

**Santa Barbara Neighborhood Clinics
2013 Proposal
Cover Sheet**

Foundation you are applying to: St. Francis Foundation
 Legal Name of Applicant Organization: Santa Barbara Neighborhood Clinics
 Project Name: Care For Every Child
 Funds will pay for: Direct Program Support
 Full Mailing Address: 1900 State Street, Suite G, Santa Barbara , CA 93101
 Location(s) if different from above: _____
 Executive Director: Eligio G. White (Interim CEO) Phone: 805-617-7851
 Fax: (805) 898-2002 Email: eligio.white@sbclinics.com
 Website: www.sbclinics.com
 Contact Person & Title: Sunita Jethmalani, Director of Grants & Research Phone: (805) 617-7854

Tax-exempt Status: {Most funders require 501(c)(3) status. Check this requirement before applying}

501(c)(3) Granted Other: _____ Tax ID Number: 77-0496382

Type of Request: Check with individual funders to determine the types of accepted grant requests.

Note: Check all that apply.

General Support Program Support Seed Funding Research
 Capital Endowment Multi-Year Collaborative

This Grant Request: \$ 20,000 Of Total Budget: \$ 3,496,709

Grant Period from: 07/01/2013 To: 06/30/2014

Total Organizational Budget -Current Year: \$9,450,566 Fiscal year begins: 07/01/2013

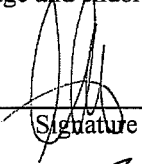
Summarize the organization's mission statement (two to three sentences):

The mission of Santa Barbara Neighborhood Clinics is to provide high quality, comprehensive, affordable healthcare to all people, regardless of their ability to pay, in an environment that fosters respect, compassion and dignity.

Summarize your grant request (two to three sentences):

SBNC is respectfully requesting a grant in the amount of **\$20,000** for our **Care for Every Child** program. Your generous grant will enable us to provide critical and preventive medical care, dental care, bi-lingual health education, chronic care management, case management, health insurance enrollment, and outreach to est. **5,300 low-income, uninsured, homeless and underserved children** (0-19 years old) in south Santa Barbara County who will avail of all these services through at least **19,000** patient visits.

Proposal Authorization: We certify that the information in this application is to the best of our knowledge true and accurate and is submitted with our Board of Directors'/Governing Body's full knowledge and endorsement:

Gary Gray, CPA Board Chair  3/11/2013
 Name of Authorized Board/Governing Body Representative Title Signature Date

Eligio G. White Interim Chief Executive Officer  03/11/2013
 Name of Lead Staff Member (or 2nd Representative) Title Signature Date



Proposal Narrative

BACKGROUND

1. Your organization’s history and accomplishments

SBNC is an important member of the critical health safety net that exists for Santa Barbara County. SBNC was formed in 1998 by merging three existing medical clinics, which had provided medical care to low-income patients since the 1970's. Today, SBNC consists of three free-standing medical clinics, a dental clinic with a dental education center, a Health Promotion Center and an administrative office. SBNC provides services to patients regardless of their ability to pay or eligibility for healthcare coverage.

Some 2012 SBNC accomplishments include: Successful implementation of EPM & EDR systems at all clinics (Phases 1 &2 of EHR migration Project), Year over Year increase in total revenues & community outreach through collaborations with over 100 organizations, event organizers and media outlets.

2. Your current programs and activities.

Services: SBNC provides the following *Sliding Fee Scale services* to the *low-income, homeless, uninsured and underserved population of south Santa Barbara County:*

