NOTICE

GuideStar has been informed by the IRS of processing errors on IRS Forms 990 filed electronically between January 1, 2009, and December 3, 2010, for form year 2008. These processing errors resulted in inaccurate data appearing on the scanned images of the affected returns that are posted on GuideStar and do not reflect the information filed with the IRS.

These errors include:

- Part III, line 1, organization's mission description—may not reflect what was originally submitted by the nonprofit organization.
- Part VIII, line 8a, gross income for special events—values may have been transposed.
- Part IX, line 7c, other salaries and wages, management and general expenses—may show a blank where a value was originally reported.
- Schedule D, Part V, line 3a(ii), endowment funds and possession by related organizations—checkbox values may have been transposed.

GuideStar is working with the IRS to obtain a corrected copy of its form year 2008 Form 990. GuideStar will replace this Form 990 if, and when, the accurate return is made available from the IRS.

For more information, please visit http://www2.guidestar.org/rxg/help/form-year-2008-returns.aspx

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Form **990**

Department of the Treasury
Internal Revenue Service

Return of Organization Exempt From Income Tax

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation)

▶ The organization may have to use a copy of this return to satisfy state reporting requirements

OMB No 1545-0047

2008

Open to Public Inspection

A For the 2008 calendar year, or tax year beginning 07-01-2008 and ending 06-30-2009

B Check if applicable
- ☐ Address change
- ☐ Name change
- ☐ Initial return
- ☐ Termination
- ☐ Amended return
- ☐ Application pending

Please use IRS label or print or type. See Specific Instructions.

C Name of organization
EXCEPTIONAL CHILDRENS FOUNDATION

Doing Business As

Number and street (or P O box if mail is not delivered to street address) | Room/suite
8740 WEST WASHINGTON BLVD

City or town, state or country, and ZIP + 4
CULVER CITY, CA 90232

D Employer identification number
95-1690988

E Telephone number
(310) 204-3300

G Gross receipts $ 41,644,929

F Name and address of Principal Officer
SCOTT D BOWLING

H(a) Is this a group return for affiliates? ☐ Yes ☑ No

H(b) Are all affiliates included? ☐ Yes ☑ No
(If "No," attach a list See instructions)

H(c) Group Exemption Number ▶

I Tax-exempt status ☑ 501(c) (3) ◀ (insert no) ☐ 4947(a)(1) or ☐ 527

J Web site: ▶ ECF NET

K Type of organization ☑ Corporation ☐ trust ☐ association ☐ other ▶

L Year of Formation 1946

M State of legal domicile CA

Part I Summary

1 Briefly describe the organization's mission or most significant activities

The mission of EXCEPTIONAL CHILDREN'S FOUNDATION is to provide the highest quality services for children and adults who are challenged with developmental, learning and emotional disabilities - empowering them to reach their greatest potential

2 Check this box ☐ if the organization discontinued its operations or disposed of more than 25% of its assets

3	Number of voting members of the governing body (Part VI, line 1a)	3	26
4	Number of independent voting members of the governing body (Part VI, line 1b)	4	26
5	Total number of employees (Part V, line 2a)	5	558
6	Total number of volunteers (estimate if necessary)	6	350
7a	Total gross unrelated business revenue from Part VIII, line 12, column (C)	7a	0
b	Net unrelated business taxable income from Form 990-T, line 34	7b	

		Prior Year	Current Year
8	Contributions and grants (Part VIII, line 1h)	12,225,894	21,867,056
9	Program service revenue (Part VIII, line 2g)	3,168,383	3,613,979
10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	643,827	2,474,631
11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	61,107	408,530
12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	19,439,869	28,364,196
13	Grants and similar amounts paid (Part IX, column (A), lines 1–3)		0
14	Benefits paid to or for members (Part IX, column (A), line 4)		0
15	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	7,898,162	18,016,018
16a	Professional fundraising fees (Part IX, column (A), line 11e)	4,474	0
b	(Total fundraising expenses, Part IX, column (D), line 25 652,324)		
17	Other expenses (Part IX, column (A), lines 11a–11d, 11f–24f)	5,766,644	8,334,961
18	Total expenses—add lines 13–17 (must equal Part IX, line 25, column (A))	13,669,280	26,350,979
19	Revenue less expenses Subtract line 18 from line 12	5,770,589	2,013,217

		Beginning of Year	End of Year
20	Total assets (Part X, line 16)	26,125,776	33,546,160
21	Total liabilities (Part X, line 26)	6,932,462	8,013,362
22	Net assets or fund balances Subtract line 21 from line 20	19,193,314	25,532,798

Part II Signature Block

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge

Please Sign Here

Signature of officer — Date: 2010-03-24

SCOTT D BOWLING President & CEO
Type or print name and title

Paid Preparer's Use Only

Preparer's signature: Thomas J Schulte | Date | Check if self-empolyed ☐ | Preparer's PTIN (See Gen Inst)

Firm's name (or yours if self-employed), address, and ZIP + 4: RBZ LLP, 11755 WILSHIRE BLVD NINTH FL, LOS ANGELES, CA 900251540 | EIN ▶ | Phone no ▶

May the IRS discuss this return with the preparer shown above? (See instructions) ☐ Yes ☐ No

Part III Statement of Program Service Accomplishments (See the instructions.)

1 Briefly describe the organization's mission

See Additional Data Table

2 Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ? . . . . . ☐ Yes ☑ No

If "Yes," describe these new services on Schedule O

3 Did the organization cease conducting or make significant changes in how it conducts any program services? . . . . . ☐ Yes ☑ No

If "Yes," describe these changes on Schedule O

4 Describe the exempt purpose achievements for each of the organization's three largest program services by expenses Section 501(c)(3) and (4) organizations and 4947(a)(1) trusts are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported

4a (Code) (Expenses $ 11,061,381 including grants of $) (Revenue $ 938,435)

Kayne Eras Center of ECF is a large multi-service center serving more than 550 children, adults and their families each year through its special education programs and services Based in Culver City, the Center provides the highest quality educational and therapeutic services to meet the needs of individuals with special learning, emotional and developmental challenges children The Center's state certified K-12 nonpublic school provides special education to more than 200 students from school districts throughout greater Los Angeles The Center also includes an After-School Program plus on-site and home-based Mental Health and Diagnostic and Therapeutic Services School and transportation $ 7,818,236Diagnostic and therapy 2,140,639Mental Health 812,269After School 290,237 ----------Total Expenses $ 11,061,381 ==========

4b (Code) (Expenses $ 4,379,247 including grants of $) (Revenue $)

Early Start programs provide therapeutic intervention services to ECF's littlest clients and their families From sites in Central Los Angeles, Lomita, Arleta, Early Start offers both center-based and home visit services for infants and toddlers from birth to age three, who are developmentally delayed, disabled, or "at risk " Early Start typically serves approximately 1000 children every year

4c (Code) (Expenses $ 1,944,516 including grants of $) (Revenue $ 2,563,544)

PAR Services Work Activity program in Culver City and Santa Fe Springs, close to 200 adults learn good work habits and appropriate social skills while meeting governmental and private contract requirements for packaging, assembly, and rework The purpose of the program is to provide facility-based vocational training and paid work to improve earning potential and independent functioning of persons with developmental disabilities and to promote transition to community employment settings

4d Other program services (Describe in Schedule O)
(Expenses $ 6,165,841 including grants of $) (Revenue $ 112,000)

4e Total program service expenses $ 23,550,985 *Must equal Part IX, Line 25, column (B).*

