
3CHARLES	Charles Briskey Real Estate Inc.	Ground and Service Lease 3 years	12/31/2017
3FRIENDSLIB	Friends of the Library	Ground Lease 5 years	12/31/2017
3SUPERWIRE	Superwire Telecom, Inc.	Ground Lease 15 years	2/18/2019
3POSTOFF	Postmaster	Ground & Service Lease 5 years	4/30/2020
3SEALB01	Seal Beach Shopping Center	16243	12/31/9999
3VERIZ01	Verizon	Service Lease- Started 1972	12/31/9999

GRF Software Licenses

License	Basis	Departments	Term of License	Renewal Rate	Anualized	Notes
Jenark (Core Logic)	Community management system	All	Quarterly	\$ 3,281	\$ 13,122	Invoiced Jul, Oct, Jan, Apr
PROGRESS (part of Jenark)	Community management system	All	Annual	\$ 3,121	\$ 3,121	Invoiced February
Axxerion	Maintenance and warehouse management system	Service Maintenance, Purchasing, Accounting	Annual	\$ 14,500	\$ 14,500	Contract signing in August 2015
AtHomeNet	Website Hosting	Master site (GRF) and 16 sub-sites (Mutuals)	Quarterly	\$ 1,900	\$ 7,600	Invoiced June, Sep, Dec, Mar
DiscountASP.net	Website Hosting	Hosted archive of website docs, Onsite Sales website	Quarterly	\$ 200	\$ 800	Invoiced in Jan, Apr, Jul, Oct
Network Solutions	Domain Registrations (36)	Website	Renewals throughout year	\$ 600	\$ 600	Throughout year.
GoDaddy.com	SSL Certificates for Domains (lwsb.com, grfsb.com)	IT Services	Annual	\$ 140	\$ 140	
Video Insight	Surveillance system	Security, Admin, Purchasing, Service Maintenance, Physical Properties, Recreations	Annual	\$ 1,575	\$ 1,575	This will increase as we plan to add 20 more cameras in 2016.
Symantec Cloud	Workstation and email virus protection	All	Annual	\$ 5,100	\$ 5,100	Invoiced in Apr
Deep Freeze (Faronics)	Patron virus and computer protection	Library	Annual	\$ 180	\$ 180	Renewal in Aug
Comprise	Patron management software	Library	Annual	\$ 942	\$ 942	Invoiced in Apr
Novelist	Library online catalog	Library	Annual	\$ 2,000	\$ 2,000	Invoiced in Mar
SirsiDynix EOS	Library catalog management system	Library	Annual	\$ 5,700	\$ 5,700	Invoiced in Apr, 2016 will be \$5,700
Dossier (Arsenault Associates)	Fleet Management Software	Transportation	Annual	\$ 1,386	\$ 1,386	Invoiced in Sep
VMWare	Virtual server environment, Vmware support and subscription	IT Services	Annual	\$ 2,000	\$ 2,000	Invoiced in June
Microsoft Office 2013	Productivity software for workstations	All	One Time Purchase	n/a	n/a	Licenses purchased in 2015
Microsoft Office 2011 (for Mac)	Productivity software for Mac machines	News	One Time Purchase	n/a	n/a	Licenses purchased in July 2015
Microsoft Office 2007	Productivity software for workstations	All	One Time Purchase	n/a	n/a	
Microsoft Office 2003	Productivity software for workstations	All	One Time Purchase	n/a	n/a	
Windows XP	Operation system for workstations	All	One Time Purchase	n/a	n/a	
Windows 7	Operation system for workstations	All	One Time Purchase	n/a	n/a	
Dell AppAssure	Backup Appliance Software	IT Services	One Time Purchase	n/a	n/a	Purchased July 2015
Windows Server Enterprise 2012	Server operating system software	IT Services	One Time Purchase	n/a	n/a	Purchased July 2015
Windows Server Enterprise 2008	Server operating system software	IT Services	One Time Purchase	n/a	n/a	Purchased Nov 2012
DameWare (Solarwinds)	Remote access software.	IT Services	One Time Purchase	n/a	n/a	
ID Flow	Resident ID Card system	Stock Transfer/Distribution	One Time Purchase	n/a	n/a	
Adobe Acrobat Pro 9	Forms and Document Creator	IT Services	One Time Purchase	n/a	n/a	
Adobe Photo Shop CS4	Image Editing Software	IT Services	One Time Purchase	n/a	n/a	
Sea Snake HQ	Drainage and Sewer Inspection Software	Service Maintenance	One Time Purchase	n/a	n/a	
Energy Access	Energy Meter Reading Software	Service Maintenance	One Time Purchase	n/a	n/a	
Phoenix	Fuel Pump Software	Transportation	One Time Purchase	n/a	n/a	
GP	Accounting and warehouse management system	Accounting, Purchasing	Annual	\$ 13,358	\$ 13,358	* No longer renewing as of 2014.
Adapt	Community management system	Admin, Purchasing, Service Maintenance, Physical Properties, Stock Transfer, Accounting	One Time Purchase	n/a	n/a	
BizNet	Financial Reporting Software for GP	Accounting	Annual	\$ 1,535	\$ 1,535	* No longer renewing as of 2014.
CheckPro	Check printing interface for GP	Accounting	Annual	\$ 300	\$ 300	* No longer renewing as of 2014.
Mekorma	MICR check reading interface for GP	Accounting	Annual	\$ 1,029	\$ 1,029	* No longer renewing as of 2014.
Destiny	Library catalog management system	Library	Annual	\$ 1,030	\$ 1,030	Migrating off in 2015 (to EOS).