<ol style="list-style-type: none"> 1. Acute and Preventive medical and dental care and supplies 2. Behavioral health and counseling services 3. Chronic care management for illnesses such as diabetes, pre-diabetes, hypertension, asthma and ADHD 4. Cancer Detection Program and Breast and Cervical Cancer Treatment Program 5. Family Planning Services, HIV, Hepatitis C and STD education, counseling and testing 6. Application assistance for health coverage, such as prescription assistance program, Healthy Families and Healthy Kids 	<ol style="list-style-type: none"> 7. “Care For Every Child” program 8. “Care for Every Senior” Program 9. “Priority Women’s Health” Program (includes family planning & supplies) 10. Bi-cultural/Bi-lingual health and life-skills education (includes teen health advocacy and Hispanic/Latino women’s health advocacy) 11. Community outreach and presentations 12. CalWorks Welfare to Work Program, Work Force Investment Board, internships (e.g. Dental Residency Program), work-study and other work training programs
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Demographics: In 2012, SBNC served **16,634 unduplicated** patients with **74,353** total patient and health education visits. **96%** of patients were *below 200% Federal Poverty Level*, **63%** *Hispanic/Latino*, **61%** *women*, **33%** *children* & **5%** *seniors*. Our Health Promotion Center delivered over **7,500** patient education visits.

Patient and Community Benefit: In the current economy, many low-income individuals find it difficult to afford critical healthcare services. SBNC offers high quality, affordable, comprehensive healthcare services on a *Sliding Fee Scale basis* to all individuals, especially the uninsured and underserved, *regardless of their ability to pay*. SBNC’s “Circle of Care” approach, which prioritizes health education & early intervention, enables our patients to improve their overall well-being, quality of life and financial stability.

3. Your organization’s relationships with other organizations working to meet the same need.

SBNC's success as a health safety net for south Santa Barbara County is due in part to our numerous collaborations with over **100** organizations and agencies. Collaborations with *other medical facilities*, such as Cottage Health System, Sansum Clinic, County Public Health and local oral and medical surgeons, allows us to provide expanded services and treat patients whose needs fall outside our scope of care. Collaborations with *colleges and universities*, such as Santa Barbara City College, Pacifica Graduate Institute and Santa Barbara Graduate Institute, among others, allow us to provide work-study, residency, internships and other training opportunities for students and community members. Collaborations with *numerous non-profits* including Direct Relief International, Casa Serena, Casa de la Raza, Casa Esperanza, the Boys & Girls Club, Isla Vista Teen center, Santa Barbara Food Bank, local schools and the YMCA in Isla Vista, allow our organizations to work together to outreach and to serve underprivileged populations in our community.

FUNDING REQUEST

1. What need or problem does your project work to address?

According to 2010-2012 data¹ reported by US Census Bureau, Urban Institute and Kaiser Commission on Medicaid and the Uninsured, over 1.1 million children (11% of the total uninsured population) remain uninsured in California. 72% of these children are 6-18 years old; 68% belong to Hispanic/Latino families and 67% of these children come from families that are below 200% Federal Poverty Level (defined as a family of 2 with annual income below \$29,424 or a family of 4 with annual income below \$44,712). In addition, 30.5% of all children in California were reported to be overweight or obese². According to recent OSHPD reports³, so-called "preventable hospitalizations" in children were related to five medical conditions such as low birth weight and short-term complications from diabetes. The financial implications of these avoidable hospitalizations can be significant. In 2011³, CMS reported that avoidable hospitalizations cost taxpayers more than \$7 billion. In California, avoidable hospitalizations cost the California-based health care system an estimated \$3.6 billion per year. It is interesting to note that people from minority ethnic groups, who are poor, or are disadvantaged, have especially high rates of diabetes. Diabetes costs in California exceed \$24 billion each year. Better access to primary health care and prevention programs can prevent avoidable hospitalizations and can reduce overall healthcare costs.

SBNC's "Circle of Care" approach which prioritizes health education and early intervention, improves children's health, quality of life, self-management skills and overall success. Health and preventive education, early intervention and services such as health insurance application assistance, case management, chronic care management, behavioral health services all address issues which affect our child patients' overall health and enhance their quality of life, skills and success.

Overall, SBNC's "Care For Every Child" program aims to benefit the community by:

<ul style="list-style-type: none"> • Keeping children out of emergency rooms & decreasing school absenteeism for preventable ailments • Increasing self-management skills and healthy-life styles 	<ul style="list-style-type: none"> • Empowering children and their families through education and increased access to services • Encouraging and delivering regular care for chronic conditions, e.g. diabetes and asthma
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With the current economic situation, recession, high rate of unemployment, more patients are walking into our clinics and the "Care For Every Child" program services are becoming more and more vital to our community. **33%** of all SBNC clinic visits are made by *children* 0-19 years of age. Annually, over **63% of total** patient visits delivered by SBNC's **Eastside Family Dental Clinic (EFDC)** are to **child patients**. EFDC is currently seeing over **1,000** patient visits per month.