Part IV Checklist of Required Schedules

			Yes	No
1	Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? *If "Yes," complete Schedule A*	1	Yes	
2	Is the organization required to complete Schedule B, Schedule of Contributors?	2		No
3	Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? *If "Yes," complete Schedule C, Part I*	3		No
4	Section 501(c)(3) organizations Did the organization engage in lobbying activities? *If "Yes," complete Schedule C, Part II*	4		No
5	Section 501(c)(4), 501(c)(5), and 501(c)(6) organizations Is the organization subject to the section 6033(e) notice and reporting requirement and proxy tax? *If "Yes," complete Schedule C, Part III*	5		No
6	Did the organization maintain any donor advised funds or any accounts where donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? *If "Yes," complete Schedule D, Part I*	6		No
7	Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas or historic structures? *If "Yes," complete Schedule D, Part II*	7		No
8	Did the organization maintain collections of works of art, historical treasures, or other similar assets? *If "Yes," complete Schedule D, Part III*	8		No
9	Did the organization report an amount in Part X, line 21, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? *If "Yes," complete Schedule D, Part IV*	9		No
10	Did the organization hold assets in term, permanent,or quasi-endowments? *If "Yes," complete Schedule D, Part V*	10	Yes	
11	Did the organization report an amount in Part X, lines 10, 12, 13, 15, or 25? *If "Yes," complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable*	11	Yes	
12	Did the organization receive an audited financial statement for the year for which it is completing this return that was prepared in accordance with GAAP? *If "Yes," complete Schedule D, Parts XI, XII, and XIII*	12	Yes	
13	Is the organization a school as described in section 170(b)(1)(A)(ii)? *If "Yes," complete Schedule E*	13		No
14a	Did the organization maintain an office, employees, or agents outside of the U S ?	14a		No
b	Did the organization have aggregate revenues or expenses of more than $10,000 from grantmaking, fundraising, business, and program service activities outside the U S ? *If "Yes," complete Schedule F, Part I*	14b		No
15	Did the organization report on Part IX, column (A), line 3, more than $5,000 of grants or assistance to any organization or entity located outside the United States? *If "Yes," complete Schedule F, Part II*	15		No
16	Did the organization report on Part IX, column (A), line 3, more than $5,000 of aggregate grants or assistance to individuals located outside the United States? *If "Yes," complete Schedule F, Part III*	16		No
17	Did the organization report more than $15,000 on Part IX, column (A), line 11e? *If "Yes," complete Schedule G, Part I*	17		No
18	Did the organization report more than $15,000 total on Part VIII, lines 1c and 8a? *If "Yes," complete Schedule G, Part II*	18	Yes	
19	Did the organization report more than $15,000 on Part VIII, line 9a? *If "Yes," complete Schedule G, Part III*	19		No
20	Did the organization operate one or more hospitals? *If "Yes," complete Schedule H*	20		No
21	Did the organization report more than $5,000 on Part IX, column (A), line 1? *If "Yes," complete Schedule I, Parts I and II*	21		No
22	Did the organization report more than $5,000 on Part IX, column (A), line 2? *If "Yes," complete Schedule I, Parts I and III*	22		No
23	Did the organization answer "Yes" to Part VII, Section A, questions 3, 4, or 5? *If "Yes," complete Schedule J*	23	Yes	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than $100,000 as of the last day of the year, that was issued after December 31, 2002? *If "Yes," answer questions 24b–24d and complete Schedule K. If "No," go to question 25*	24a		No
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	24b		No
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	24c		No
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	24d		No
25a	Section 501(c)(3) and 501(c)(4) organizations Did the organization engage in an excess benefit transaction with a disqualified person during the year? *If "Yes," complete Schedule L, Part I*	25a		No
b	Did the organization become aware that it had engaged in an excess benefit transaction with a disqualified person from a prior year? *If "Yes," complete Schedule L, Part I*	25b		No
26	Was a loan to or by a current or former officer, director, trustee, key employee, highly compensated employee, or disqualified person outstanding as of the end of the organization's tax year? *If "Yes," complete Schedule L, Part II*	26		No
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, or substantial contributor, or to a person related to such an individual? *If "Yes," complete Schedule L, Part III*	27		No

Part IV Checklist of Required Schedules *(Continued)*

			Yes	No
28	During the tax year, did any person who is a current or former officer, director, trustee, or key employee			
a	Have a direct business relationship with the organization (other than as an officer, director, trustee, or employee), or an indirect business relationship through ownership of more than 35% in another entity (individually or collectively with other person(s) listed in Part VII, Section A)? *If "Yes," complete Schedule L, Part IV*	**28a**		No
b	Have a family member who had a direct or indirect business relationship with the organization? *If "Yes," complete Schedule L, Part IV*	**28b**		No
c	Serve as an officer, director, trustee, key employee, partner, or member of an entity (or a shareholder of a professional corporation) doing business with the organization? *If "Yes," complete Schedule L, Part IV* .	**28c**		No
29	Did the organization receive more than $25,000 in non-cash contributions? *If "Yes," complete Schedule M*	**29**		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? *If "Yes," complete Schedule M*	**30**		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? *If "Yes," complete Schedule N, Part I*	**31**		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? *If "Yes," complete Schedule N, Part II*	**32**		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations section 301 7701-2 and 301 7701-3? *If "Yes," complete Schedule R, Part I*	**33**		No
34	Was the organization related to any tax-exempt or taxable entity? *If "Yes," complete Schedule R, Parts II, III, IV, and V, line 1*	**34**	Yes	
35	Is any related organization a controlled entity within the meaning of section 512(b)(13)? *If "Yes," complete Schedule R, Part V, line 2*	**35**		No
36	501(c)(3) organizations Did the organization make any transfers to an exempt non-charitable related organization? *If "Yes," complete Schedule R, Part V, line 2*	**36**		No
37	Did the organization conduct more than 5 percent of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? *If "Yes," complete Schedule R, Part VI*	**37**		No

Part V Statements Regarding Other IRS Filings and Tax Compliance

				Yes	No
1a	Enter the number reported in Box 3 of Form 1096, *Annual Summary and Transmittal of U.S. Information Returns. Enter -0-* if not applicable	1a	89		
b	Enter the number of Forms W-2G included in line 1a *Enter -0-* if not applicable	1b	0		
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?			1c Yes	
2a	Enter the number of employees reported on Form W-3, *Transmittal of Wage and Tax Statements* filed for the calendar year ending with or within the year covered by this return	2a	558		
b	If at least one is reported in 2a, did the organization file all required federal employment tax returns? **Note:** *If the sum of lines 1a and 2a is greater than 250, you may be required to e-file this return.*			2b Yes	
3a	Did the organization have unrelated business gross income of $1,000 or more during the year covered by this return?			3a	No
b	If "Yes," has it filed a Form 990-T for this year? *If "No," provide an explanation in Schedule O*			3b	No
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?			4a	No
b	If "Yes," enter the name of the foreign country _____ See the instructions for exceptions and filing requirements for **Form TD F 90-22.1,** *Report of Foreign Bank and Financial Accounts.*				
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?			5a	No
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?			5b	No
c	If "Yes," to 5a or 5b, did the organization file Form 8886-T, *Disclosure by Tax-Exempt Entity Regarding Prohibited Tax Shelter Transaction?*			5c	No
6a	Did the organization solicit any contributions that were not tax deductible?			6a	No
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?			6b	No
7	*Organizations that may receive deductible contributions under section 170(c).*				
a	Did the organization provide goods or services in exchange for any quid pro quo contribution of $75 or more?			7a Yes	
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?			7b Yes	
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?			7c	No
d	If "Yes," indicate the number of Forms 8282 filed during the year	7d	0		
e	Did the organization, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?			7e	No
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?			7f	No
g	For all contributions of qualified intellectual property, did the organization file Form 8899 as required?			7g	No
h	For contributions of cars, boats, airplanes, and other vehicles, did the organization file a Form 1098-C as required?			7h	No
8	*Section 501(c)(3) and other sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.* Did the supporting organization, or a fund maintained by a sponsoring organization, have excess business holdings at any time during the year?			8	No
9	*Section 501(c)(3) and other sponsoring organizations maintaining donor advised funds.*				
a	Did the organization make any taxable distributions under section 4966?			9a	No
b	Did the organization make a distribution to a donor, donor advisor, or related person?			9b	No
10	*Section 501(c)(7) organizations.* Enter				
a	Initiation fees and capital contributions included on Part VIII, line 12	10a			
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	10b			
11	Section 501(c)(12) organizations Enter				
a	Gross income from members or shareholders	11a			
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)	11b			
12a	*Section 4947(a)(1) non-exempt charitable trusts.* Is the organization filing Form 990 in lieu of Form 1041?			12a	No
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year	12b			

Part VI **Governance, Management, and Disclosure** ***(Sections A, B, and C request information about policies not required by the Internal Revenue Code.)***

Section A. Governing Body and Management

			Yes	No
	For each "Yes" response to lines 2-7 below, and for a "No" response to lines 8 or 9b below, describe the circumstances, processes, or changes in Schedule O. See instructions.			
1a	Enter the number of voting members of the governing body . .	1a 26		
b	Enter the number of voting members that are independent . .	1b 26		
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	2		No
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person? . .	3		No
4	Did the organization make any significant changes to its organizational documents since the prior Form 990 was filed? . .	4	Yes	
5	Did the organization become aware during the year of a material diversion of the organization's assets? . .	5		No
6	Does the organization have members or stockholders?	6		No
7a	Does the organization have members, stockholders, or other persons who may elect one or more members of the governing body?	7a		No
b	Are any decisions of the governing body subject to approval by members, stockholders, or other persons? . .	7b		No
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following			
a	the governing body?	8a	Yes	
b	each committee with authority to act on behalf of the governing body?	8b	Yes	
9a	Does the organization have local chapters, branches, or affiliates?	9a		No
b	If "Yes," does the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with those of the organization?	9b		No
10	Was a copy of the Form 990 provided to the organization's governing body before it was filed? All organizations must describe in Schedule O the process, if any, the organization uses to review the Form 990	10	Yes	
11	Is there any officer, director or trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O	11		No

