



ANNUAL REPORT TO THE COMMUNITY

2012-2013

MB  F



Continuity Breeds Success

Dear Manhattan Beach Education Foundation Supporters,

Thank you for believing in strong public education. Your gifts to MBEF gave our 6,800 students an edge. You supported 72 educators who bring our children music, hands-on science, and reading fundamentals. Our children have libraries, more electives, and the Columbia Writers Workshop program. They have twice as many counselors as other K-12 districts. And for many parents, the most important thing of all, our students learn in small classes that allow teachers to know our children. These kinds of opportunities take more than money, they take dedication and cooperation on the part of parents, community, teachers, administrators and the school board. And, they take careful planning.

In MBEF's 30-year history, we've always looked to the future and planned for it. This planning brought stability to our schools in spite of inherently unstable funding, which in turn brought continuous improvement. We didn't allow programs to start only to see funding vanish the next year. We let continuity breed success.

You can see success in our award-winning high school music program that is seeded with students who've studied music since elementary school. With our science scores that have grown as students were exposed to hands-on science in the lower grades. With young students whose love of writing gives way to complex expression as they grow. And with the college acceptances our seniors receive.

Few California school districts offer students the chance to participate -- and excel at the highest level -- in academics, the arts and athletics likes ours does. Some have one or the other, but few have all three.

This year, MBEF's most ambitious fiscal planning came to fruition. The MBEF Endowment Fund reached a funding goal established 20 years ago: \$10 million dollars in assets. Today the Fund stands over \$11 million. And, for the first time, a portion of the return on investment will supplement our annual grants in 2014-2015. We thank the many donors who helped reach this goal.

Our Annual Appeal means we'll have great schools today, and our Endowment Fund means great schools forever. Continuity. Success. It's what your gift to MBEF creates. For our community. For your children. Thank you for your generous and loyal support.

Nina Patel

Nina Patel
2012-2013 President

Susan Warshaw

Susan Warshaw
Executive Director



Thank you to our donors who contributed \$5,000 or more to the 2012-2013 Annual Appeal.

For a complete list of our donors, please see our Honor Roll.

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* Donors in bold have contributed for five or more consecutive years



An MBEF Primer

Imagine your school system without MBEF. Considering that MBEF’s grants are almost ten percent of the school district’s budget, and that the educators we fund are enough to staff an entire elementary school, it’s not a pleasant thought. Our classrooms would be overcrowded, there would be furlough days and no enrichment. These wouldn’t be the schools that entice families to move to Manhattan Beach.

MBEF is an independent non-profit run by a volunteer board of parents, including PTA presidents. We raise money from parents and the community (but mostly parents) and we grant this money to our school district to pay for teachers and staff in our seven schools. MBEF is the only parent organization that can pay for teachers, which is why our schools have MBEF and PTAs. MBEF pays for staff, PTA pays for stuff. We

PARCEL TAX REVENUE				
DISTRICT	PARCEL TAX AMOUNT	ANNUAL REVENUE FROM PARCEL TAX	% DISTRICT BUDGET	API RANK
San Marino	\$1,100	\$5,000,000	15%	1
La Canada	\$450	\$900,000	2.6%	2
Manhattan Beach	\$0	\$0	0%	3
Piedmont	\$249	\$997,000	33%	4
Palo Alto	\$489	\$11,400,000	6%	5
Palos Verdes	\$374	\$7,223,436	8%	9
Many districts levy a parcel tax to supplement state funding. Manhattan Beach does not.				

support one another. This year MBEF funded 72 educators, most of whom are classroom teachers. Others are teachers for enrichment (such as music, science labs, reading, writing), counselors and librarians. The total cost for these educators is over \$5 million.