Golden Rain Foundation
2016 Proposed Operating Budget - Cost Center 29 - Administration Building (Draft)
Data as of June 30, 2015

(A)	(B)	(D)	(E)	(D) - (E)	(F)	(G)	(D) - (G)	(H)	(D) - (H)	(I)	(D) - (I)
GL Account	GL Name	2016 Total	2015 Budget	Variance	2015 YTD Actual	2015 Projected	Variance	2015 Annualized	Variance	2014 Actual	Variance
Expenses - Administration Building											
6410005 29	Building Supplies - Administration Bldg	1,560	120	1,440	1,005	1,065	495	2,009	(449)	127	1,433
6420100 29	Electricity - Administration Bldg	26,944	25,150	1,794	9,236	24,688	2,256	18,473	8,471	0	26,944
6425100 29	Natural Gas - Administration Bldg	496	860	(364)	249	591	(95)	497	(1)	0	496
6471000 29	Building Repair & Maintenance - Administratio	5,000	1,200	3,800	4,793	5,393	(393)	9,585	(4,585)	0	5,000
6472000 29	Equipment Repair & Maintenance - Administrati	0	0	0	0	0	0		0	0	0
6478000 29	Service Contracts	4,080	0	4,080	0	0	4,080		4,080	0	4,080
	Total Operating Expenses	38,080	27,330	10,750	15,283	31,737	6,343	30,564	7,516	127	37,953
	Total Cost Center Expenses	38,080	27,330	10,750	15,283	31,737	6,343	30,564	7,516	127	37,953
5330000 29	Income from / (Refund to) Mutuals - Administ	38,080	27,330	10,750							

GOLDEN RAIN FOUNDATION
2016 BUDGET ASSUMPTIONS
Administration Building – CC29

GL CODE	LINE ITEM	DESCRIPTION	EXHIBITS
64102 (6410005)	Building Supplies	Items include replacement light bulbs, ballasts, water filters, etc. for the entire Administration building. 2015 marked the first year for cost center 29. The increase for 2016 supports the expected expenditures similar to those incurred in 2015.	
64200 (6420100)	Electricity	SCE forecast no increase in the first quarter of 2016, however uncertain after that point, a 4% increase was added to the actual usage of the past 12 months.	
64260 (6425100)	Natural Gas	The 2016 budget assumption includes a 4% increase over the past 12 months of actual expenses.	
64720 (6471000)	Bldg Repair & Maint.	\$5,000 is requested to cover miscellaneous building repairs. A major repair expense for the Administration building relates to the two sliding entry doors.	
6478000 (64940)	Service Contracts	Below costs were included in cost center 30 in 2015 and have been reclassified to cost center 29 in 2016: <div style="display: flex; justify-content: flex-end; align-items: flex-end;"> <div style="text-align: right; margin-right: 20px;">Fenn Pest Control</div> <div style="text-align: right;">960</div> </div> <div style="display: flex; justify-content: flex-end; align-items: flex-end;"> <div style="text-align: right; margin-right: 20px;">Elevator Maintenance</div> <div style="text-align: right;">3,120</div> </div> <div style="display: flex; justify-content: flex-end; align-items: flex-end;"> <div></div> <div style="text-align: right;">4,080</div> </div>	

Golden Rain Foundation
2016 Proposed Operating Budget - Cost Center 31 - Finance Dept. (Draft)
Data as of June 30, 2015

(A)		(B)		(D)	(E)	(D) - (E)	(F)	(G)	(D) - (G)	(H)	(D) - (H)	(I)	(D) - (I)
GL Account	GL Name	2016	2015	2015	2015	2015	2015	2015	2015	2015	2015	2014	2014
		Total	Budget	Variance	YTD Actual	Projected	Variance	Annualized	Variance	Actual	Variance		
Expenses - Finance													
6100000 31	Salaries & Wages - Finance	0	546,426	(546,426)	270,926	547,278	(547,278)	541,853	(541,853)	505,699	(505,699)		
6140000 31	Employment Taxes - Finance	0	43,225	(43,225)	22,540	43,400	(43,400)	45,080	(45,080)	42,762	(42,762)		
6142000 31	Workers' Compensation - Finance	0	15,089	(15,089)	7,384	12,793	(12,793)	14,768	(14,768)	6,523	(6,523)		
6143000 31	Group Insurance - Medical - Finance	0	54,821	(54,821)	23,147	50,555	(50,555)	46,295	(46,295)	50,654	(50,654)		
6143300 31	Group Insurance - Dental - Finance	0	1,311	(1,311)	437	1,091	(1,091)	874	(874)	1,337	(1,337)		
6143500 31	Group Insurance - Vision - Finance	0	839	(839)	400	820	(820)	799	(799)	930	(930)		
6144000 31	401(k) Match - Finance	0	14,941	(14,941)	5,360	12,916	(12,916)	10,719	(10,719)	10,015	(10,015)		
6145000 31	Group Insurance - Life - Finance	0	2,328	(2,328)	1,133	2,297	(2,297)	2,267	(2,267)	2,088	(2,088)		
6146000 31	Long Term Disability Insurance - Finance	0	2,716	(2,716)	937	2,293	(2,293)	1,874	(1,874)	1,923	(1,923)		
	Total Wages & Benefits	0	681,696	(681,696)	332,264	673,443	(673,443)	664,529	(664,529)	621,931	(621,931)		
6210005 31	Payroll Processing Fees - Finance	33,665	28,888	4,777	16,201	30,030	3,635	32,401	1,264	0	33,665		
6211000 31	Continuing Education - Finance	480	480	0	0	480	0	0	480	470	10		
6213000 31	Employee Recruitment - Finance	0	0	0	0	0	0	0	0	17,806	(17,806)		
6213100 31	Temporary Agency Fees - Finance	0	0	0	4,043	4,043	(4,043)	8,086	(8,086)	0	0		
6214000 31	Meals & Special Events - Finance	0	0	0	32	32	(32)	64	(64)	0	0		
6215000 31	Mileage - Finance	45	60	(15)	0	30	15	0	45	45	0		
6410000 31	Office Supplies - Finance	5,000	5,800	(800)	900	3,798	1,202	1,800	3,200	24,629	(19,629)		
6410005 31	Building Supplies - Finance	0	300	(300)	0	150	(150)	0	0	0	0		
6410010 31	Hospitality - Finance	790	940	(150)	358	826	(36)	715	75	0	790		
6410015 31	Computer Supplies - Finance	1,200	300	900	882	1,032	168	1,764	(564)	0	1,200		
6410025 31	Lunch Room Supplies - Finance	100	200	(100)	31	133	(33)	61	39	0	100		
6410030 31	Printer / Copier Supplies - Finance	5,500	7,000	(1,500)	2,383	5,881	(381)	4,766	734	0	5,500		
6432100 31	Audit Fees - Finance	141,600	116,004	25,596	71,002	129,004	12,596	142,004	(404)	0	141,600		
6435100 31	Bank Service Fees - Finance	3,060	4,080	(1,020)	2,409	4,449	(1,389)	4,818	(1,758)	0	3,060		
6444000 31	Equipment Rental - Finance	3,071	3,075	(4)	1,578	3,114	(43)	3,155	(84)	2,738	333		
6478000 31	Service Contracts - Finance	2,150	1,980	170	1,151	2,141	9	2,303	(153)	1,862	288		
6482000 31	Dues, Memberships & Books - Finance	340	340	0	0	170	170	0	340	134	206		
6483201 31	Mailouts - Periodic	9,650	8,100	1,550	8,199	9,249	401	16,398	(6,748)	0	9,650		
6483202 31	Mailouts - Pymt Coupons - Finance	10,012	2,800	7,212	7,354	10,154	(142)	14,708	(4,696)	0	10,012		
6491000 31	Miscellaneous Writeoffs - Finance	0	0	0	(140)	(140)	140	(279)	279	44,722	(44,722)		
6721000 31	State & Federal Taxes - Finance	26,400	16,500	9,900	26,887	35,137	(8,737)	53,775	(27,375)	0	26,400		
6910000 31	Uncollectible Customer Receivables - Finance	0	0	0	1	1	(1)	1	(1)	883	(883)		
6951000 31	Non-Budgeted Exp for Committee - Finance	1,000	1,000	0	107	605	395	215	785	0	1,000		
	Total Operating Expenses	244,063	197,847	46,216	143,378	240,319	3,744	286,755	(42,692)	93,289	150,774		