As more people utilize our services, our program expenses increase because we provide services to every single person who walks through our doors, regardless of their ability to pay for services or their eligibility for healthcare coverage. A grant of **\$20,000** from St. Francis Foundation will enable SBNC's "Care For Every Child" program to continue providing a wide-spectrum of healthcare services to the low-income and underprivileged children (0-19 years) in south Santa Barbara County. By improving health of one child at a time, we enhance quality of life, financial stability and success of our entire community.

2. Program Goals and outcomes

Your valuable funding will enable us with the following goals for "Care For Every Child" program:

- Provide services to **5,300 unduplicated** children (ages 0-19 years).
- Deliver at least **19,000** patient visits (to include **10,600 medical** visits and **8,400 dental** visits).
- Serve *more below 200% Federal Poverty Level patients* (estimated at **98%**) and more low-income, uninsured *Hispanic/Latinos* (estimated at **84%**).

¹ <http://www.kidswellcampaign.org/States/Childrens-Coverage-Data/Profile-of-Uninsured-Children?GeoID=6>

² <http://www.statehealthfacts.org/profileglance.jsp?rgn=6>

³ <http://californiawatch.org/dailyreport/lack-primary-and-preventive-care-sends-thousands-hospitals-14935>

3. Describe your program

SBNC's "Care for Every Child" program is an *ongoing program* which provides comprehensive healthcare services to children (ages 0-19 years) in south Santa Barbara County. This program targets *low-income, uninsured, underinsured, underserved and homeless children*. SBNC provides services to children **regardless of their parents' ability to pay or eligibility for healthcare coverage**.

SBNC's "Care For Every Child" program services include: Acute and Preventive medical and dental care, chronic care management (e.g. diabetes and asthma management and prevention), health insurance enrollment, one-on-one and group bilingual/bi-cultural health and life-skills education, teen health education and advocacy and community outreach.

This program targets services towards the Whole Child and not just the immediate medical or dental problem, such as a cold or cavity. By this approach, we change unhealthy behaviors and address all aspects of the child's growth and development.

Services such as healthcare application assistance, case management, chronic care management and bi-lingual health education improve our patients' lives and address additional issues which affect their overall health and financial stability.

4. Organization's most pressing needs?

SBNC's current organizational struggles include:

- ***Federally mandated migration to Electronic Health Records (EHR)***: SBNC is in the midst of the 2014 federal mandate to migrate to EHR. In January, 2012, we completed *Phase 1* of the EHR migration project by implementing an EPM system in all of our clinics. *Phase 2* was completed on May 29, 2012, with the implementation of EDR system in our dental clinic. We are currently in the final *Phase 3* of EHR migration. To support this **multi-million dollar** project, we have begun a \$3.5 MM Capital Campaign with Netzel Grigsby & Associates.
- ***FY2012 Year-end Loss*** – After two-years of balanced budget, FY2012 saw an operating loss of \$135,926, despite a Year over Year increase of \$ 937,319 in total revenues. Multiple factors contributed to this loss. Increased expenses due to EHR migration, Capital Campaign (to support the multi-million dollar EHR migration), new hires (to build clinic capacity needed to address the expected increase in demand for patient services), decrease in patient visits due to lost productivity during EHR implementation, and bad debt expense reflecting account balances (deemed uncollectible) from the previous Practice Management System (HealthPro Legacy) – all these contributed to the operating loss in FY2012. SBNC's Strategic Plan has been modified to address this year-end loss and measures are being taken to curb expenses and procure more grant funding and community support.
- ***Newly Eligible Medicaid Patients with Healthcare Reform Means More patients to serve*** – In the current economy with a high rate of unemployment and layoffs, SBNC clinics have seen a greater influx of below 200% Federal Poverty Level patients. With healthcare reform and new patients becoming eligible for Medi-Cal benefits, we expect to see an almost 50% increase in demand for our services by 2017. To meet this increased demand, SBNC will need to aggregate increase its annual donations and grants funding by \$5MM from 2013-2017. In addition, with state budget cuts, we simultaneously expect to realize reduced reimbursements for patient services delivered. SBNC's Strategic Plan also involves measures that will help with these potential reductions in reimbursements.