Section B. Policies

			Yes	No
12a	Does the organization have a written conflict of interest policy? *If "No", go to line 13* . .	12a	Yes	
b	Are officers, directors or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	12b	Yes	
c	Does the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this is done	12c	Yes	
13	Does the organization have a written whistleblower policy?	13	Yes	
14	Does the organization have a written document retention and destruction policy?	14	Yes	
15	Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision			
a	The organization's CEO, Executive Director, or top management official?	15a	Yes	
b	Other officers or key employees of the organization?	15b	Yes	
	Describe the process in Schedule O			
16a	Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year?	16a		No
b	If "Yes," has the organization adopted a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable Federal tax law, and taken steps to safeguard the organization's exempt status with respect to such arrangements?	16b		No

Section C. Disclosure

17 List the States with which a copy of this Form 990 is required to be filed CA

18 Section 6104 requires an organization to make its Form 1023 (or 1024 if applicable), 990, and 990-T (501(c)(3)s only) available for public inspection Indicate how you make these available Check all that apply

☐ own website ☐ another's website ☑ upon request

19 Describe in Schedule O whether (and if so, how), the organization makes its governing documents, conflict of interest policy, and financial statements available to the public See Additional Data Table

20 State the name, physical address, and telephone number of the person who possesses the books and records of the organization

SONHUI ROBILOTTA
8740 WEST WASHINGTON BLVD
CULVER CITY, CA 90232
(310) 845-8025

Part VII Compensation of Officers, Directors,Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors

Section A Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

1a Complete this table for all persons required to be listed Use Schedule J-2 if additional space is needed
* List all of the organization's **current** officers, directors, trustees (whether individuals or organizations) and key employees regardless of amount of compensation, and current key employees Enter -0- in columns (D), (E), and (F) if no compensation was paid

* List the organization's five **current** highest compensated employees (other than an officer, director, trustee or key employee) who received reportable compensation (Box 5 of Form W-2 and/or Box 7 of Form 1099-MISC) of more than $100,000 from the organization and any related organizations

* List all of the organization's **former** officers, key employees, or highest compensated employees who received more than $100,000 of reportable compensation from the organization and any related organizations

* List all of the organization's **former directors or trustees** that received, in the capacity as a former director or trustee of the organization, more than $10,000 of reportable compensation from the organization and any related organizations

List persons in the following order individual trustees or directors, institutional trustees, officers, key employees, highest compensated employees, and former such persons

☐ Check this box if the organization did not compensate any officer, director, trustee or key employee

(A) Name and Title	(B) Average hours per week	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual Trustee or Director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			

Part VII Continued

(A) Name and Title	(B) Average hours per week	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual Trustee or Director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
1b Total ▶								970,987	105,809	65,861

2 Total number of individuals (including those in 1a) who received more than $100,000 in reportable compensation from the organization ▶ 5

			Yes	No
3	Did the organization list any **former** officer, director or trustee, key employee, or highest compensated employee on line 1a? *If "Yes," complete Schedule J for such individual*	**3**		No
4	For any individual listed online 1a, is the sum of reportable compensation and other compensation from the organization and related organizations greater than $150,000? *If "Yes," complete Schedule J for such individual*	**4**	Yes	
5	Did any person listed on line 1a receive or accrue compensation from any unrelated organization for services rendered to the organization? *If "Yes," complete Schedule J for such person*	**5**		No

Section B. Independent Contractors

1 Complete this table for your five highest compensated independent contractors that received more than $100,000 of compensation from the organization

(A) Name and business address	(B) Description of services	(C) Compensation

2 Total number of independent contractors (including those in 1) who received more than $100,000 in compensation from the organization ▶ 0

Part VIII **Statement of Revenue**

			(A) Total Revenue	(B) Related or Exempt Function Revenue	(C) Unrelated Business Revenue	(D) Revenue Excluded from Tax under IRC 512, 513, or 514
Contributions, gifts, grants and other similar amounts	1a	Federated campaigns 1a				
	b	Membership dues 1b				
	c	Fundraising events 1c 1,012,407				
	d	Related organizations 1d				
	e	Government grants (contributions) 1e 19,492,928				
	f	All other contributions, gifts, grants, and similar amounts not included above 1f 1,361,721				
	g	Noncash contributions included in lines 1a-1f $				
	h	**Total (Add lines 1a-1f)**	21,867,056			
Program Service Revenue		Business Code				
	2a	TUITION AND FEES	938,435	938,435		
	b	SALES FROM SHELTERED W/S	2,563,544	2,563,544		
	c	RENT - DISABLED CLIENTS	112,000	112,000		
	d					
	e					
	f	All other program service revenue				
	g	**Total. Add lines 2a-2f** ▶ $ 3,613,979				
	3	Investment income (including dividends, interest other similar amounts)	470,708			470,708
	4	Income from investment of tax-exempt bond proceeds	0			
	5	Royalties	1,305			1,305
		(i) Real / (ii) Personal				
	6a	Gross Rents: 14,235 /				
	b	Less rental expenses: /				
	c	Rental income or (loss): 14,235 /				
	d	Net rental income or (loss)	14,235			14,235
		(i) Securities / (ii) Other				
	7a	Gross amount from sales of assets other than inventory: 11,505,079 / 3,655,000				
	b	Less cost or other basis and sales expenses: 12,795,396 / 360,760				
	c	Gain or (loss): -1,290,317 / 3,294,240				
	d	Net gain or (loss)	2,003,923			2,003,923
Other Revenue	8a	Gross income from fundraising events (not including $ 124,577 of contributions reported on line 1c) See Part IV, line 18 *Attach Schedule G if total exceeds $15,000* a 1,012,407				
	b	Less direct expenses b 124,577				
	c	Net income or (loss) from fundraising events	0			
	9a	Gross income from gaming activities See part IV, line 19 *Complete Schedule G if total exceeds $15,000* a				
	b	Less direct expenses b				
	c	Net income or (loss) from gaming activities	0			
	10a	Gross sales of inventory, less returns and allowances a				
	b	Less cost of goods sold b				
	c	Net income or (loss) from sales of inventory	0			
		Miscellaneous Revenue / Business Code				
	11a	PENSION TERMINATION ADJUS	199,492			199,492
	b	MISC INCOME	193,498			193,498
	c					
	d	All other revenue				
	e	**Total. Add lines 11a-11d** $ 392,990				
	12	**Total Revenue.** Add lines 1h, 2g, 3, 4, 5, 6d, 7d, 8c, 9c, 10c, and 11e	28,364,196	3,613,979		2,883,161

Part IX Statement of Functional Expenses

Section 501(c)(3) and 501(c)(4) organizations must complete all columns.
All other organizations must complete column (A) but are not required to complete columns (B), (C), and (D).

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1 Grants and other assistance to governments and organizations in the U S See Part IV, line 21	0			
2 Grants and other assistance to individuals in the U S See Part IV, line 22	0			
3 Grants and other assistance to governments, organizations and individuals outside the U S See Part IV, lines 15 and 16	0			
4 Benefits paid to or for members	0			
5 Compensation of current officers, directors, trustees, and key employees	792,601	245,586	415,654	131,361
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)	0			
7 Other salaries and wages	14,572,488	13,438,885		181,586
8 Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	0			
9 Other employee benefits	1,339,489	1,247,367	83,061	9,061
10 Payroll taxes	1,311,440	1,182,111	105,058	24,271
11 Fees for services (non-employees)				
a Management	0			
b Legal	85,696	2,500	35,537	47,659
c Accounting	76,187	19,500	56,687	
d Lobbying	0			
e Professional fundraising *See Part IV, line 17*	0			
f Investment management fees	0			
g Other	1,564,716	1,494,473	70,243	
12 Advertising and promotion	0			
13 Office expenses	183,320	147,881	33,246	2,193
14 Information technology	0			
15 Royalties	0			
16 Occupancy	455,096	450,348	4,748	
17 Travel	0			
18 Payments of travel or entertainment expenses for any Federal, state or local public officials	0			
19 Conferences, conventions and meetings	0			
20 Interest	409,661	360,875	44,729	4,057
21 Payments to affiliates	0			
22 Depreciation, depletion, and amortization	692,362	621,553	63,053	7,756
23 Insurance	217,009	162,495	53,479	1,035
24 Other expenses—Itemize expenses not covered above (Expenses grouped together and labeled miscellaneous may not exceed 5% of total expenses shown on line 25 below)				
a VEHICLE	792,241	792,241		
b repairs & MAINTENANCE	571,308	554,670	14,752	1,886
c PROGRAM SUPPLIES	432,115	432,115		
d PRODUCTION RELATED EXPENSES	309,686	309,686		
e CLIENT/TRAINEE PAYROLL	744,514	744,514		
f All other expenses	1,801,050	1,344,185	215,406	241,459
25 **Total functional expenses.** Add lines 1 through 24f	26,350,979	23,550,985	2,147,670	652,324
26 **Joint Costs.** Check ☑ if following SOP 98-2 Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation				