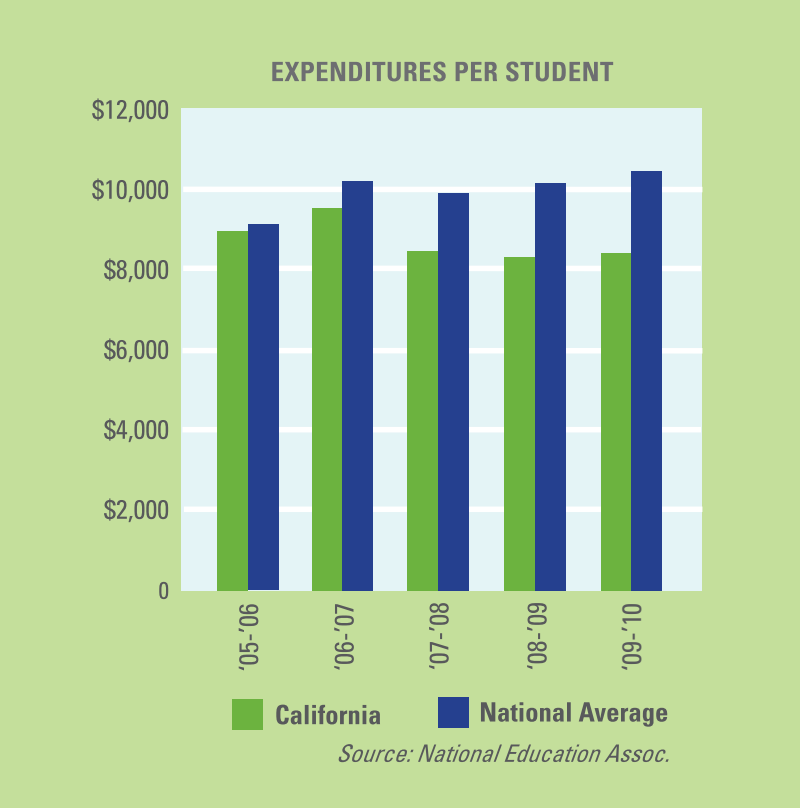
MBEF’s board makes decisions about where our money is allocated while working alongside the school board and administration. We raise money a year in advance so that we know by springtime, when the school district’s budget is made, how much money we have for the following school year annually.

You see, California isn’t like other states that allow counties and townships to set property taxes to fund the kind of schools residents want. California’s Prop 13 reduced property taxes but it also effectively took away a school district’s ability to tax its community for schools. A 1976 state Supreme Court ruling aimed at eliminating funding disparity between wealthy and poor school districts resulted in laws that allowed the state to establish school funding levels. Today our schools are largely funded by income and business taxes, not property taxes, and California ranks near last in the nation in per-pupil spending.

MBEF provides a means to stabilize this inherently unstable school funding system and to give students the fundamentals of a well-rounded, quality education.

When MBEF was founded in 1983, parents couldn’t have foreseen economic catastrophe 25 years later, but they were wise enough to create the organization that could handle it. In 1990 they started a small savings fund, too, and today the MBEF Endowment has over \$11 million in assets. This stability allows continuity which breeds success

It’s a tribute to our students and teachers that in spite of challenges, our schools rank with the best in the state, and in many cases, the nation. And it’s a tribute to the parents in our community that we’ve worked together to help our children every step of the way.



Elementary School Grants 2013-2014

\$2,723,000



Districtwide Grants

\$587,000



Middle and High School Grants 2013-2014

\$2,075,000

\$1,915,000
Teachers

\$315,000
Science

\$301,000
Reading
Enrichment

\$192,000
Librarians

\$385,000
Music

\$103,000
Writing
Initiative

\$99,000
21st Century
Curriculum

\$1,081,000
Guidance
& Support
Counselors
at Mira Costa
at MBMS

\$96,000
New “Wheel”
Sections
at MBMS

\$216,000
College &
Career Center

\$147,000
Librarians

\$480,000
Small English
Classes at
MCHS & MBMS

\$55,000
Science
Assistant
at Mira Costa

$$\$2,723,000 + \$587,000 + \$2,075,000 = \$5,385,000$$

Elementary + Districtwide + Middle/High School = Total

“While other school districts face cuts, funding from MBEF allows us to maintain and improve on your child’s exceptional experience. I strongly encourage families to give.”

- Dr. Mike Mathews, MBUSD Superintendent



Our Financial Performance

MBEF’s support continues to be critical to the funding of the Manhattan Beach Unified School District (MBUSD). Grants from MBEF account for approximately 10% of MBUSD’s annual operating budget making MBEF grants to MBUSD necessary rather than ancillary.

For the year ended June 30, 2013 net assets increased \$2,480,013 or 17%. The increase in net assets is largely attributable to increases in the funds held by the MBEF Endowment Fund. Due to a strong overall investment market, MBEF earned \$994,641 on its invesments during the year ended June 30, 2013. In addition to strong investment earnings, the MBEF Endowment Fund received contributions from individuals totaling \$796,639.

Once again MBEF was fortunate to be the beneficiary of our community’s outstanding support. Contributions received during the annual giving campaign totaled \$5,436,706. These contributions combined with net proceeds from the annual wine auction event hosted by MBEF allowed MBEF to make grants totaling \$5,385,000 to MBUSD for the 13-14 school year. MBEF is proud to report that 89% of expenditures are spent on grants to MBUSD.

MBEF raises funds a year in advance of making grants to MBUSD. After MBUSD provides a full account-ing of each year’s grants, MBEF funds the grants at the lesser of the estimate or actual costs incurred by MBUSD.

MBEF’s financial statements are audited by the accounting firm of Windes & McClaughry and have received an unmodified opinion for the fiscal years ended June 30, 2013 and 2012. In addition, MBEF maintains an Audit Committee, members of which are MBEF board members as well as finance professionals not directly affiliated with MBEF. The committee meets quarterly to review MBEF’s financial statments. Audited financial statements are available upon request.