SBNC's Cost Vs. Reimbursement

SBNC is unique in its ability to provide Sliding Fee Scale services to underserved populations. Our average cost to deliver a patient's visit is \$121, but the average payment/reimbursement is \$99 (only 82% of costs). We rely on grants and donations to fill this remaining **funding gap** of 18%, which is substantial as it translates to **\$1.32 MM** for over **70,000** patient visits we serve each year. Our medical



services prioritize preventive strategies and health education, even as we continue to serve over 424 new patients each month.

5. How do you plan to evaluate the effectiveness of the grant?

Improved patient health outcomes while staying financially sustainable are the ultimate effectiveness indicators for this program. SBNC's Chief Medical Officer (CMO) and Chief Dental Officer (CDO) oversee the medical and dental clinics' QA/QI programs. SBNC's Medical and Dental Practices Committee (includes CMO and CDO) meets quarterly or as needed; the Board of Directors meet monthly to evaluate program services, community need and cost analysis. SBNC utilizes NextGen EPM and EDR systems and i2iTracks Case Management System to track number of patients served, demographics, insurance coverage, type of services provided, fees for services, payments and reimbursements from various payer sources (e.g., self-pay, Medi-Cal, Healthy Families, Healthy Kids, etc.), for follow-up appointments, and to generate monthly statistical reports. SBNC evaluates effectiveness of "Care For Every Child" program based on number of unduplicated child patients served, number of total patient and health education visits, overall improvement in health of children, and in their own understanding or their parents' understanding of preventive care and the subsequent changes in unhealthy behaviors. Based on results of various financial & statistical data analyses, SBNC's Board of Directors, SBNC's Standing Board Committees and the Senior Management Team will recommend and make adjustments to various programs & services for optimal program efficiency while delivering quality care to patients.

6. Summarize the skills and relevant experience of staff essential to your program's success.

The following staff (term of service ranging from one year to over 14 years) work to meet the goals & objectives for the "Care For Every Child" program – Charles Fenzi, MD, is SBNC's Chief Medical Officer and oversees all aspects of our three medical clinics. Quynh Nguyen, DDS, is our Chief Dental Officer overseeing the Eastside Family Dental Clinic. Yessenia Marroquin, Director of Clinic Operations, assists Dr. Fenzi in managing all clinic operations. Tanya Gonzales, Director of Development oversees outreach & health education activities. In addition, Leslie Kearney, QA and Compliance Manager, is responsible for tracking and generating all reports with patient statistical data.

7. If full funding is not available through this request, how will you proceed?

SBNC is regularly working on its overall Strategic Plan to increase and maximize revenues from various other sources, increase capacity and improve organizational sustainability in order to remain a viable organization. SBNC's FY2013 Fundraising Plan includes:

- ◆ **Capital Campaign:** To support the **multi-million dollar federally mandated migration to EHR**, we have begun \$8.5 MM Comprehensive Campaign with Netzel Grigsby & Associates. We will raise \$3.5MM to support EHR Migration project. Concurrently, we plan to raise \$5MM over next 5 years (\$1MM per year) to build capacity to meet increased demand for SBNC services expected with healthcare reform. We recently surpassed \$1 MM in grants, donations, contributions and pledges towards this Campaign.
- ◆ **"Meaningful Use" EHR Incentives:** With demonstration of 'meaningful use' of certified EHR technology, SBNC will receive increased Medicaid EHR Incentive Payments totaling \$1.15 MM over the next 6 years. To date, SBNC has received \$191,000 in Medicaid Incentive Payments.
- ◆ **Increased Grants Funding:** SBNC relies on grants from private foundations and contributions from individual donations to fill the 18% funding gap of \$1.32 MM, as explained earlier. We will continue to pursue all grant funding sources diligently –includes new foundations, City, State & federal sources.
- ◆ **Increased Federal Funding:** SBNC's strategic plan involves working to achieve the Federally Qualified Health Center (FQHC) status. If approved, this will enable us to receive two-year grant funding (up to \$650,000 / year) and make us eligible for federal grants available only to FQHCs.