Part X Balance Sheet

			(A) Beginning of year		(B) End of year
Assets	1	Cash—non-interest-bearing	432,009	1	716,884
	2	Savings and temporary cash investments	3,700,059	2	3,630,493
	3	Pledges and grants receivable, net		3	0
	4	Accounts receivable, net	1,467,253	4	3,480,346
	5	Receivables from current and former officers, directors, trustees, key employees or other related parties *Complete Part II of Schedule L*		5	0
	6	Receivables from other disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B) *Complete Part II of Schedule L*		6	0
	7	Notes and loans receivable, net		7	0
	8	Inventories for sale or use	117,227	8	176,851
	9	Prepaid expenses and deferred charges	204,940	9	403,579
	10a	Land, buildings, and equipment cost basis — 10a: 27,871,319			
	b	Less accumulated depreciation *Complete Part VI of Schedule D* — 10b: 12,886,802	8,554,522	10c	14,984,517
	11	Investments—publicly traded securities	10,275,977	11	9,587,466
	12	Investments—other securities See Part IV, line 11 *Complete Part VII of Schedule D*		12	0
	13	Investments—program-related See Part IV, line 11 *Complete Part VIII of Schedule D*		13	0
	14	Intangible assets	134,455	14	125,730
	15	Other assets See Part IV, line 11 *Complete Part IX of Schedule D*	1,239,334	15	440,294
	16	**Total assets.** *Add lines 1 through 15 (must equal line 34)*	26,125,776	16	33,546,160
Liabilities	17	Accounts payable and accrued expenses	1,341,087	17	1,963,655
	18	Grants payable		18	
	19	Deferred revenue		19	
	20	Tax-exempt bond liabilities		20	
	21	Escrow account liability *Complete Part IV of Schedule D*		21	
	22	Payable to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons *Complete Part II of Schedule L*		22	
	23	Secured mortgages and notes payable to unrelated third parties	2,881,347	23	5,176,068
	24	Unsecured notes and loans payable		24	228,639
	25	Other liabilities *Complete Part X of Schedule D*	2,710,028	25	645,000
	26	**Total liabilities.** *Add lines 17 through 25*	6,932,462	26	8,013,362
Net Assets or Fund Balances		**Organizations that follow SFAS 117, check here ▶ ☑ and complete lines 27 through 29, and lines 33 and 34.**			
	27	Unrestricted net assets	17,189,727	27	22,930,056
	28	Temporarily restricted net assets	1,503,587	28	1,602,742
	29	Permanently restricted net assets	500,000	29	1,000,000
		Organizations that do not follow SFAS 117, check here ▶ ☐ and complete lines 30 through 34.			
	30	Capital stock or trust principal, or current funds		30	
	31	Paid-in or capital surplus, or land, building or equipment fund		31	
	32	Retained earnings, endowment, accumulated income, or other funds		32	
	33	Total net assets or fund balances	19,193,314	33	25,532,798
	34	Total liabilities and net assets/fund balances	26,125,776	34	33,546,160

Part XI Financial Statements and Reporting

				Yes	No
1	Accounting method used to prepare the Form 990	☐ cash ☑ accrual ☐ other			
2a	Were the organization's financial statements compiled or reviewed by an independent accountant?		2a		No
b	Were the organization's financial statements audited by an independent accountant?		2b	Yes	
c	If "Yes" to lines 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant?		2c	Yes	
3a	As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133?		3a	Yes	
b	If "Yes," did the organization undergo the required audit or audits?		3b	Yes	

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SCHEDULE A (Form 990 or 990EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

To be completed by all section 501(c)(3) organizations and section 4947(a)(1) nonexempt charitable trusts.
Attach to Form 990 or Form 990-EZ. See separate instructions.

OMB No 1545-0047

2008

Open to Public Inspection

Name of the organization
EXCEPTIONAL CHILDRENS FOUNDATION

Employer identification number
95-1690988

Part I Reason for Public Charity Status (to be completed by all organizations) (See Instructions)

The organization is not a private foundation because it is (Please check only **one** organization)

1 ☐ A church, convention of churches, or association of churches described in **Section 170(b)(1)(A)(i).**

2 ☐ A school described in **Section 170(b)(1)(A)(ii).** (Attach Schedule E)

3 ☐ A hospital or a cooperative hospital service organization described in **Section 170(b)(1)(A)(iii).** (Attach Schedule H)

4 ☐ A medical research organization operated in conjunction with a hospital described in **Section 170(b)(1)(A)(iii).** Enter the hospital's name, city, and state _____

5 ☐ An organization operated for the benefit of a college or university owned or operated by a governmental unit described in **Section 170(b)(1)(A)(iv).** (Complete Part II)

6 ☐ A federal, state, or local government or governmental unit described in **Section 170(b)(1)(A)(v).**

7 ☑ An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in **Section 170(b)(1)(A)(vi)** (Complete Part II)

8 ☐ A community trust described in **Section 170(b)(1)(A)(vi)** (Complete Part II)

9 ☐ An organization that normally receives (1) more than 331/3% of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions—subject to certain exceptions, and (2) no more than 331/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975 See **Section 509(a)(2).** (Complete Part III)

10 ☐ An organization organized and operated exclusively to test for public safety See **Section 509(a)(4).** (See instructions)

11 ☐ An organization organized and operated exclusively for the benefit of, to perform the functions of, or to carry out the purposes of one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2) See **Section 509(a)(3).** Check the box that describes the type of supporting organization and complete lines 11e through 11h

a ☐ Type I **b** ☐ Type II **c** ☐ Type III - Functionally Integrated **d** ☐ Type III - Other

e ☐ By checking this box, I certify that the organization is not controlled directly or indirectly by one or more disqualified persons other than foundation managers and other than one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2)

f If the organization received a written determination from the IRS that it is a Type I, Type II or Type III supporting organization, check this box ☐

g Since August 17, 2006, has the organization accepted any gift or contribution from any of the following persons?

	Yes	No
(i) a person who directly or indirectly controls, either alone or together with persons described in (ii) and (iii) below, the governing body of the the supported organization? **11g(i)**		
(ii) a family member of a person described in (i) above? **11g(ii)**		
(iii) a 35% controlled entity of a person described in (i) or (ii) above? **11g(iii)**		

h Provide the following information about the organizations the organization supports

(i) Name of Supported Organization	**(ii)** EIN	**(iii)** Type of organization (described on lines 1- 9 above or IRC section **(See Instructions)**)	**(iv)** Is the organization in col **(i)** listed in your governing document?		**(v)** Did you notify the organization in col **(i)** of your support?		**(vi)** Is the organization in col **(i)** organized in the U S ?		**(vii)** Amount of support?
			Yes	**No**	**Yes**	**No**	**Yes**	**No**	
Total									

Part II **Support Schedule for Organizations Described in IRC 170(b)(1)(A)(iv) and 170(b)(1)(A)(vi)**
(Complete only if you checked the box on line 5, 7, or 8 of Part I.)

