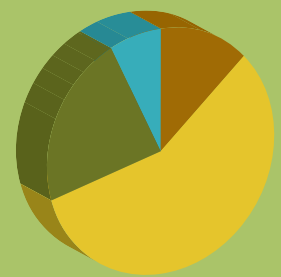


Children Served



- Residential: 75
- Marin Community-Based: 325
- Sonoma-FASST-25 Kinship: 125
- Therapeutic Behavioral Services: 40

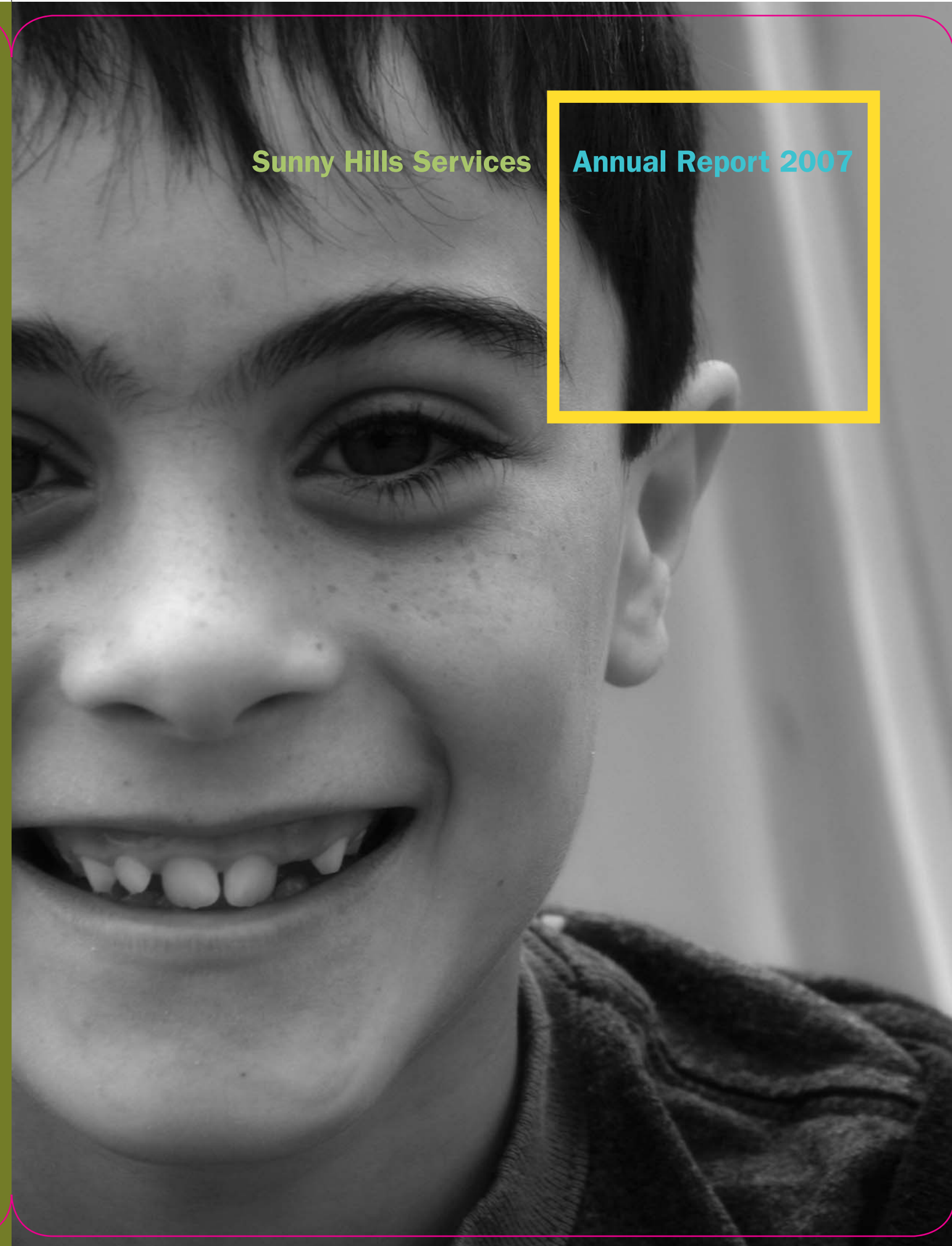


This is a time of tremendous growth and change for Sunny Hills Services. Never in our agency's history has there been a more urgent need for the treatment and services that we provide. Our programs are evolving to meet the challenging needs of our clients. As we continue to develop and grow, the Sunny Hills legacy of caring for the children who most need our help will always remain the very core of **who we are.**

Sunny Hills Services
300 Sunny Hills Drive
San Anselmo, CA 94960
www.sunnyhillsservices.org

Sunny Hills Services

Annual Report 2007





**A Message from
the Chief Executive Officer**

Dear Friends,

This is a time of great transition and growth at Sunny Hills Services. Since 1895, we have been at the forefront of building programs designed to meet the needs of our community's most vulnerable children. In the coming year, we project that we will be able to help almost 1,000 young clients and their families, a record for our agency. In helping each of our clients, we remain steadfast in our historic mission to give better and brighter futures to all of the children we serve.