If needed, to meet the increased demand for "Care For Every Child" program services, SBNC will utilize General Operating grant funding for this program.

**Santa Barbara Neighborhood Clinics
2013 Board of Directors**

Name	City/ Zip Code	Gender	Race / Ethnicity	Years on Board	Occupation / Other Affiliations	Age
Gary Gray, CPA Board Chair	Santa Barbara 93101	M	Caucasian	>1	Self Employed Certified Public Accountant	63
Melinda Staveley Vice Chair	Santa Barbara 93102	F	Caucasian	2	Vice President, Cottage Rehabilitation Hospital	68
Paul Jaconette Treasurer	Santa Barbara 93102	M	Caucasian	4	Chief Operating Officer, CenCal Health/ SB Chamber; Goleta Valley Chamber; Rotary of SB; California Association of Physicians	50
Mark Palmer Secretary	Santa Barbara 93101	M	Caucasian	>1	Chief Executive Officer, Focus LLC	63
Deborah Babineau	Santa Barbara 93101	F	Asian	2	Vice President & Founder, BB&H Benefit Designs SBNC Patient	42
Eileen Bunning, RN, BS, MA	Santa Barbara 93111	F	Caucasian	4	Retired, Nurse/ Community Volunteer; Volunteer w/national hospice care	66
Enriqueta Garcia	Santa Barbara 93103	F	Hispanic/Latino	>1	Retired Business Owner; SBNC Patient	51
Brian Knowles	Santa Barbara 93108	M	Caucasian	<1	Business Consultant	66
Jeffrey Kupperman, MD	Santa Barbara 93105	M	Caucasian	1	Pulmonologist, Santa Barbara Pulmonary Consultants	61
Chris Lambert, MD	Santa Barbara 93108	M	Caucasian	1	Physician, South Coast Emergency Medical Group	67
John Lewis, Ph.D.	Santa Barbara 93108	M	Caucasian	<1	Licensed Psychologist	48
Kathleen McMahon	Santa Barbara 93101	F	Caucasian	2	Self Employed Consultant; SBNC Patient	42
Jorge Morales	Santa Barbara 93105	M	Hispanic/Latino	<1	Wealth Advisor Montecito Bank & Trust	33
Candice Nyholt, MBA	Santa Barbara 93101	F	Asian	2	Account Executive, SurfMedia; SBNC Patient	30
Michael O'Kelley, CPA, CFE	Santa Barbara 93111	M	Caucasian	5	Partner, Palius & O'Kelley Certified Public Accountant	63
Kathleen Rodriguez, MPH	Santa Barbara 93105	F	Hispanic/Latino	3	Manager, Patient Care Services, Sansum Clinic	64
Austin Sexton	Santa Barbara 93160	M	Caucasian	>1	Retired Entrepreneur SBNC Patient	70
Henry O. Ventura	Goleta 93117	M	Hispanic/Latino	3	Employment Manager, Bacara Resort; SBNC Patient	29
Carmen Young, M.Ed., PA-C	Santa Barbara 93105	F	Hispanic/Latino	2	Physician's Assistant	32

Applicant Name: Santa Barbara Neighborhood Clinics

Program or Capital Budget

Note: This form is not required for general support grant requests

Program Name/Capital Request: Care For Every Child

Budget dates for grant period: FY2014 (July 1, 2013 - June 30, 2014)

INCOME

Possible categories: Government grants, foundation grants, individuals, business support, events, fees for service, etc.