Golden Rain Foundation
2016 Proposed Operating Budget - Cost Center 31 - Finance Dept. (Draft)
Data as of June 30, 2015

(A)	(B)	(D)	(E)	(D) - (E)	(F)	(G)	(D) - (G)	(H)	(D) - (H)	(I)	(D) - (I)
GL Account	GL Name	2016	2015		2015	2015		2015		2014	
		Total	Budget	Variance	YTD Actual	Projected	Variance	Annualized	Variance	Actual	Variance
	Total Cost Center Expenses	244,063	879,543	(635,480)	475,642	913,762	(669,699)	951,284	(707,221)	715,220	(471,157)
	Other Cost Recovery										
5380310 31	Edison Pymt Processing - Finance	3,113	3,360	(247)	1,505	3,185	(72)	3,009	104	0	3,113
5385000 31	Other Income - Finance	0	0	0	84	84	(84)	168	(168)	3,293	(3,293)
5540000 31	Discounts Earned - Finance	214	475	(261)	116	356	(142)	232	(18)	1,239	(1,025)
	Total Other Cost Recovery	3,327	3,835	(508)	1,705	3,625	(298)	3,409	(82)	4,532	(1,205)
5330000 31	Income from / (Refund to) Mutuals - Finance	240,736	875,708	(634,972)							

**GOLDEN RAIN FOUNDATION
2016 BUDGET ASSUMPTIONS
Finance Department – CC31**

GL CODE	LINE ITEM	DESCRIPTION	EXHIBITS																														
61000 (6100000)	Salaries & Wages	For the 2015 budget, FTEs will remain the same as 2014 at 9.20. Increase in salaries is based on performance based adjustments in 2014 and restructuring of department.																															
61400 (6140000)	Payroll Taxes	Calculations are based on the current rates established by Federal and State statute. 2014 and estimated 2015 rates are listed below. <table><tr><td></td><td>2014</td><td>2015</td></tr><tr><td>SS Max Salary</td><td>\$113,700</td><td>\$117,000</td></tr><tr><td>SS Rate</td><td>6.20%</td><td>6.20%</td></tr><tr><td>Medicare Rate</td><td>1.45%</td><td>1.45%</td></tr><tr><td>SS & Med. Rate</td><td>7.65%</td><td>7.65%</td></tr><tr><td>UI Max Salary</td><td>\$7,000</td><td>\$7,000</td></tr><tr><td>UI State</td><td>3.7%</td><td>3.3%</td></tr><tr><td>UI Fed</td><td>1.2%</td><td>1.8%</td></tr><tr><td>UI Total</td><td>4.9%</td><td>5.1%</td></tr><tr><td>UI Max Total</td><td>\$343</td><td>\$357</td></tr></table>		2014	2015	SS Max Salary	\$113,700	\$117,000	SS Rate	6.20%	6.20%	Medicare Rate	1.45%	1.45%	SS & Med. Rate	7.65%	7.65%	UI Max Salary	\$7,000	\$7,000	UI State	3.7%	3.3%	UI Fed	1.2%	1.8%	UI Total	4.9%	5.1%	UI Max Total	\$343	\$357	
	2014	2015																															
SS Max Salary	\$113,700	\$117,000																															
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UI Total	4.9%	5.1%																															
UI Max Total	\$343	\$357																															
61420 (6142000)	Workers Comp Insurance	According to the insurance broker, we should anticipate a 32.7% increase over the 2014 budget. However based on our 2014 audit, we anticipate a \$40K refund in 2015 due to lower actual vs. estimated wages in 2014. This reduces the anticipated increase in 2015 to 26.6%. Premiums are calculated using rates assigned to four different classifications of job positions. These rates are based on the degree of physical activities involved with each position. Positions requiring more physical activities, such as inspectors and service maintenance crew have a higher rate compared to office staff positions requiring a lesser degree of physical activity. As such, some cost center budgets will show an increase higher than other cost centers.																															
61430 – 61460 (6143000-6146000)	EE Benefits	According to our Healthcare Insurance Broker, healthcare insurance is expected to increase in 2015. The projected 2014 rates were lower than expected due to a change in our healthcare plan and employer/employee cost sharing changes. Therefore, in most cases, there will be a decrease in healthcare costs in 2015 compared to the 2014 budget. Medical - 9% to 12% (budget will encompass a 12% increase) Dental - about 5% to 9% (budget will encompass a 9% increase) Life, LTD, Vision - about 5% (budget will encompass a 5% increase) Although the budget change may vary by department, the total overall company employee medical benefits decreased by 13.6% over the 2014 budget. In Department 31, benefits have increased due to the restructuring of the department.																															
6210005	Payroll Processing	Annual fees for payroll/HR system and bi-weekly payroll processing: Bi-Weekly [(((225 x \$5.30)+\$191) x 85%)+\$11] x 9 \$10,683 Bi-Weekly [(((225 x \$5.52)+\$198) x 85%)+\$12] x 17 \$21,012																															

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**GOLDEN RAIN FOUNDATION
2016 BUDGET ASSUMPTIONS
Finance Department – CC31**