BALANCE SHEET	2013	2012
ASSETS		
Cash and cash equivalents	\$2,508,314	\$2,652,029
Receivables	\$704,978	\$993,418
Prepaid expenses	\$21,364	\$17,957
Endowment investments	\$9,493,438	\$7,700,408
Other investments	\$4,811,248	\$4,522,842
Equipment	\$13,255	\$13,596
Total Assets	\$17,552,597	\$15,900,250
LIABILITIES		
Accounts payable	\$101,090	\$38,110
Grants payable	\$454,786	\$1,352,835
Unearned revenue	\$7,403	
Total Liabilities	\$563,279	\$1,390,945
NET ASSETS		
Endowment Fund	\$9,308,561	\$7,747,252
Restricted Endowment Fund	\$1,517,415	\$720,776
Unrestricted and temporarily restricted net assets	\$6,163,342	\$6,041,277
Total Net Assets	\$16,989,318	\$14,509,305
Total Liabilities and Net Assets	\$17,552,597	\$15,900,250
STATEMENT OF ACTIVITIES		
Unrestricted contributions	\$5,436,706	\$5,315,672
Endowment contributions	\$796,639	\$459,554
Special events revenues, net	\$759,546	\$775,337
Interest and Dividends	\$248,796	\$186,716
Investment Gains	\$745,845	\$ 8,310
Total Support and Revenue	\$7,987,532	\$6,745,589
Grants	\$4,883,427	\$4,903,186
Management and general	\$161,631	\$132,341
Fundraising Expenses	\$462,461	\$455,121
Total Expenses	\$5,507,519	\$5,490,648
Change in Net Assets	\$2,480,013	\$1,254,941

REVENUE SOURCES

Special Events
\$759,546

Interest Revenue &
Investment Gains
\$994,641

Individual
Contributions
\$6,233,345

GREAT SCHOOLS FOREVER.



\$11.6 M



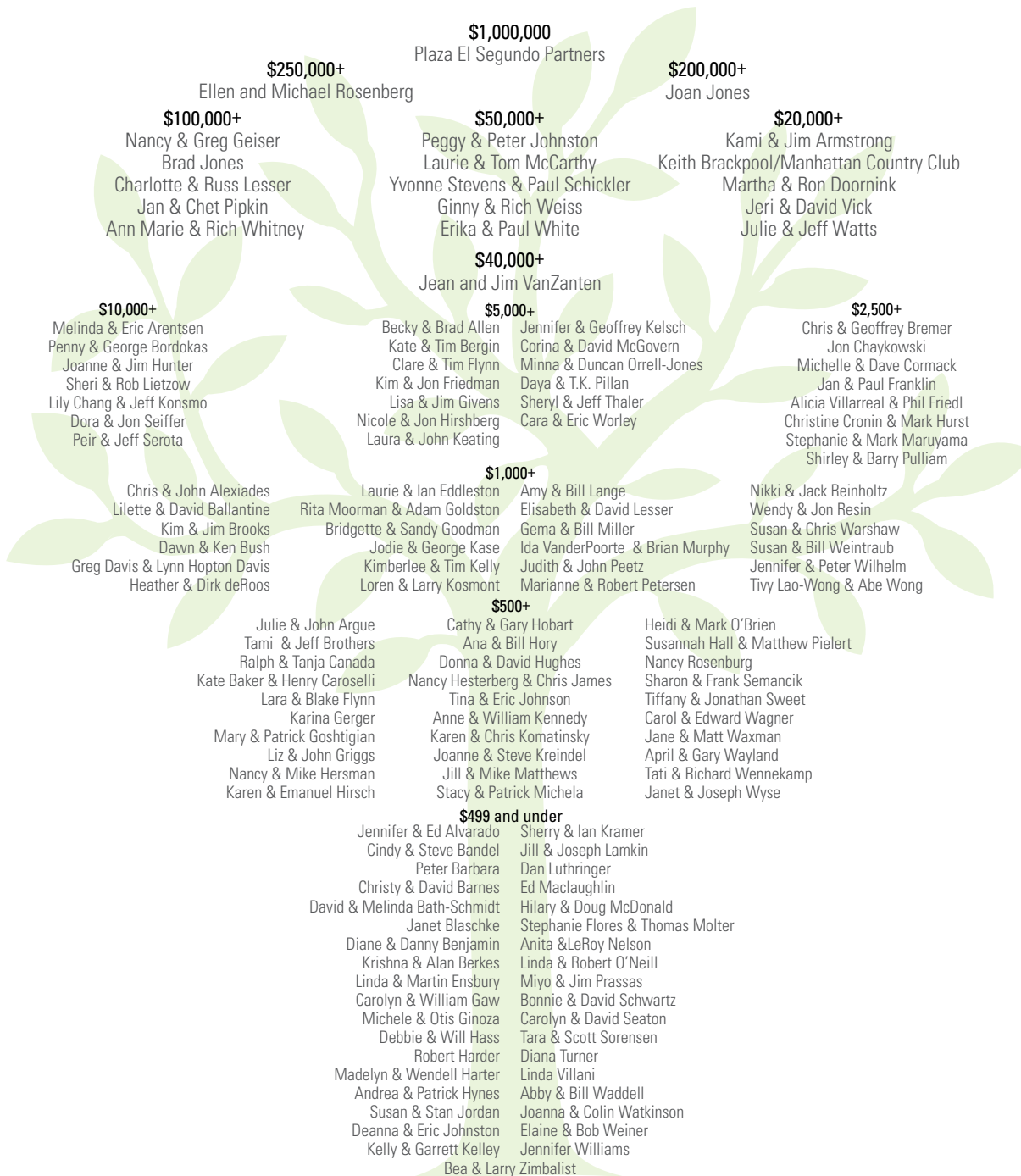
June 2013 marked a major milestone in the history of our community’s investment in its public schools. The MBEF Endowment Fund surpassed its initial funding goal of \$10 million. Patience, generous donors and prudent management contributed to this accomplishment.