Source	Total Program(\$)	Pending (\$)	Secured (\$)	Notes
Patient Fees	\$ 431,605	\$ 431,605		
Non Govt. Payors	\$ 72,698	\$ 72,698		
Federal Programs	\$ 304,658	\$ 304,658		
State Programs	\$ 1,912,006	\$ 1,912,006		
County Contracts	\$ 92,913	\$ 92,913		
Other Income	\$ 168,949	\$ 168,949		
In-kind Gifts	\$ 66,600	\$ 66,600		
Grants and Donations	\$ 447,280	\$ 417,780	\$ 29,500	
TOTAL INCOME	\$ 3,496,709	\$ 3,467,209	\$ 29,500	

List the In-Kind (non-cash) contributions: medical supplies (Direct Relief International)

EXPENSES

Possible categories: Salaries, professional fees, rent and utilities, travel, publicity/outreach, events, etc.

Item	Total Program(\$)	This Request (\$)	Notes
Payroll Expenses	\$ 2,172,598	\$ 5,000	
Employee Benefits	\$ 367,933		
Employee Expenses	\$ 96,186		
Operating Expenses	\$ 439,657	\$ 10,000	
Occupany Costs	\$ 121,031	\$ 5,000	
Outside Services	\$ 72,197		
Other Expenses	\$ 35,637		
In-kind Gifts Expense	\$ 66,600		
Depreciation	\$ 124,870		
TOTAL EXPENSES	\$ 3,496,709	\$ 20,000	

Revised December 2007

Applicant Name: Santa Barbara Neighborhood Clinics

Organization Financial Summary

Note: This form is not required for general support grant requests.

Organization Name: Santa Barbara Neighborhood Clinics
Fiscal Year Dates July 1-June 30

INCOME

Possible categories: Government grants, foundation grants, individuals, business support, events, fees for service, etc.

Source	Prior Year's Actual (\$) [FYE June 2012]	Projected Annual Budget FY 2013 (\$)	YTD Actual (\$) [FY2013 -As of 1-31-2013]
Patient Fees	\$ 1,007,477	\$ 1,166,500	\$ 528,312
Non Gov Payors	\$ 80,135	\$ 196,481	\$ 143,982
Federal Programs	\$ 566,416	\$ 823,400	\$ 455,475
State Programs	\$ 4,723,257	\$ 5,167,585	\$ 1,891,878
County Contracts	\$ 394,245	\$ 251,116	\$ 127,578
Capital Campaign + Other Income	\$ 346,110	\$ 456,620	\$ 384,000
In-kind Gifts	\$ 205,821	\$ 180,000	\$ 26,404
Grants and Donations	\$ 1,235,398	\$ 1,208,864	\$ 766,794
TOTAL INCOME	\$ 8,558,859	\$ 9,450,566	\$ 4,324,423

List the In-Kind (non-cash) contributions: medical supplies (Direct Relief International), printing and IT services

EXPENSES

Possible categories: Salaries, professional fees, rent and utilities, travel, publicity/outreach, events, etc.

Item	Prior Year's Actual (\$) [FYE June 2012]	Annual Budget (\$) FY2013	YTD Actual (\$) [FY2013 -As of 1-31-2013]
Payroll Expenses	\$ 5,330,530	\$ 5,871,887	\$ 3,281,079
Employee Benefits	\$ 797,452	\$ 994,413	\$ 524,573
Employee Expenses	\$ 320,594	\$ 259,962	\$ 223,812
Operating Expenses	\$ 1,021,213	\$ 1,755,775	\$ 815,578
Occupancy Costs	\$ 286,541	\$ 327,110	\$ 228,416
Outside Services	\$ 268,545	\$ 146,265	\$ 153,198
Capital Campaign + Other Expenses	\$ 183,844	\$ 96,315	\$ 21,870
In-kind Gifts Expense	\$ 205,821	\$ 180,000	\$ 26,404
Depreciation	\$ 280,245	\$ 295,090	\$ 164,201
TOTAL EXPENSES	\$ 8,694,785	\$ 9,926,817	\$ 5,439,131
NET PROFIT OR LOSS	\$ (135,926)	\$ (476,251)	\$ (1,114,708)
Total Capital Expenses	\$ 155,041	\$ 754,160	\$ 36,043

i.e., computers, vehicles, building improvements, etc:

Explanatory Notes:

Applicant Name: Santa Barbara Neighborhood Clinics

Organization Balance Sheet Summary

Note: Check with each foundation to see if this form is required.