Public Support

Calendar year (or fiscal year beginning in)	(a) 2004	(b) 2005	(c) 2006	(d) 2007	(e) 2008	(f) Total
1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants ")	9,113,084	10,236,701	10,675,653	12,225,894	21,867,056	64,118,388
2 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						0
3 The value of services or facilities furnished by a governmental unit to the organization without charge						0
4 **Total.** Add line 1-3	9,113,084	10,236,701	10,675,653	12,225,894	21,867,056	64,118,388
5 The portion of total contribution by each person (other than a government unit or publicly supported organization) included on line 1 that exceed 2% of the amount shown on line 11, column (f)						0
6 **Public Support** subtract line 5 from line 4						64,118,388

Total Support

Calendar year (or fiscal year beginning in)	(a) 2004	(b) 2005	(c) 2006	(d) 2007	(e) 2008	(f) Total
7 Amounts from line 4	9,113,084	305,692	10,675,653	12,225,894	21,867,056	64,118,388
8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources	187,178	305,692	500,916	643,827	472,013	2,109,626
9 Net income from unrelated business activities, whether or not the business is regularly carried on						0
10 Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV)	128,466	70,609	53,343	61,107	407,225	720,750
11 **Total Support** (Add lines 7 through 10)						66,948,764

12 Gross receipts from related activities, etc (See instructions) **12**

13 **First Five Years.** If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a 501(c)(3) organization, check this box and **stop here** ☐

Computation of Public Support Percentage

14	Public Support Percentage for 2008 (line 6 column (f) divided by line 11 column (f))	**14**	**95.770 %**
15	Public Support Percentage for 2007 Schedule A, Part IV-A, line 26f	**15**	**96.320 %**

16a **33 1/3% Test - 2008.** If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and **stop here.** The organization qualifies as a publicly supported organization ☑

b **33 1/3% Test - 2007.** If the organization did not check the box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and **stop here.** The organization qualifies as a publicly supported organization ☐

17a **10% Facts and Circumstances Test - 2008.** If the organization did not check a box on line 13, 16a, or 16b and line 14 is 10% or more, and if the organization meets the "facts and circumstances" test, check this box and **stop here.** Explain in Part IV how the organization meets the "facts and circumstances" test The organization qualifies as a publicly supported organization ☐

b **10% Facts and Circumstances Test - 2007.** If the organization did not check a box on line 13, 16a, 16b, or 17a and line 15 is 10% or more, and if the organization meets the "facts and circumstances" test, check this box and **stop here.** Explain in Part IV how the organization meets the "facts and circumstances" test The organization qualifies as a publicly supported organization ☐

18 **Private Foundation.** If the organization did not check the box on line 13, 16a, 16b, 17a or 17b, check this box and see instructions ☐

Part III Support Schedule for Organizations Described in IRC 509(a)(2)

(Complete only if you checked the box on line 9 of Part I.)

Section A. Public Support

Calendar year (or fiscal year beginning in)	(a) 2004	(b) 2005	(c) 2006	(d) 2007	(e) 2008	(f) Total
1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants ")						
2 Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose						
3 Gross receipts from activities that are not an unrelated trade or business under section 513						
4 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
5 The value of services or facilities furnished by a governmental unit to the organization without charge						
6 **Total** Add lines 1-5						
7a Amounts included on lines 1, 2, and 3 received from disqualified persons						
b Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of 1% of the total of lines 9, 10c, 11, and 12 for the year or $5,000						
c Total of lines 7a and 7b						
8 **Public Support** (Substract line 7c from line 6)						

Total Support

Calendar year (or fiscal year beginning in)	(a) 2004	(b) 2005	(c) 2006	(d) 2007	(e) 2008	(f) Total
9 Amounts from line 6						
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after 30 June, 1975						
c Add lines 10a and 10b						
11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
12 Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV)						
13 **Total Support** (Add lines 9, 10c, 11 and 12)						

14 **First Five Years** If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a 501(c)(3) organization, check this box and **stop here** ☐

Computation of Public Support Percentage

15	Public Support Percentage for 2008 (line 8 column (f) divided by line 13 column (f))	15
16	Public Support Percentage for 2007 Schedule A, Part IV-A, line 27g	16

Computation of Investment Income Percentage

17	Investment Income Percentage for **2008** (line 10c column (f) divided by line 13 column (f))	17
18	Investment Income Percentage from **2007** Schedule A, Part IV-A, line 27h	18

19a **33 1/3% Tests - 2008.** If the organization did not check the box on line 14, and line 15 is more than 33 1/3%, and line 17 is not more than 33 1/3%, check this box and **stop here.** The organization qualifies as a publicly supported organization ☐

b **33 1/3% Tests - 2007.** If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3% and line 18 is not more than 33 1/3%, check this box and **stop here.** The organization qualifies as a publicly supported organization ☐

20 **Private Foundation** If the organization did not check a box on line 14, 19a or 19b, check this box and see instructions ☐

Part IV **Supplemental Information.** Complete this part to provide the information required by Part II, line 10; Part II, line 17a or 17b, or Part III, line 12. Provide and any other additional information. (see instructions)

Facts and Circumstances Test

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SCHEDULE D (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

▶ **Attach to Form 990. To be completed by organizations that answered "Yes," to Form 990, Part IV, line 6, 7, 8, 9, 10, 11, or 12.**

OMB No 1545-0047

2008

Open to Public Inspection

Name of the organization
EXCEPTIONAL CHILDRENS FOUNDATION

Employer identification number
95-1690988

Part I Organizations Maintaining Donor Advised Funds or Other Similar Funds or Accounts. Complete if the organization answered "Yes" to Form 990, Part IV, line 6.

		(a) Donor advised funds	(b) Funds and other accounts
1	Total number at end of year		
2	Aggregate Contributions to (during year)		
3	Aggregate Grants from (during year)		
4	Aggregate value at end of year		

5 Did the organization inform all donors and donor advisors in writing that the assets held in donor advised funds are the organization's property, subject to the organization's exclusive legal control? ☐ Yes ☐ No

6 Did the organization inform all grantees, donors, and donor advisors in writing that grant funds may be used only for charitable purposes and not for the benefit of the donor or donor advisor or other impermissible private benefit? ☐ Yes ☐ No

Part II Conservation Easements. Complete if the organization answered "Yes" to Form 990, Part IV, line 7.

1 Purpose(s) of conservation easements held by the organization (check all that apply)

☐ Preservation of land for public use (e g , recreation or pleasure) ☐ Preservation of an historically importantly land area
☐ Protection of natural habitat ☐ Preservation of certified historic structure
☐ Preservation of open space

2 Complete lines 2a–2d if the organization held a qualified conservation contribution in the form of a conservation easement on the last day of the tax year

			Held at the End of the Year
a	Total number of conservation easements	2a	
b	Total acreage restricted by conservation easements	2b	
c	Number of conservation easements on a certified historic structure included in (a)	2c	
d	Number of conservation easements included in (c) acquired after 8/17/06	2d	

3 Number of conservation easements modified, transferred, released, extinguished, or terminated by the organization during the taxable year ▶

4 Number of states where property subject to conservation easement is located ▶

5 Does the organization have a written policy regarding the periodic monitoring, inspection, violations, and enforcement of the conservation easements it holds? ☐ Yes ☐ No

6 Staff or volunteer hours devoted to monitoring, inspecting and enforcing easements during the year ▶

7 Amount of expenses incurred in monitoring, inspecting, and enforcing easements during the year ▶ $

8 Does each conservation easement reported on line 2(d) above satisfy the requirements of section 170(h)(4)(B)(i) and 170(h)(4)(B)(ii)? ☐ Yes ☐ No

9 In Part XIV, describe how the organization reports conservation easements in its revenue and expense statement, and balance sheet, and include, if applicable, the text of the footnote to the organization's financial statements that describes the organization's accounting for conservation easements

Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets. Complete if the organization answered "Yes" to Form 990, Part IV, line 8.

1a If the organization elected, as permitted under SFAS 116, not to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education or research in furtherance of public service, provide, in Part XIV, the text of the footnote to its financial statements that describes these items

b If the organization elected, as permitted under SFAS 116, to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide the following amounts relating to these items

(i) Revenues included in Form 990, Part VIII, line 1 ▶ $

(ii) Assets included in Form 990, Part X ▶ $

2 If the organization received or held works of art, historical treasures, or other similar assets for financial gain, provide the following amounts required to be reported under SFAS 116 relating to these items

a Revenues included in Form 990, Part VIII, line 1 ▶ $

b Assets included in Form 990, Part X ▶ $

Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets *(continued)*

3 Using the organization's accession and other records, check any of the following that are a significant use of its collection items (check all that apply)

- a ☐ Public exhibition
- b ☐ Scholarly research
- c ☐ Preservation for future generations
- d ☐ Loan or exchange programs
- e ☐ Other

4 Provide a description of the organization's collections and explain how they further the organization's exempt purpose in Part XIV

5 During the year, did the organization solicit or receive donations of art, historical treasures or other similar assets to be sold to raise funds rather than to be maintained as part of the organization's collection? ☐ Yes ☐ No

Part IV Trust, Escrow and Custodial Arrangements. Complete if the organization answered "Yes" to Form 990, Part IV, line 9, or reported an amount on Form 990, Part X, line 21.