		Quarterly Report Delivery (\$15 x 4) W-2 Processing (275 x \$6) + \$60 Stop Payments (\$25 x 8) Total	60 1,710 <u>200</u> 33,665	
		The 2016 increase is based on estimated increases in fees. This was budgeted in Cost Center 34 – ITS in 2014.		
64810 (6211000)	Continuing Education	This line item will include workshops and seminars to assist in strengthening skills and receiving updates on regulations.		
64820 (6215000)	Mileage	This line item will cover mileage expense incurred when commuting to offsite workshops and seminars.		
64100 (6410000)	Office Supplies	Typical items charged to this account are stationary, check stock, deposit slips, receipt books, 1099M forms. Estimated expenditures: Envelopes & Letterhead 1,650 Deposit slips & receipt books. 100 Misc Office Supplies <u>3,250</u> Total budget 5,000 For the 2014 budget, this line item also included ink, toner, coffee & tea, budget and annual statement mailing and printing costs, and building supplies. These items have been stripped out into separate budget line items for ease of tracking.		
64102 (6410005)	Building Supplies	The budget for building supplies are included in cost center 29.		
64103 (6410010)	Hospitality	Includes coffee, tea, stir sticks, sugar, creamer, and Styrofoam cups. Coffee and tea beverages are consumed by the Finance and IT staff as well as visitors to this area.		
64104 (6410015)	Computer Supplies	Items include computer peripheral items such as keyboards, mice, monitors, etc. The 2016 budget supports the purchase of four (4) 22" monitors for 2 staff members and one ergonomic keyboard.		
64109 (6410025)	Lunch Room Supplies	Typical items charged to this account are dish soap, paper plates, and plastic utensils.		
64111 (6410030)	Printer/Copier Supplies	Items included in this account include Copier/Printer Paper and Ink/toner. Estimated Expenditures: Ink / Toner 3,000 Paper <u>2,500</u> Total budget 5,500		
64320 (6432100)	Audit Fees	The annual budget of \$141,600 is the mid-point of the two bids received for the annual financial audit and tax services for both the GRF and 16 Mutual Corporations. This amount may change based on the outcome of this year's bidding process. The 2014 budget and actual expenses for this line item was recorded in Cost Center 30 – Administration and was reclassified to this cost center for 2015.		
64350 (6435100)	Bank Service Fees	Bank service fees cover the management and holding of the bond portfolio at BNY Mellon. The fee is .04% of the total bond portfolio. Due to the decreasing bond portfolio, the 2016 budget reflects a \$1,080 reduction. Also included in this line item are estimated credit card fees of \$60.		

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**GOLDEN RAIN FOUNDATION
2016 BUDGET ASSUMPTIONS
Finance Department – CC31**

		The 2014 budget and actual expenses for this line item was recorded in Cost Center 30 – Administration and was reclassified to this cost center for 2015.	
64440 (6444000)	Equipment Rental	Expenditures charged to this account include the rental of: 2 Konica machines \$2,976 PO Box for Accts Payable Invoices <u>95</u> Total budget \$3,071 Maintenance expenses for the Konica machines were budgeted in this line item for 2014 and has been reclassified to Service Contracts (64940) in the 2015 budget.	
64940 (6478000)	Service Contracts	This line item covers the following: Electronic letter opener annual maint. \$300 Konica copiers (2) usage costs <u>1,850</u> Total budget \$2,150 Maintenance expenses for the Konica machines were budgeted under the Equipment Rental budget in 2014 but are now included in this line item for 2015.	
64830 (6482000)	Dues Memberships & Books	Funds are requested for the following: Calif Assoc of Community Mangers 340	
6483201	Mailouts – Periodic	This item includes the printing expenses for the GRF annual financial statements and newspaper distribution expenses for inserting the annual GRF & Mutual budgets and the GRF and Mutual audited financial statements into the Golden Rain News: Annual budget distribution \$1,200 Annual financial stmt distribution 1,200 GRF annual stmt printing <u>7,250</u> Total Budget \$9,650	
6483202	Mailouts – Pymt Coupons	This item covers the printing costs of the annual payment coupons to the membership plus coupon books for new members and for replacement payment books due to change in assessments. Annual mailing 5,562 New members & replacements <u>4,450</u> Total Budget 10,012	
67200 (6721000)	State & Federal Income Taxes	The budget assumption takes average income taxes 2012 & 2013 taxable income as reported on the State and Federal income tax returns. State 12,500 Federal <u>13,900</u> Total budget \$26,400 We anticipate filing an amendment for the 2014 tax filing year. Therefore, 2014 calculated income taxes were not included in determining the 2016 income tax expense budget. The budgeted number is subject to change based on the 2016 budgeted News revenues and an established overhead amount to offset this revenue.	

**GOLDEN RAIN FOUNDATION
2016 BUDGET ASSUMPTIONS
Finance Department – CC31**

		The 2014 budget and actual expenses for this line item was recorded in Cost Center 30 – Administration and was been reclassified to this cost center for 2015.	
6951000	Committee Non-Budgeted Expenses	Funds in the amount of \$1,000 per committee has been budgeted for 2016 per Policy 5516 adopted by the GRF board at its meeting on April 22, 2014. These funds are set aside for unbudgeted expenditures authorized at the committee level.	
5380310	Edison Pymt Processing	This item includes payments received from Southern California Edison for processing payments received from shareholders for their electricity bills. We process approximately 12,452 payments per year at the contracted rate of \$.25 per payment. (The Edison contract is currently UTL.)	
55400 (5541000)	Discounts Earned	This item includes discounts taken on vendor invoices offering payment term discounts. It is our practice to always take advantage of vendor payment discounts.	

Golden Rain Foundation
2016 Proposed Operating Budget - Cost Center 32 - Purchasing (Draft)
Data as of June 30, 2015