	MOST CURRENT (\$)	PRIOR YEAR CLOSE (\$)
	[FY2013 -As of 1-31-2013]	[FYE June 2012]
ASSETS		
Current Assets		
Cash and Equivalents	\$ 10,931	\$ 554,828
Accounts Receivable	\$ 550,376	\$ 544,139
Prepaid Expenses	\$ 65,143	\$ 81,306
Inventory	\$ 123,839	\$ 123,839
Grants/Pledges & Other Receivables S/T	\$ 769,371	\$ 1,264,052
Other:		
Fixed assets (Net)		
Property	\$ 1,276,542	\$ 1,276,542
Buildings	\$ 1,607,439	\$ 1,639,921
Equipment	\$ 89,628	\$ 113,476
Capitalized Leases	\$ 293,199	\$ 360,187
Investments		
Endowments	\$ 112,508	\$ 96,620
Other: Charitable Remainder Trusts	\$ 711,292	\$ 675,043
Certificate of Deposit	\$ -	\$ 265,162
Grants/Pledges & Other Receivables L/T	\$ 452,602	
TOTAL ASSETS	\$ 6,062,870	\$ 6,995,115
LIABILITIES		
Current Liabilities		
Accounts Payable	\$ 195,658	\$ 172,692
Accrued Expenses	\$ 412,554	\$ 356,305
Long Term Debt (Current Portion)	\$ 28,751	\$ 28,751
Short Term Debt - Capitalized Leases	\$ 112,691	\$ 134,846
Line of Credit	\$ 185,000	\$ -
Long Term Debt (over a year)		
Loan - Mortgage	\$ 114,244	\$ 159,661
Other: Capitalized Lease (L/T portion)	\$ 205,591	\$ 208,398
TOTAL LIABILITIES	\$ 1,254,489	\$ 1,060,653
NET ASSETS		
Unrestricted	\$ 4,695,957	\$ 4,826,211
Temporarily Restricted	\$ -	\$ 995,827
Permanently Restricted	\$ 112,424	\$ 112,424
TOTAL LIABILITIES AND NET ASSETS	\$ 6,062,870	\$ 6,995,115

INTERNAL REVENUE SERVICE
P. O. BOX 2508
CINCINNATI, OH 45201

DEPARTMENT OF THE TREASURY

Date: OCT 09 2003

Employer Identification Number:

77-0496382

DLN:

17053263733033

SANTA BARBARA NEIGHBORHOOD CLINICS
970 EMBARCADERO DEL MAR
ISLA VISTA, CA 93117

Contact Person:

ERIC J BERTELSEN

ID# 31323

Contact Telephone Number:

(877) 829-5500

Public Charity Status:

509(a)(2)

Dear Applicant:

Our letter dated APRIL 1999, stated you would be exempt from Federal income tax under section 501(c)(3) of the Internal Revenue Code, and you would be treated as a public charity during an advance ruling period.

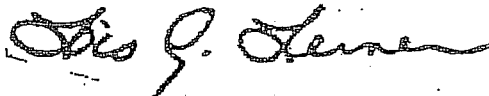
Based on our records and on the information you submitted, we are pleased to confirm that you are exempt under section 501(c)(3) of the Code, and you are classified as a public charity under the Code section listed in the heading of this letter.

Publication 557, Tax-Exempt Status for Your Organization, provides detailed information about your rights and responsibilities as an exempt organization. You may request a copy by calling the toll-free number for forms, (800) 829-3676. Information is also available on our Internet Web Site at www.irs.gov.

If you have general questions about exempt organizations, please call our toll-free number shown in the heading between 8:00 a.m. - 6:30 p.m. Eastern time.

Please keep this letter in your permanent records.

Sincerely yours,



Lois G. Lerner
Director, Exempt Organizations
Rulings and Agreements

Letter 1050 (DO/CG)