1a Is the organization an agent, trustee, custodian or other intermediary for contributions or other assets not included on Form 990, Part X? ☐ Yes ☐ No

b If "Yes," explain why in Part XIV and complete the following table

		Amount
c Beginning balance	1c	
d Additions during the year	1d	
e Distributions during the year	1e	
f Ending balance	1f	

2a Did the organization include an amount on Form 990, Part X, line 21? ☐ Yes ☐ No

b If "Yes," explain the arrangement in Part XIV

Part V Endowment Funds. Complete if the organization answered "Yes" to Form 990, Part IV, line 10.

	(a) Current Year	(b) Prior Year	(c) Two Years Back	(d) Three Years Back	(e) Four Years Back
1a Beginning of year balance	8,854,989				
b Contributions	1,785,512				
c Investment earnings or losses	-1,477,512				
d Grants or scholarships					
e Other expenditures for facilities and programs	308,000				
f Administrative expenses					
g End of year balance	8,854,989				

2 Provide the estimated percentage of the year end balance held as

- a Board designated or quasi-endowment ▶ 88 707 %
- b Permanent endowment ▶ 11 293 %
- c Term endowment ▶

3a Are there endowment funds not in the possession of the organization that are held and administered for the organization by

		Yes	No
(i) unrelated organizations	3a(i)		No
(ii) related organizations	3a(ii)		No
b If "Yes" to 3a(ii), are the related organizations listed as required on Schedule R?	3b		No

4 Describe in Part XIV the intended uses of the organization's endowment funds

Part VI Investments—Land, Buildings, and Equipment. See Form 990, Part X, line 10.

Description of investment	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Depreciation	(d) Book value
1a Land		6,485,130		6,485,130
b Buildings		15,590,211	7,627,388	7,962,823
c Leasehold improvements		216,729	121,561	95,168
d Equipment		2,441,362	2,188,923	252,439
e Other		3,137,887	2,948,930	188,957
Total. Add lines 1a-1e *(Column (d) should equal Form 990, Part X, column (B), line 10(c).)* ▶				14,984,517

Part VII Investments—Other Securities. See Form 990, Part X, line 12.

(a) Description of security or cateory (including name of security)	(b) Book value	(c) Method of valuation Cost or end-of-year market value
Financial derivatives and other financial products		
Closely-held equity interests		
Other		
Total. *(Column (b) should equal Form 990, Part X, col (B) line 12)* ▶		

Part VIII Investments—Program Related. See Form 990, Part X, line 13.

(a) Description of investment type	(b) Book value	(c) Method of valuation Cost or end-of-year market value
Total. *(Column (b) should equal Form 990, Part X, col (B) line 13)* ▶		

Part IX Other Assets. See Form 990, Part X, line 15.

(a) Description	(b) Book value
Total. *(Column (b) should equal Form 990, Part X, col.(B) line 15.)* . . . . . ▶	

Part X Other Liabilities. See Form 990, Part X, line 25.

(a) Description of Liability	(b) Amount
Federal Income Taxes	
DEFINED BENEFIT PENSION TERMINATION COST	645,000
Total. *(Column (b) should equal Form 990, Part X, col (B) line 25)* ▶	645,000

In Part XIV, provide the text of the footnote to the organization's financial statements that reports the organization's liability for uncertain tax positions under FIN 48

Part XI Reconciliation of Change in Net Assets from Form 990 to Financial Statements

1	Total revenue (Form 990, Part VIII, column (A), line 12)	1	28,364,196
2	Total expenses (Form 990, Part IX, column (A), line 25)	2	26,350,979
3	Excess or (deficit) for the year Subtract line 2 from line 1	3	2,013,217
4	Net unrealized gains (losses) on investments	4	-1,083,577
5	Donated services and use of facilities	5	
6	Investment expenses	6	
7	Prior period adjustments	7	
8	Other (Describe in Part XIV)	8	-13,718
9	Total adjustments (net) Add lines 4 - 8	9	-1,097,295
10	Excess or (deficit) for the year per financial statements Combine lines 3 and 9	10	915,922

Part XII Reconciliation of Revenue per Audited Financial Statements With Revenue per Return

1	Total revenue, gains, and other support per audited financial statements			1	27,479,988
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12				
a	Net unrealized gains on investments	2a	-1,083,577		
b	Donated services and use of facilities	2b			
c	Recoveries of prior year grants	2c			
d	Other (Describe in Part XIV)	2d	199,369		
e	Add lines **2a** through **2d**			2e	-884,208
3	Subtract line **2e** from line **1**			3	28,364,196
4	Amounts included on Form 990, Part VIII, line 12, but not on line **1**				
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a			
b	Other (Describe in Part XIV)	4b			
c	Add lines **4a** and **4b**			4c	
5	Total Revenue Add lines **3** and **4c.** (This should equal Form 990, Part I, line 12)			5	28,364,196

Part XIII Reconciliation of Expenses per Audited Financial Statements With Expenses per Return

1	Total expenses and losses per audited financial statements			1	26,564,066
2	Amounts included on line 1 but not on Form 990, Part IX, line 25				
a	Donated services and use of facilities	2a			
b	Prior year adjustments	2b			
c	Losses reported on Form 990, Part IX, line 25	2c			
d	Other (Describe in Part XIV)	2d	213,087		
e	Add lines **2a** through **2d**			2e	213,087
3	Subtract line **2e** from line **1**			3	26,350,979
4	Amounts included on Form 990, Part IX, line 25, but not on line **1:**				
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a			
b	Other (Describe in Part XIV)	4b			
c	Add lines **4a** and **4b**			4c	
5	Total expenses Add lines **3** and **4c.** (This should equal Form 990, Part I, line 18)			5	26,350,979

Part XIV Supplemental Information

Complete this part to provide the descriptions required for Part II, lines 3, 5, and 9, Part III, lines 1a and 4, Part XIV, lines 1b and 2b, Part V, line 4, Part X, Part XI, line 8, Part XII, lines 2d and 4b, and Part XIII, lines 2d and 4b

Identifier	Return Reference	Explanation
Part X	Part X FIN48 Footnote	In July 2006, Financial Accounting Standards Board ("FASB") Interpretation ("FIN") No 48, Accounting for Uncertainty in Income Taxes ("FIN 48") was issued Under FIN 48, EXCEPTIONAL CHILDREN'S FOUNDATION must evaluate its tax positions and provide for a liability for any positions that would not be considered "more likely than not" to be upheld under a tax authority examination The FASB has granted nonpublic entities the election to defer the effective date for implementation of FIN 48 to years beginning after December 15, 2008 Management has elected to defer the application of FIN 48 and will continue to evaluate its tax positions using the guidance of FASB Statement No 5, Accounting for Contingencies
Part XIII, Line 2d	Part XIII, Line 2d Other expenses and losses per audited F/S	expenses from consolidated entities $213087
Part XII, Line 2d	Part XII, Line 2d Other revenue amounts included in F/S but not included on form 990	revenue from consolidated entities $199369
Part XI, Line 8	Part XI, Line 8 Other Changes in Net Assets or Fund Balances	Losses from consolidated entities $ -13718
Part V, Line 4	Part V, Line 4 Intended uses of the endowment fund	THE BOARD-DESIGNATED ENDOWMENT ($7,854,989) HAS BEEN SEGREGATED TO BE USED FOR CAPITAL IMPROVEMENTS, PURCHASES, FUTURE PROJECTS, AND OPERATIONS THE PERMANENT ENDOWMENT ($1,000,000) HAS BEEN RESTRICTED IN PERPETUITY BY THE DONORS, WITH THE EARNINGS FROM THE ENDOWMENT TO BE USED AT THE DISCRETION OF THE BOARD OF DIRECTORS

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SCHEDULE G (Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information Regarding Fundraising or Gaming Activities

▶ **Attach to Form 990 or Form 990-EZ. Must be completed by organizations that answer "Yes" to Form 990, Part IV, lines 17, 18, or 19, and by organizations that enter more than $15,000 on Form 990-EZ, line 6a.**

OMB No 1545-0047

2008

Open to Public Inspection

Name of the organization
EXCEPTIONAL CHILDRENS FOUNDATION

Employer identification number
95-1690988

Part I Fundraising Activities. Complete if the organization answered "Yes" to Form 990, Part IV, line 17.