GL Account	GL Name	2016 Total	2015 Budget	Variance	2015 YTD Actual	2015 Projected	Variance	2015 Annualized	Variance	2014 Actual	Variance
Expenses - Purchasing											
6100000	3 Salaries & Wages - Purchasing	0	179,566	(179,566)	81,351	172,167	(172,167)	162,702	(162,702)	185,513	(185,513)
6140000	3 Employment Taxes - Purchasing	0	14,414	(14,414)	6,819	13,695	(13,695)	13,637	(13,637)	16,047	(16,047)
6142000	3 Workers' Compensation - Purchasing	0	13,677	(13,677)	6,693	11,595	(11,595)	13,385	(13,385)	12,549	(12,549)
6143000	3 Group Insurance - Medical - Purchasing	0	16,863	(16,863)	13,009	21,439	(21,439)	26,018	(26,018)	29,174	(29,174)
6143300	3 Group Insurance - Dental - Purchasing	0	396	(396)	344	542	(542)	688	(688)	730	(730)
6143500	3 Group Insurance - Vision - Purchasing	0	236	(236)	194	314	(314)	389	(389)	448	(448)
6144000	3 401(k) Match - Purchasing	0	5,396	(5,396)	1,605	4,335	(4,335)	3,211	(3,211)	4,354	(4,354)
6145000	3 Group Insurance - Life - Purchasing	0	815	(815)	392	800	(800)	784	(784)	787	(787)
6146000	3 Long Term Disability Insurance - Purchasing	0	950	(950)	313	787	(787)	625	(625)	664	(664)
	Total Wages & Benefits	0	232,313	(232,313)	110,720	225,674	(225,674)	221,439	(221,439)	250,266	(250,266)
6211000	3 Continuing Education - Purchasing	1,200	500	700	0	0	1,200	0	1,200	0	1,200
6213100	3 Temporary Agency Fees - Purchasing	0	0	0	12,250	12,250	(12,250)	24,499	(24,499)	0	0
6214000	3 Meals & Special Events - Purchasing	120	120	0	(4)	116	4	(8)	128	263	(143)
6215000	3 Mileage - Purchasing	120	120	0	0	60	60	0	120	0	120
6217000	3 Uniforms & Laundry - Purchasing	1,850	1,950	(100)	748	1,723	127	1,495	355	1,972	(122)
6410000	3 Office Supplies - Purchasing	1,200	1,200	0	596	1,196	4	1,192	8	12,956	(11,756)
6410005	3 Building Supplies - Purchasing	1,020	1,200	(180)	163	763	257	325	695	0	1,020
6410010	3 Hospitality - Purchasing	540	500	40	150	402	138	301	239	0	540
6410015	3 Computer Supplies - Purchasing	800	800	0	0	400	400	0	800	0	800
6410020	3 Equipment Expense - Purchasing	1,344	1,500	(156)	150	900	444	300	1,044	0	1,344
6410030	3 Printer / Copier Supplies - Purchasing	800	800	0	319	721	79	637	163	0	800
6411000	3 Freight & Handling - Purchasing	9,900	10,000	(100)	4,501	9,503	397	9,001	899	7,998	1,902
6411001	3 Inventory Price Variances - Purchase	0	0	0	303	303	(303)	606	(606)	0	0
6435100	3 Bank Service Fees - Purchasing	600	0	600	104	104	496	208	392	0	600
6444000	3 Equipment Rental - Purchasing	1,344	1,350	(6)	670	1,345	(1)	1,340	4	1,193	151
6471000	3 Building Repair & Maintenance - Purchasing	600	600	0	0	300	300	0	600	0	600
6472000	3 Equipment Repair & Maintenance - Purchasing	600	600	0	32	332	268	64	536	353	247
6478000	3 Service Contracts - Purchasing	216	150	66	102	177	39	204	12	197	19
6482000	3 Dues, Memberships & Books - Purchasing	491	200	291	354	453	38	708	(217)	192	299
6483000	3 Propane - Purchasing	1,500	2,000	(500)	472	1,072	428	945	555	0	1,500
6911500	3 Inventory Over / Short-Purchasing - F	2,000	2,000	0	(8,439)	(7,437)	9,437	(16,878)	18,878	1,922	78

Golden Rain Foundation
2016 Proposed Operating Budget - Cost Center 32 - Purchasing (Draft)
Data as of June 30, 2015

GL Account	GL Name	2016 Total	2015 Budget	Variance	2015 YTD Actual	2015 Projected	Variance	2015 Annualized	Variance	2014 Actual	Variance
6911505 3	Obsolete Inventory Adjustment - Purc	4,000	4,000	(0)	1,998	4,000	(0)	3,996	4	0	4,000
	Total Operating Expenses	30,245	29,590	655	14,469	28,683	1,562	28,935	1,310	27,046	3,199
	Total Cost Center Expenses	30,245	261,903	(231,658)	125,189	254,357	(224,112)	250,374	(220,129)	277,312	(247,067)
Other Cost Recovery											
5380320 3	Shipping & Processing Recovery - Pl	30,000	10,000	20,000	14,776	19,774	10,226	29,551	449	0	30,000
5385000 3	Other Income - Purchasing	0	0	0	0	0	0	0	0	104	(104)
5540000 3	Discounts Earned - Purchasing	0	0	0	1,090	1,090	(1,090)	2,181	(2,181)	0	0
	Total Othe Cost Recovery	30,000	10,000	20,000	15,866	20,864	9,136	31,732	(1,732)	104	29,896
5330000 3	Income from / (Refund) to Mutuals	245	251,904	(251,659)							

**GOLDEN RAIN FOUNDATION
2016 BUDGET ASSUMPTIONS
Purchasing – 32**

GL CODE	LINE ITEM	DESCRIPTION	EXHIBITS																														
61000 (6100000)	Salaries and Wages	For the 2015 budget, FTEs will remain the same as 2014 at 4.0. Decrease in salaries is based on staff turnover and lower new hire salaries than projected in 2014.																															
61400 (6140000)	Payroll Taxes	Calculations are based on the current rates established by Federal and State statute. 2014 and estimated 2015 rates are listed below. <table><tr><td></td><td>2014</td><td>2015</td></tr><tr><td>SS Max Salary</td><td>\$113,700</td><td>\$117,000</td></tr><tr><td>SS Rate</td><td>6.20%</td><td>6.20%</td></tr><tr><td>Medicare Rate</td><td>1.45%</td><td>1.45%</td></tr><tr><td>SS & Med. Rate</td><td>7.65%</td><td>7.65%</td></tr><tr><td>UI Max Salary</td><td>\$7,000</td><td>\$7,000</td></tr><tr><td>UI State</td><td>3.7%</td><td>3.3%</td></tr><tr><td>UI Fed</td><td>1.2%</td><td>1.8%</td></tr><tr><td>UI Total</td><td>4.9%</td><td>5.1%</td></tr><tr><td>UI Max Total</td><td>\$343</td><td>\$357</td></tr></table>		2014	2015	SS Max Salary	\$113,700	\$117,000	SS Rate	6.20%	6.20%	Medicare Rate	1.45%	1.45%	SS & Med. Rate	7.65%	7.65%	UI Max Salary	\$7,000	\$7,000	UI State	3.7%	3.3%	UI Fed	1.2%	1.8%	UI Total	4.9%	5.1%	UI Max Total	\$343	\$357	
	2014	2015																															
SS Max Salary	\$113,700	\$117,000																															
SS Rate	6.20%	6.20%																															
Medicare Rate	1.45%	1.45%																															
SS & Med. Rate	7.65%	7.65%																															
UI Max Salary	\$7,000	\$7,000																															
UI State	3.7%	3.3%																															
UI Fed	1.2%	1.8%																															
UI Total	4.9%	5.1%																															
UI Max Total	\$343	\$357																															
61420 (6142000)	Workers Comp Insurance	According to the insurance broker, we should anticipate a 32.7% increase over the 2014 budget. However based on our 2014 audit, we anticipate a \$40K refund in 2015 due to lower actual vs. estimated wages in 2014. This reduces the anticipated increase in 2015 to 26.6%. Premiums are calculated using rates assigned to four different classifications of job positions. These rates are based on the degree of physical activities involved with each position. Positions requiring more physical activities, such as inspectors and service maintenance crew have a higher rate compared to office staff positions requiring a lesser degree of physical activity. As such, some cost center budgets will show an increase higher than other cost centers.																															
61430 – 61460 (6143000-6146000)	EE Benefits	According to our Healthcare Insurance Broker, healthcare insurance is expected to increase in 2015. The projected 2014 rates were lower than expected due to a change in our healthcare plan and employer/employee cost sharing changes. Therefore, in most cases, there will be a decrease in healthcare costs in 2015 compared to the 2014 budget. Medical - 9% to 12% (budget will encompass a 12% increase) Dental - about 5% to 9% (budget will encompass a 9% increase) Life, LTD, Vision - about 5% (budget will encompass a 5% increase) Although the budget change may vary by department, the total overall company employee medical benefits decreased by 13.6% over the 2014 budget.																															

