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COMMERCIAL FUND-RAISER FOR CHARITABLE PURPOSES

2002 ANNUAL FINANCIAL REPORT

(California Government Code Section 12599)

Failure to file annual financial report by January 30 annually for each calendar year of solicitation may result in fines or filing penalties as defined in Government Code Section 12586.1

An annual financial report must be filed for each event for each charity solicited for during the previous calendar year.



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<p>Name and Address of Commercial Fund-raiser:</p> <p>422</p> <p>SANDERSON GROUP, INC. PO BOX 462195 ESCONDIDO, CA 92046-2195</p>	<p>Name and Address of Charitable Organization:</p> <p>CT No. <u>118048</u> F.E.I.N. No. <u>33-0883050</u></p> <p><u>Straight From The Heart, Inc.</u></p> <p>Name of Charity <u>819 W San Marcos Blvd</u></p> <p>Address of Charity <u>San Marcos, CA 92069</u></p> <p>City, State, and ZIP Code of Charity</p>
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National Campaign California Campaign Multi-purpose campaign for the purpose of accom-
plishing information dissemination, membership organization, fund raising and the
production of a Live Family Enter- held (on) Sept. 15, 20 02, to Dec. 23, 20 02.
(Type of Activity) tainment Event (Date or dates must be shown)

Is the contract between the commercial fund-raiser and charity based upon a fee or percentage of revenue? (check one) Fee Percentage of gross
If other, provide brief explanation _____ Other profit

1. REVENUE

- A. Cash contributions _____ A.
- B. Entertainment sales or admission charges _____ B.
- C. Sales from products _____ C.
- D. Advertisement sales _____ D.
- E. Membership fees _____ E.
- F. Other sources: (Specify)
 - a. SEE ATTACHED _____ 95,090.15 Fa.
 - b. _____ Fb.
 - c. _____ Fc.
 - d. _____ Fd.

G. TOTAL REVENUE _____ 95,090.15 G.

2. EXPENSES

- A. Fees or commissions _____ A. *
- B. Salaries _____ B. *
- C. Payroll taxes _____ C. *
- D. Employee benefits _____ D. *
- E. Cost of merchandise for resale _____ E. *
- F. Cost of entertainment _____ F. *
- G. Postage _____ G. *
- H. Advertising _____ H. *
- I. Telephone _____ I. *
- J. Rental of equipment _____ J. *
- K. Facilities charge _____ K. *
- L. Permits _____ L. *

* SEE ATTACHED COMPLETE EXPLANATION

- M. Other expenses: (Specify)
 - a. _____ Ma.
 - b. _____ Mb.
 - c. _____ Mc.
 - d. _____ Md.

N. TOTAL EXPENSES _____ 401111 _____ N.

STRAIGHT FROM THE HEART INC. - SCS 2002

STATEMENT OF FUNCTIONAL DISTRIBUTION

REVENUE:

\$95,090.15

TOTAL SALES:

Live Entertainment Event (Sch. I)	\$3,187.50
Cost of Sales	\$2,566.76
Product Cost	\$3,880.02
Permits/Licenses	\$0.00
Telephones	\$625.04
Postage	\$1,012.50
Bank Charges	\$15.57
Other	\$0.00
Campaign Payroll (Schedule II)	\$10,903.30
Operational Expenses (Sch. III)	\$1,930.50

Total Cost of Fund Raising Event: \$24,121.19

Gross Profit on Sales: \$70,968.96

USE OF FUNDS

Public Relations (Sch. IV)	\$20,933.69
Information Dissemination (Sch. V)	\$23,259.66
Organization Membership (Sch. VI)	\$12,405.15
General Fund	\$14,370.46

Total Use of Funds: \$70,968.96

See attached notes and schedules.

STATEMENT OF FUNCTIONAL DISTRIBUTION

NOTES:

1. More than 70% of the proceeds of this event were immediately returned to the community by the enhancement of the sponsoring organization projects, the creation of new jobs, the maintenance of office operations and other costs associated with operating this campaign activity.
2. In addition, the organization received for its sales two hundred (100) family tickets. The organization received the total value of all of these tickets. The direct monetary value of these tickets is \$4,500.00.
3. This report has been prepared utilizing a Statement of Functional Distribution which is developed in accordance with generally accepted accounting principles. Historical arithmetical means have been utilized in computing some figures. Many of the expenses are of a variable or semi-variable nature.
4. In addition to actual funds received, the charity received additional intangible benefits, which are set forth in the agreement between the parties and accounted for in this report.

SCHEDULE I

Live Entertainment Event:

Performers	\$2,475.00
Site/Facility	\$387.50
Insurance	\$325.00
Stagehands, security	\$0.00
TOTAL:	<u>\$3,187.50</u>

SCHEDULE II

Campaign Payroll:

Night Telephone Representatives	\$3,935.54
I/C Compensation	\$2,623.69
Day Telephone Representatives	\$2,139.53
Clerical	\$1,215.00
Messengers	\$855.81
Incentives/Bonuses	\$133.72
TOTAL:	<u>\$10,903.30</u>

SCHEDULE III

Operational Expenses:

Office Supplies	\$202.50
Office Rent	\$648.00
Auto	\$815.00
Utilities	\$270.00
TOTAL:	<u>\$1,930.50</u>

SCHEDULE IV

Public Relations Expenses:

Cost of Sales	\$2,566.76
Product Cost	\$3,880.02
Permits/Licenses	\$0.00
Telephone	\$625.04
Postage	\$1,012.50
Bank Charges	\$15.57
Other	\$0.00
Campaign Payroll	
Night Phone Representatives	\$3,935.54
I/C Compensation	\$2,623.69
Day Phone Representatives	\$2,139.53
Clerical	\$1,215.00
Messengers	\$855.81
Incentives/Bonuses	\$133.72
Operational Expenses	
Office Supplies	\$202.50
Office Rent	\$648.00
Ads	\$810.00
Utilities	\$270.00
Business License(s)	\$0.00
TOTAL:	<u>\$20,933.69</u>

SCHEDULE V

Information Dissemination Expenses:

Cost of Sales	\$2,851.95
Product Cost	\$4,311.14
Permits/Licenses	\$0.00
Telephone	\$694.49
Postage	\$1,125.00
Bank Charges	\$17.30
Other	\$0.00
Campaign Payroll	
Night Phone Representatives	\$4,372.82
I/C Compensation	\$2,915.22
Day Phone Representatives	\$2,377.25
Clerical	\$1,350.00
Messengers	\$950.90
Incentives/Bonuses	\$148.58
Operational Expenses	
Office Supplies	\$225.00
Office Rent	\$720.00
Ads	\$900.00
Utilities	\$300.00
Business License(s)	\$0.00
TOTAL:	<u>\$23,259.66</u>

SCHEDULE VI

Organization Membership Expenses:

Cost of Sales	\$1,521.04
Product Cost	\$2,299.27
Permits/Licenses	\$0.00
Telephone	\$370.39
Postage	\$600.00
Bank Charges	\$9.23
Other	\$0.00
Campaign Payroll	
Night Phone Representatives	\$2,332.17
I/C Compensation	\$1,554.78
Day Phone Representatives	\$1,267.87
Clerical	\$720.00
Messengers	\$507.15
Incentives/Bonuses	\$79.24
Operational Expenses	
Office Supplies	\$120.00
Office Rent	\$384.00
Ads	\$480.00
Utilities	\$160.00
Business License(s)	\$0.00
TOTAL:	<u>\$12,405.15</u>