1 Indicate whether the organization raised funds through any of the following activities Check all that apply

- **a** ☐ Mail solicitations
- **b** ☐ Email solicitations
- **c** ☐ Phone solicitations
- **d** ☐ In-person solicitations
- **e** ☐ Solicitation of non-government grants
- **f** ☐ Solicitation of government grants
- **g** ☐ Special fundraising events

2a Did the organization have a written or oral agreement with any individual (including officers, directors, trustees or key employees listed in Form 990, Part VII) or entity in connection with professional fundraising activities? ☐ **Yes** ☑ **No**

b If "Yes," list the ten highest paid individuals or entities (fundraisers) pursuant to agreements under which the fundraiser is to be compensated at least $5,000 by the organization Form 990-EZ filers are not required to complete this table

(i) Name of individual or entity (fundraiser)	**(ii)** Activity	**(iii)** Did fundraiser have custody or control of contributions? Yes	No	**(iv)** Gross receipts from activity	**(v)** Amount paid to (or retained by) fundraiser listed in col **(i)**	**(vi)** Amount paid to (or retained by) organization
Total			▶			

3 List all states in which the organization is registered or licensed to solicit funds or has been notified it is exempt from registration or licensing

Part II **Fundraising Events.** Complete if the organization answered "Yes" to Form 990, Part IV, line 18, or reported more than $15,000 on Form 990-EZ, line 6a. List events with gross receipts greater than $5,000.

		(a) Event #1 ROAST (event type)	(b) Event #2 PRO-AM GOLF EVENT (event type)	(c) Other Events 1 (total number)	(d) Total Events (Add col (a) through col (c))
Revenue	1 Gross receipts	941,214	147,000	48,770	1,136,984
	2 Less Charitable contributions	826,925	147,000	38,482	1,012,407
	3 Gross revenue (line 1 minus line 2)	114,289		10,288	124,577
Direct Expenses	4 Cash Prizes				
	5 Non-cash Prizes				
	6 Rent/Facility costs				
	7 Other direct expenses	114,289		10,288	124,577
	8 Direct expense summary Add lines 4 through 7 in column (d) ▶				124,577
	9 Net income summary Combine lines 3 and 8 in column (d) ▶				

Part III **Gaming.** Complete if the organization answered "Yes" to Form 990, Part IV, line 19, or reported more than $15,000 on Form 990-EZ, line 6a.

		(a) Bingo	(b) Pull tabs/Instant bingo/progressive bingo	(c) Other gaming	(d) Total gaming (Add col (a) through col (c))
Revenue	1 Gross revenue				
Direct Expenses	2 Cash prizes				
	3 Non-cash prizes				
	4 Rent/facility costs				
	5 Other direct expenses				
	6 Volunteer labor	☐ Yes ____ % ☐ No	☐ Yes ____ % ☐ No	☐ Yes ____ % ☐ No	
	7 Direct expense summary Add lines 2 through 5 in column (d) ▶				
	8 Net gaming income summary Combine lines 1 and 7 in column (d) ▶				

			Yes	No
9	Enter the state(s) in which the organization operates gaming activities ____			
a	Is the organization licensed to operate gaming activities in each of these states?	9a		
b	If "No," Explain			
10a	Were any of the organization's gaming licenses revoked, suspended or terminated during the tax year?	10a		
b	If "Yes," Explain			
11	Does the organization operate gaming activities with nonmembers?	11		
12	Is the organization a grantor, beneficiary or trustee of a trust or a member of a partnership or other entity formed to administer charitable gaming?	12		

			Yes	No
13	Indicate the percentage of gaming activity operated in			
a	The organization's facility	**13a**		
b	An outside facility	**13b**		
14	Provide the name and address of the person who prepares the organization's gaming/special events books and records			
	Name ▶ _____			
	Address ▶ _____			
15a	Does the organization have a contract with a third party from whom the organization receives gaming revenue?	**15a**		
b	If "Yes," enter the amount of gaming revenue received by the organization ▶ $ _____ and the amount of gaming revenue retained by the third party ▶ $ _____			
c	If "Yes," enter name and address			
	Name ▶ _____			
	Address ▶ _____			
16	Gaming manager information			
	Name ▶ _____			
	Gaming manager compensation ▶ $ _____			
	Description of services provided ▶ _____			
	☐ Director/officer ☐ Employee ☐ Independent contractor			
17	Mandatory distributions			
a	Is the organization required under state law to make charitable distributions from the gaming proceeds to retain the state gaming license?	**17a**		
b	Enter the amount of distributions required under state law distributed to other exempt organizations or spent in the organization's own exempt activities during the tax year ▶ $			

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Schedule J (Form 990)

Department of the Treasury
Internal Revenue Service

Compensation Information

For certain Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

▶ Attach to Form 990. To be completed by organizations that answered "Yes" to Form 990, Part IV, line 23.

OMB No 1545-0047

2008

Open to Public Inspection

Name of the organization
EXCEPTIONAL CHILDRENS FOUNDATION

Employer identification number
95-1690988

Part I Questions Regarding Compensation

			Yes	No
1a	Check the appropiate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a Complete Part III to provide any relevant information regarding these items ☐ First class or charter travel ☐ Housing allowance or residence for personal use ☐ Travel for companions ☐ Payments for business use of personal residence ☐ Tax idemnification and gross-up payments ☐ Health or social club dues or initiation fees ☐ Discretionary spending account ☐ Personal services (e g , maid, chauffeur, chef)			
b	If line 1a is checked, did the organization follow a written policy regarding payment or reimbursement or provision of all the expenses described above? If "No," complete Part III to explain	**1b**		
2	Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all officers, directors, trustees, and the CEO/Executive Director, regarding the items checked in line 1a?	**2**		
3	Indicate which, if any, of the following the organization uses to establish the compensation of the organization's CEO/Executive Director Check all that apply ☑ Compensation committee ☑ Written employment contract ☐ Independent compensation consultant ☑ Compensation survey or study ☐ Form 990 of other organizations ☑ Approval by the board or compensation committee			
4	During the year, did any person listed in Form 990, Part VII, Section A, line 1a			
a	Receive a severance payment or change of control payment?	**4a**		No
b	Participate in, or receive payment from, a supplemental nonqualified retirement plan?	**4b**		No
c	Participate in, or receive payment from, an equity-based compensation arrangement?	**4c**		No
	If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III			
	501(c)(3) and 501(c)(4) organizations only must complete lines 5-8.			
5	For persons listed in form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of			
a	The organization?	**5a**		No
b	Any related organization?	**5b**		No
	If "Yes," to line 5a or 5b, describe in Part III			
6	For persons listed in form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of			
a	The organization?	**6a**		No
b	Any related organization?	**6b**		No
	If "Yes," to line 6a or 6b, describe in Part III			
7	For persons listed in form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If "Yes," describe in Part III	**7**		No
8	Were any amounts reported in Form 990, Part VII, paid or accured pursuant to a contract that was subject to the initial contract exception described in Regs section 53 4958-4(a)(3)? If "Yes," describe in Part III	**8**		No

Part II **Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees.** Use Schedule J-1 if additional space needed.

For each individual whose compensation must be reported in Schedule J, report compensation from the organization on row (i) and from related organizations described in the instructions on row (ii) Do not list any individuals that are not listed on Form 990, Part VII

Note. The sum of columns (B)(i)-(iii) must equal the applicable column (D) or column (E) amounts on Form 990, Part VII, line 1a

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other compensation				
SCOTT D BOWLING PSY D	(i) (ii)	187,881				4,352	192,233	
	(ii)							
	(i)							
	(ii)							
	(i)							
	(ii)							
	(i)							
	(ii)							
	(i)							
	(ii)							
	(i)							
	(ii)							
	(i)							
	(ii)							
	(i)							
	(ii)							

Part III Supplemental Information

Complete this part to provide the information, explanation, or descriptions required for Part I, lines 1a, 1b, 4c, 5a, 5b, 6a, 6b, 7, and 8 Also complete this part for any additional information

Identifier	Return Reference	Explanation

SCHEDULE O
(Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990

▶ Attach to Form 990. To be completed by organizations to provide additional information for responses to specific questions for the Form 990 or to provide any additional information.