**GOLDEN RAIN FOUNDATION
2016 BUDGET ASSUMPTIONS
Purchasing – 32**

GL CODE	LINE ITEM	DESCRIPTION	EXHIBITS
6211000	Continuing Education	Funds are budgeted for staff training, forklift certification (300), Excel classes – team skill enhancements for increased productivity.	
6213100	Temp Agency Fees		
6214000	Meals	Meals during training, inventory, etc.	
6215000	Mileage	To cover off-site travel, including merchandise pick up, delivery, banking, training.	
6217000	Uniforms & Laundry	Funds budgeted for this department are for two (2) staff uniforms (\$6.38 weekly) and service charges (\$28 weekly) for multiple pick up points per contract and \$50 yearly for replacement smocks.	
6410000	Office Supplies	Funds are budgeted for the day-to-day operations of the department. The 2016 budget is based on historical figures.	
6410005	Building Supplies	Funds are budgeted for the day-to-day operations of the department. Items include lock changes, air filters, WD-40 etc. The 2016 budget is based on historical figures.	
6410010	Hospitality	Funds are budgeted for the day-to-day operations of the department. Coffee, Tea etc. The 2016 budget is based on historical figures.	
6410015	Computer Supplies	Funds are budgeted for the day-to-day operations of the department. Computer Supplies, will be used to replace one workstation within the department.	
6410020	Equipment Expense	Funds are budgeted for the day-to-day operations of the department. Equipment Expense. (Radios, phones, item label sticker guns, etc.) The 2016 budget is based on historical figures.	
6410030	Printer/Copier Supplies	Funds are budgeted for the day-to-day operations of the department for paper and ink cartridges for printers. The 2016 budget is based on historical figures.	
6411000	Freight	Funds are budgeted to cover the cost of shipping and handling of inventory items purchased. The 2016 budget is based on historical figures.	
6411001	Inventory Price Variances	Unplanned price variances between PO price and invoice price.	
6435100	Bank Service Fees	Funds are budgeted to cover the cost of bank service fees to cover the costs associated with accepting credit cards as payment in the purchasing department.	
6444000	Equipment Rental	Funds are budgeted for the Konica copy machine monthly rental cost of \$111.64 per contract.	
6471000	Bldg Repair & Maintenance	Funds are budgeted for any small repairs to the Purchasing Office and warehouse, including touch up painting, roll up door maintenance, etc. The 2016 budget is based on historical figures.	
6472000	Equipment Repair & Maintenance	Funds are budgeted for any small repairs to equipment such as a Cushman and a forklift used by this cost center. The 2016 budget is based on historical figures.	
6478000	Service Contracts	Funds are budgeted for Konica charges for copies above and beyond the allowed contract amount. Based on historical figures.	
6482000	Dues Memberships & Books	Annual membership to Costco \$55 (reduced costs), subscription to Consumer Reports (quality) \$30, Staples Preferred \$299 (reduced costs) Amazon Prime \$106.92 (for free expedited shipping on purchases).	

**GOLDEN RAIN FOUNDATION
2016 BUDGET ASSUMPTIONS
Purchasing – 32**

6483000	Propane	Funds are budgeted for fuel for use in warehouse heating, based on historical figures and trending fuel rates from Grant.	
6911500	Inventory Over/Short	Funds are budgeted for inventory shrinkage. Inventory lost due to damage, miscount, theft, and/or waste. Shrinkage is figured at .5% of current total inventory (\$400K)	
6911505	Obsolete Inventory Adj	Funds are budgeted for obsolete item write-offs which will be part of the normal course of business. Inventory reserve is figured at 1% of total current inventory (\$400K).	
		OTHER INCOME	
5380320	Shipping & Processing Recovery	Per policy 3324-31 – Purchasing Fees, billable materials will contain a 2% markup to recover the cost of shipping and processing.	

Golden Rain Foundation
2016 Proposed Operating Budget - Cost Center 39 - Resales Office (Draft)
Data as of June 30, 2015

(A)	(B)	(D)	(E)	(D) - (E)	(F)	(G)	(D) - (G)	(H)	(D) - (H)	(I)	(D) - (I)
GL Account	GL Name	2016 Total	2015 Budget	Variance	2015 YTD Actual	2015 Projected	Variance	2015 Annualized	Variance	2014 Actual	Variance
Expenses - Onsite Sales Office											
6420100 39	Electricity - Onsite Sales Office	5,070	0	5,070	1,988	1,988	3,082	3,977	1,093	0	5,070
	Total Operating Expenses	5,070	0	5,070	1,988	1,988	3,082	3,977	1,093	0	5,070
	Total Cost Center Expenses	5,070	0	5,070	1,988	1,988	3,082	3,977	1,093	0	5,070
Other Cost Recovery											
5395000 39	Rental Income - Onsite Sales Office	389,100	355,000	34,100	234,849	412,347	(23,247)	469,698	(80,598)	415,613	(26,513)
	Total Other Cost Recovery	389,100	355,000	34,100	234,849	412,347	(23,247)	469,698	(80,598)	415,613	(26,513)
5330000 39	Income from / (Refund to) Mutuals - Onsite	(384,030)	(355,000)	(29,030)							