In FY2013, the Endowment Fund raised \$796,639 in individual gifts, earned \$986,283 in the market, and received \$321,844 from the 2012 Manhattan Wine Auction. As of December 31, 2013, the Fund had \$11,603,427 in assets and posted an inception-to-date annualized return of 9.24%.

The Fund follows an investment policy modeled after the best university endowments with prudent diversification. Its asset allocation is 60% equities (45% domestic, 15% international), 30% fixed income investments (25% investment grade, 5% fixed income) and 10% alternative investments (3.3% real estate, 3.3% commodities, 3.3% market neutral).

Now that the Fund has exceeded \$10 million, a portion of its return on investment can be disbursed to MBEF for grants to the schools. Raising money every year to support our schools is no small feat. MBEF’s annual grants will exceed \$5.5 million in the 2014-15 school year. Additional revenue from the Endowment, while not great initially, will provide some security in fulfilling our mission--some protection from the ups and downs of state funding. And for that, we thank our donors. To learn more about the Endowment Fund, or to donate, visit www.endowment.mbef.org

ENDOWMENT DONORS THROUGH JULY 1, 2013



For the most recent list of donors, [click here](#).

MBEF ENDOWMENT FUND ASSETS



NEED MORE INFORMATION?

Please visit our website: www.endowment.mbef.org

Understanding the benefits of gift planning has never been easier than with our interactive gift planning tool. Whether you are under 40 years old or over 70 years old, our website will help you explore gift planning options. Our website will also provide you with the most-up-to-date, technically accurate tax and estate planning information available.

Additionally, members of the Endowment Advisory Committee are available to answer your questions about the MBEF Endowment. Of course, we strongly recommend that you seek qualified independent financial and/or legal counsel. To talk to a member of the Endowment Committee, please call 310-303-3342.



Manhattan Wine Auction

In June, over 1,700 people converged on the Manhattan Country Club to celebrate their commitment to our schools. The 19th Annual Manhattan Wine Auction was a financial success raising \$506,363 for our Annual Fund and \$748,209 for our Endowment Fund. The largest Southern California charity wine auction included food donated by 36 local restaurants, wine from over 80 vintners, and featured live and silent auctions.

The Manhattan Wine Auction is MBEF's only fundraising event and is generously sponsored by Founding Sponsor Chevron and Leading Sponsors American Airlines, Wells Fargo and Belkin. The proceeds of the Manhattan Wine Auction fund both current needs of the MBUSD as well as the MBEF Endowment. For more information please visit www.manhattanwineauction.com.

See you June 14, 2014, for the 20th Annual Manhattan Wine Auction.



MBEF Business Sponsorship Program Continues to Grow

Launched in the fall of 2010, the MBEF Business Sponsorship Program continues to attract large and small businesses whose financial contributions directly support our schools. The Program enjoys a high rate of renewals and continued growth.

Highlights this year include a spectacular Grand View Gator Run, SKECHERS \$71,000 donation of Friendship Walk proceeds, and restaurateur Mike Zisli honoring MBEF high donors at a hosted Strand House reception.

In all, over 50 MBEF Business Sponsors contributed \$171,605 in cash and contributions, some enjoying dual sponsorship of the Grand View Gator 5K and MBEF Business Sponsorship recognition.

MBEF is proud to partner with local businesses that recognize public education as the foundation of a strong community. Their support helps keep our community one of the best places in the country to live and work.



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www.mbef.org

Thank you to our friends and volunteers for their time and talents in creating our materials. All donations are tax deductible to the full extent of the law.

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