Demand for residential treatment has been significantly weakened over the last year. Children who are referred to residential treatment are now being kept in-county whenever possible. Since Sunny Hills currently serves no children from Marin through the residential program, this means that our referrals have been cut even more drastically than those of some of our sister agencies in counties such as San Francisco and Alameda. In light of this and other factors, the existing Sunny Hills Residential Program is scheduled to close in June of 2008. This is a strategic decision that comes at the culmination of a three-year evaluation and planning process by the Board of Directors. While we feel a sense of loss with the closing of the program, we also feel certain that we are positioning the agency to most effectively help the clients that we have historically served.

Sunny Hills' community-based programs are continuing to expand and grow. Our current program offering is extensive, and includes educational, mental health, transitional, kinship, and other programs. The continued growth in these programs allows the agency to utilize its expertise in core areas, and we anticipate continued program development and new initiatives through this coming year and beyond. Enclosed you will find information about our existing programs and our new initiatives, which I invite you to review.

This is a critical time of evolution and growth for Sunny Hills, and we are well-positioned for long-term, positive impacts as a result of these transitions.

We gratefully acknowledge the strong support of our donor community who makes accomplishing our mission to serve our community's most vulnerable children possible.

Joseph M. Costa

Chief Executive Officer
Sunny Hills Services



**A Message from
the Board President**

Dear Friends,

Sunny Hills has helped disadvantaged children have better and more productive lives. To be effective, we have periodically had to adjust our programs and services to best meet their needs in an evolving society and with shifting governmental priorities. This point in time is another of those periods of change.

The board has been working diligently over the past three years to develop and implement a strategic plan that will keep the agency positioned as the leader in youth treatment services. Recent trends in the way that services are provided in our field has required us to consider new programs and services for the agency. Sunny Hills has kept abreast of these trends and continues to change, expand, and grow our core services to help vulnerable children and their families.

As Vice President and now as President of the Sunny Hills Board, I am thoroughly enjoying the opportunity to work with staff, donors, and my fellow board members as we embark on a year of tremendous transition and growth for the agency. I am quite excited about the opportunities facing us and the important work we will do together in the coming months.

We deeply appreciate your support and your continued belief in our mission; they are the bedrock we will build on in the coming year. Sunny Hills is able to continue with its impressive 114-year history of important work because of the deep commitment of the agency's extended community; the clients, the staff, the board, and the donors. Thank you for being part of that community, and thank you for your continued support in the coming year.

John Woldrich

President
Sunny Hills Services Board of Directors

Sunny Hills Services

**Statement
of Activities**

	Unrestricted	Temporarily Restricted	Permanently Restricted	2007	2006
<i>For the year ended June 30, 2007 With comparative totals for the year ended June 30, 2006</i>					
Revenue and Support					
Government contract	\$ 3,090,271	\$ -	\$ -	\$ 3,090,271	\$ 3,453,405
Program service fees	2,451,756			2,451,756	3,899,515
School fees	2,311,381			2,311,381	3,017,130
Contributions and grants	393,099	356,720	15,000	764,819	899,506
Auxiliary activities	474,478			474,478	443,409
Interest and dividends	278,178			278,178	293,597
In-kind contributions	87,797			89,797	118,393
Other income	44,941			44,941	11,188
Net assets released from program restrictions	290,150	(290,150)		-	-
Total revenue and support	<u>9,422,051</u>	<u>66,570</u>	<u>15,000</u>	<u>9,503,621</u>	<u>12,136,143</u>
Expenses					
Program services	9,990,175			9,990,175	11,899,276
Supporting services	886,957			886,957	871,066
Total expenses	<u>10,877,132</u>	<u>-</u>	<u>-</u>	<u>10,877,132</u>	<u>12,770,342</u>
Change in net assets before gain on investments, gain on sale of asset, gain (loss) on curtailment of defined benefit plan, and effect of adoption of FASB statement No. 158	(1,455,081)	66,570	15,000	(1,373,511)	(634,199)
Gain on investments	795,658			795,658	317,456
Gain (loss) on curtailment of defined benefit plan	(42,606)			(42,606)	173,989
Effect of adoption of recognition and measurement date provisions of FASB statement No. 158	(347,503)			(347,503)	-
Change in net assets after gain on investments, gain on sale of asset, gain (loss) on curtailment of defined benefit plan, and effect of adoption of FASB statement No. 158	929,638	66,570	15,000	1,011,208	348,399
Net assets, beginning of year	<u>10,978,027</u>	<u>347,283</u>	<u>166,830</u>	<u>11,492,140</u>	<u>11,143,741</u>
Net assets, end of year	<u>\$ 11,907,665</u>	<u>\$ 413,853</u>	<u>\$ 181,830</u>	<u>\$ 12,503,348</u>	<u>\$ 11,492,140</u>

**Joseph M. Costa
Chief Executive Officer**

**2006-2007
Board of
Directors**

John Woldrich
President

Deborah Hoke Smith
Vice President

Bruce Raabe
Treasurer

Claudia Carlson
Secretary

Sia Barmand
Angela Callender, M.D.

Lydia Cameron
Barbara Carbone

Dave Egan
Jennifer Gotti

Dan Hilken
David Hood
Catherine Kennedy, M.D.

Angela Lusk
Alan Mayer

Robert McLennan
Julie McMillan

Sharon Nevins
Suzie Pollak

Beth Sandell
Shirley Sanderson

Linda Wagner
Marty Wickenheiser

Dawn Zierk

**Honorary
Board
Members**

Gordon C. Atkinson
Joane Berry

Lydia Cameron
Irene Hunt

J. Patrick Hunt
Alice Perry