**GOLDEN RAIN FOUNDATION
2016 BUDGET ASSUMPTIONS
Onsite Sales Office – CC39**

GL CODE	LINE ITEM	DESCRIPTION	EXHIBITS																				
6420100	Electricity	Per the lease contract, GRF is to pay for the Resales office electricity. Estimate is based on a 6-month trend established in 2015 with a 4% increase.																					
53950 (5395000)	Rental Income	<p>In accordance with the contract, the sales office leases office space from the GRF. Their monthly lease payments are equal to 54% of the gross monthly commissions.</p> <p>For budget purposes, the estimated annual commission is based on the annualized average rental income for 60 months from July 2010 through June 2015, calculated as follows:</p> <table><tr><td>Rental Income</td><td></td></tr><tr><td>July – Dec 2010</td><td>\$135,058</td></tr><tr><td>2011</td><td>301,242</td></tr><tr><td>2012</td><td>336,266</td></tr><tr><td>2013</td><td>533,252</td></tr><tr><td>2014</td><td>404,813</td></tr><tr><td>Jan – Jun 2015</td><td><u>234,849</u></td></tr><tr><td>Total Rental Income</td><td>\$1,945,481</td></tr><tr><td>Divided by 60 months</td><td><u>32,425</u></td></tr><tr><td>Times 12 months</td><td>\$389,100</td></tr></table>	Rental Income		July – Dec 2010	\$135,058	2011	301,242	2012	336,266	2013	533,252	2014	404,813	Jan – Jun 2015	<u>234,849</u>	Total Rental Income	\$1,945,481	Divided by 60 months	<u>32,425</u>	Times 12 months	\$389,100	
Rental Income																							
July – Dec 2010	\$135,058																						
2011	301,242																						
2012	336,266																						
2013	533,252																						
2014	404,813																						
Jan – Jun 2015	<u>234,849</u>																						
Total Rental Income	\$1,945,481																						
Divided by 60 months	<u>32,425</u>																						
Times 12 months	\$389,100																						

Golden Rain Foundation
2016 Proposed Operating Budget - Cost Center 60 - Health Care Center (Draft)
Data as of June 30, 2015

(A)	(B)	(D)	(E)	(D) - (E)	(F)	(G)	(D) - (G)	(H)	(D) - (H)	(I)	(D) - (I)
GL Account	GL Name	2016 Total	2015 Budget	Variance	2015 YTD Actual	2015 Projected	Variance	2015 Annualized	Variance	2014 Actual	Variance

Expenses - Health Care Center

Other Cost Recovery

5395000 60	Rental Income - Health Care Center	564,000	564,000	0	282,000	564,000	0	564,000	0	564,000	0
	Total Other Cost Recovery	564,000	564,000	0	282,000	564,000	0	564,000	0	564,000	0
5330000 60	Income from / (Refund to) Mutuals - Health C	(564,000)	(564,000)	0							

GOLDEN RAIN FOUNDATION
2016 BUDGET ASSUMPTIONS
Health Care Center – CC60

GL CODE	LINE ITEM	DESCRIPTION	EXHIBITS
53950 (5395000)	Rental Income	The Health Care Center lease agreement was renewed in November 2013 for an additional five years. The extended contract includes the period of December 1, 2013 through November 30, 2018 at a monthly rate of \$47,000.	

Golden Rain Foundation
2016 Proposed Operating Budget - Cost Center 65 - Reserve Funding (Draft)
Data as of June 30, 2015

(A)	(B)	(D)	(E)	(D) - (E)	(F)	(G)	(D) - (G)	(H)	(D) - (H)	(I)	(D) - (I)
GL Account	GL Name	2016 Total	2015 Budget	Variance	2015 YTD Actual	2015 Projected	Variance	2015 Annualized	Variance	2014 Actual	Variance
Expenses - Reserve Funds Contributions											
8161000 65	Replacement Rsv Contributions - Res	1,000,000	1,000,000	0	499,998	999,998	2	999,996	4	0	1,000,000
	Total Operating Expenses	1,000,000	1,000,000	0	499,998	999,998	2	999,996	4	0	1,000,000
	Total Cost Center Expenses	1,000,000	1,000,000	0	499,998	999,998	2	999,996	4	0	1,000,000
5330000 65	Income from / (Refund to) Mutuals -	1,000,000	1,000,000	0							

GOLDEN RAIN FOUNDATION
2016 BUDGET ASSUMPTIONS
Reserve Funds Contributions – CC65

GL CODE	LINE ITEM	DESCRIPTION	EXHIBITS
8160000	Replacement Reserve Funding	Funding for the 2016 budget year has been set at \$1,000,000. In addition to this funding, the anticipated additional contributions to the reserve fund from the collection of membership fees is \$515,000.	

2016 Membership Fee Projection

Number of Membership Fees through 7/31/2015		358
Annualized		614
X \$1,678		<u>1,030,292</u>
Allocated to:		
Reserves	50%	515,146
Capital	50%	515,146
Total Membership Fee Allocation		<u>1,030,292</u>

2016 Budget for Property & Liability Premiums

	2016 Budget			
	Total	Mutual	GRF	% Incr
Property and Boiler & Machinery	1,329,233	1,233,562	95,671	25.00%
Automotive Liability	6,833	-	6,833	12.00%
General Liability	332,250	265,800	66,450	12.00%
Total Property and Liability	1,668,316	1,499,362	168,954	22.12%
Initial Payment - Philadelphia	417,079	374,841	42,238	
Umbrella (Excess Liability)	115,114	-	115,114	12.00%
Forefront Security (GRF)	14,502	-	14,502	8.00%
Directors & Officers (GRF)	38,715	-	38,715	10.00%
Excess D & O \$3M xs \$3M (GRF)	27,961	-	27,961	10.00%
Excess D & O \$4M xs \$6M (GRF)	30,642	-	30,642	10.00%
Cyber Liability (GRF)	8,127	-	8,127	5.00%
Errors & Omissions (GRF)	79,046	-	79,046	10.00%
Directors & Officers (Mutuals)	62,992	62,992	-	10.00%
Excess D & O \$3M xs \$3M (Mutuals)	43,805	43,805	-	10.00%
Excess D & O \$4M xs \$6M (Mutuals)	45,650	45,650	-	10.00%
Cyber Liability (Mutuals)	8,669	8,669	-	5.00%
Initial Payment - DLD Insurance Brokers	475,223	161,116	314,107	
Annual Pollution - 3 year renewal (1 yr)	33,655	-	33,655	
Total Prepaid Insurance	925,957.00	535,956.54	390,000.46	
		15010	11510	
Total Monthly Invoices Jan - Sept	1,251,237.00	1,124,521.62	126,715.38	
		15010	67300-30	
Statement of Values Ratio	100.00%	92.42%	7.58%	
Placement/Service Fees	-	-	-	
Grand Total Annual Insurance Premiums	2,177,194.00	1,660,478.16	516,715.84	18.85%

	2016 GRF Budget	2015 GRF Budget	Variance	Var %
CC 30	401,283	353,243	48,040	13.60%
CC 36	19,762	22,521	(2,760)	-12.25%
CC 79	95,671	86,486	9,185	10.62%
	516,716	462,250	54,466	11.78%
	2016 GRF Budget	2015 GRF Actual	Variance	Var %
	516,716	459,331	57,385	12.49%



WEINBERG & COMPANY, P.A.
CERTIFIED PUBLIC ACCOUNTANTS

July 28, 2015

The Board of Directors,
Mr. Randy Ankeny, Executive Director
Ms. Carolyn Miller, Controller
Golden Rain Foundation
13531 St. Andrews Drive
Seal Beach, CA 90740

Dear Board Members, Mr. Ankeny, and Ms. Miller,

We are pleased to provide you this supplemental schedule of fees which supersedes the estimate of fees in our proposal dated May 15, 2015 to the Golden Rain Foundation and Seal Beach Mutual One through Seal Beach Mutual Seventeen for the following services for the year ended December 31, 2015:

- Audit of the Golden Rain Foundation
- Audits of Seal Beach Mutual's One through Seventeen
- Preparation of Federal and California income tax returns for the Golden Rain Foundation and Seal Beach Mutual's One through Seventeen
- Audit of the Golden Rain Foundation 401(k) Employees Retirement Plan

To clarify, our fees for the above services are:

Option A

	2015	2016	2017
Financial Audit for GRF and all Mutuals Corporations with tax returns	\$132,000	\$139,000	\$146,500
401(k) Audit	\$10,000	\$10,000	\$10,000
Total	\$142,000	\$149,000	\$156,500

Option B

	2015	2016	2017
Financial Audit for GRF and tax returns	\$85,000	\$90,000	\$95,000
Financial Audit for all 16 Mutual Corporations with tax returns	\$80,000	\$85,000	\$90,000
401(k) Audit	\$10,000	\$10,000	\$10,000
Total	\$175,000	\$185,000	\$195,000

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Telephone: 852-2780-7231
Facsimile: 852-2780-8717

We hope you find this schedule of fees acceptable, and welcome the opportunity of discussing with you further. If you have any questions, please call me at 310-601-2200. We look forward to a long relationship.

Sincerely,

John Lucas

Weinberg & Company. P.A.





CERTIFIED PUBLIC ACCOUNTANTS
&
BUSINESS CONSULTANTS

April 23, 2015

Golden Rain Foundation
Finance Committee
Post Office Box 2069
Seal Beach, California 90740

Re: Audit and Tax Fee Proposal for the Years 2015 – 2017

Ladies and Gentlemen:

NSBN LLP is honored to provide the Golden Rain Foundation ("GRF"), the Seal Beach Mutual Corporations ("Mutuals"), and the Golden Rain Foundation 401(k) Plan ("Plan") with a proposal for audit and tax services for the years ending December 31, 2015 – 2017.

In this changing environment, GRF, the Mutuals, and the Plan need a firm to be more than your auditor or tax preparer. You deserve a firm that cares. You need a business partner. NSBN is that firm.

With NSBN, GRF, the Mutuals, and Plan receive the benefits of:

1. A Firm who recently celebrated its 60th anniversary
2. A Top 200 CPA Firm nationwide
A Top 30 CPA Firm in California
A Top 25 CPA Firm in Los Angeles County
3. A Firm that experiences high staff loyalty and low turnover, leading to engagement team continuity
4. An efficient and effective engagement team, well trained and professionally managed
5. A Firm providing personalized, timely communication at reasonable fees, priding ourselves on positive working relationships with all of our clients

During our relationship, NSBN has demonstrated that we are that firm you need. We have:

1. Delivered both the audits and tax returns by your deadline in a timely fashion
2. Gained the knowledge of your operations, needs and concerns, while adapting to various management and personnel changes
3. Beyond the audit and tax services, we have worked with management assisting them when other financial or tax issues have arisen

Golden Rain Foundation
Finance Committee
April 23, 2015
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4. Provided these services at reasonable rates, noting that we have not raised our fees during the past five years
5. Developed the trust and teamwork between management, the engagement team, and the firm, that has led to this successful relationship

These all go to highlight that NSBN is your firm.

We would like to present our proposals under Options A and B for providing audit and tax services for the years ending December 31, 2015 – 2017.

Option A:

	2015	2016	2017
Financial audit for GRF and all Mutual Corporations with tax returns	\$ 127,500	\$ 131,000	\$ 135,000
401(k) Audit	\$ <u>7,000</u>	\$ <u>7,500</u>	\$ <u>8,000</u>
Total	\$ <u>134,500</u>	\$ <u>138,500</u>	\$ <u>143,000</u>


Option B:

	2015	2016	2017
Financial audit for GRF with Tax returns	\$ 45,000	\$ 46,000	\$ 48,000
401(k) Audit	\$ <u>7,000</u>	\$ <u>7,500</u>	\$ <u>8,000</u>
Total	\$ <u>52,000</u>	\$ <u>53,500</u>	\$ <u>56,000</u>
Financial audits for all 16 Mutual Corporations with tax returns	\$ 82,500	\$ 85,000	\$ 87,000
401(k) Audit	\$ <u>7,000</u>	\$ <u>7,500</u>	\$ <u>8,000</u>
Total	\$ <u>89,500</u>	\$ <u>92,500</u>	\$ <u>95,000</u>

Please contact us with your questions and comments.

We look forward to continuing our relationship, and recognizing the Golden Rain Foundation and the Seal Beach Mutual Corporations as a distinguished client.

Sincerely,



Kenneth W. Scurlock, CPA
Partner