OMB No 1545-0047

2008

Open to Public Inspection

Name of the organization
EXCEPTIONAL CHILDRENS FOUNDATION

Employer identification number
95-1690988

Identifier	Return Reference	Explanation
Form 990, Part VI, Line 19	Form 990, Part VI, Line 19 Other Organization Documents Publicly Available	GOVERNING DOCUMENTS, CONFLICT OF INTEREST POLICIES, AND FINANCIAL STATEMENTS ARE AVAILABLE TO EXECUTIVE STAFF AND THE BOARD OF DIRECTORS UPON REQUEST FROM THE GENERAL PUBLIC, THE ORGANIZATION WILL PROVIDE ACCESS TO THESE DOCUMENTS AS REQUIRED BY LAW

Identifier	Return Reference	Explanation
Form 990, Part VI, Line 15b	Form 990, Part VI, Line 15b Compensation Review and Approval Process for Officers and Key Employees	THE ORGANIZATION HAS ESTABLISHED A COMPENSATION COMMITTEE OF THE BOARD OF DIRECTORS, INDEPENDENT OF MANAGEMENT, WHICH OBTAINS COMPARATIVE COMPENSATION INFORMATION IN CONSULTATION WITH AN INDEPENDENT COMPENSATION CONSULTANT, REVIEWS AND APPROVES EXECUTIVE COMPENSATION, AND DOCUMENTS THE RESULTS IN WRITTEN EMPLOYMENT CONTRACTS AND IN WRITTEN MEETING MINUTES

Identifier	Return Reference	Explanation
Form 990, Part VI, Line 12c	Form 990, Part VI, Line 12c Explanation of Monitoring and Enforcement of Conflicts	A conflict of interest policy has been approved by the Board of Directors A conflict of interest disclosure statement including a list of major vendors with whom the Foundation transacted business during the previous year is furnished annually to each director, officer, and member of the executive staff of the ORGANIZATION The forms are reviewed and signed by each member with any conflicts noted and returned to the staff member who handles Board affairs

Identifier	Return Reference	Explanation
Form 990, Part VI, Line 10	Form 990, Part VI, Line 10 Form 990 Review Process	FORM 990 IS REVIEWED AND APPROVED BY an OUTSIDE CONSULTANT, MANAGEMENT, and THE budget and finance COMMITTEE A COPY OF THE FINAL FORM 990 IS THEN SENT ELECTRONICALLY TO ALL BOARD MEMBERS PRIOR TO IT BEING FILED

Identifier	Return Reference	Explanation
Form 990, Part VI, Line 4	Form 990, Part VI, Line 4 Description of Significant Changes to Organizational Documents	see attached copies of revised articles of incorporation and bylaws

Identifier	Return Reference	Explanation
Form 990, Part III, Line 4d	Form 990, Part III, Line 4d Other Program Services Description	OTHER PROGRAM SERVICES 4 Supported Employment program provides community-integrated job placements, on-the-job training, and support services to 100 adults with developmental disabilities and acquired brain injuries For program participants, this is a much-awaited gateway to greater independence Under the supervision of an ECF job coach, participants are hired by local businesses to perform clerical, janitorial, grounds maintenance, and food service assignments OTHER PROGRAM SERVICES 5 Residential Services provide adults with developmental disabilities the opportunity to live in the community with the level of support each person needs ECF offers group home, independent living services over 50 people at six locations OTHER PROGRAM SERVICES 6 Developmental Activity Centers (DAC) in Culver City and Los Angeles offer 260 adults with moderate to profound mental retardation and other developmental disabilities a stepping-stone to independence The Westside program utilizes classroom and natural environments to provide training and support services in the areas of self-care, self-advocacy, community integration and vocational skills The Los Angeles program is an innovative simulated community that has won acclaim for creativity as a learning environment OTHER PROGRAM SERVICES 7 Art Centers encourage maximum personal development in adults with developmental disabilities through the medium of art ECF artists range in age from 18 into their 60's The Art Center program is nationally recognized for its leadership in demonstrating that individuals with developmental disabilities can often produce fine art Many of the 98 artists enrolled in the program have won awards in juried shows throughout the United States In addition to art classes, the program also offers training in independent living skills

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SCHEDULE R (Form 990)

Department of the Treasury
Internal Revenue Service

Related Organizations and Unrelated Partnerships

▶ Attach to Form 990. To be completed by organizations that answerd "Yes" to Form 990, Part IV, lines 33, 34, 35, 36, or 37.
▶ See separate instructions.

OMB No 1545-0047

2008

Open to Public Inspection

Name of the organization
EXCEPTIONAL CHILDRENS FOUNDATION

Employer identification number
95-1690988

Part I Identification of Disregarded Entities

(A) Name, address, and EIN of disregarded entity	(B) Primary activity	(C) Legal domicile (state or foreign country)	(D) Total income	(E) End-of-year assets	(F) Direct controlling entity

Part II Identification of Related Tax-Exempt Organizations

(A) Name, address, and EIN of related organization	(B) Primary activity	(C) Legal domicile (state or foreign country)	(D) Exempt Code section	(E) Public charity status (if section 501(c)(3))	(F) Direct controlling entity
ERAS HOME II 8740 WEST WASHINGTON BLVD CULVER CITY, CA90232 95-4536619	PROVIDING A GROUP HOME FOR THE DEVELOPMENTALLY DISABLED	CA	501(C)(3)	LINE 9	N/A
valverde inc 8740 WEST WASHINGTON BLVD CULVER CITY, CA90232 95-3882838	PROVIDING A GROUP HOME FOR THE DEVELOPMENTALLY DISABLED	CA	501(C)(3)	LINE 2	N/A

Part III Identification of Related Organizations Taxable as a Partnership

(A) Name, address, and EIN of related organization	(B) Primary activity	(C) Legal domicile (state or foreign country)	(D) Direct controlling entity	(E) Predominant income(related, investment, unrelated)	(F) Share of total income	(G) Share of end-of-year assets	(H) Disproprtionate allocations?		(I) Code V—UBI amount on Box 20 of K-1	(J) General or managing partner?	
							Yes	No		Yes	No

Part IV Identification of Related Organizations Taxable as a Corporation or Trust

(A) Name, address, and EIN of related organization	(B) Primary activity	(C) Legal domicile (state or foreign country)	(D) Direct controlling entity	(E) Type of entity (C corp, S corp, or trust)	(F) Share of total income	(G) Share of end-of-year assets	(H) Percentage ownership

Part V Transactions with Related Organizations

Note. Complete line 1 if any entity is listed in Parts II, III or IV

		Yes	No
1	During the tax year, did the orgranization engage in any of the following transactions with one or more related organizations listed in Parts II-IV?		
a	Receipt of **(i)** interest **(ii)** annuities **(iii)** royalties **(iv)** rent from a controlled entity	**1a**		**No**
b	Gift, grant, or capital contribution to other organization(s)	**1b**		**No**
c	Gift, grant, or capital contribution from other organization(s)	**1c**		**No**
d	Loans or loan guarantees to or for other organization(s)	**1d**	**Yes**	
e	Loans or loan guarantees by other organization(s)	**1e**		**No**
f	Sale of assets to other organization(s)	**1f**		**No**
g	Purchase of assets from other organization(s)	**1g**		**No**
h	Exchange of assets	**1h**		**No**
i	Lease of facilities, equipment, or other assets to other organization(s)	**1i**		**No**
j	Lease of facilities, equipment, or other assets from other organization(s)	**1j**		**No**
k	Performance of services or membership or fundraising solicitations for other organization(s)	**1k**		**No**
l	Performance of services or membership or fundraising solicitations by other organization(s)	**1l**		**No**
m	Sharing of facilities, equipment, mailing lists, or other assets	**1m**	**Yes**	
n	Sharing of paid employees	**1n**	**Yes**	
o	Reimbursement paid to other organization for expenses	**1o**		**No**
p	Reimbursement paid by other organization for expenses	**1p**	**Yes**	
q	Other transfer of cash or property to other organization(s)	**1q**		**No**
r	Other transfer of cash or property from other organization(s)	**1r**		**No**

2 If the answer to any of the above is "Yes," see the instructions for information on who must complete this line, including covered relationships and transaction thresholds

	(A) Name of other organization(s)	**(B)** Transaction type(a-r)	**(C)** Amount Involved
(1)			
(2)			
(3)			
(4)			
(5)			
(6)			

Part VI Unrelated Organizations Taxable as a Partnership

Provide the following information for each entity taxed as a partnership through which the organization conducted more than five percent of its activities (measured by total assets or gross revenue) that was not a related organization See instructions regarding exclusion for certain investment partnerships

(A) Name, address, and EIN of entity	(B) Primary activity	(C) Legal domicile (state or foreign country)	(D) Are all partners section 501(c)(3) organizations?		(E) Share of end-of-year assets	(F) Disproprtionate allocations?		(G) Code V—UBI amount on Box 20 of K-1	(H) General or managing partner?	
			Yes	No		Yes	No		Yes	No

Additional Data

Software ID:
Software Version:
EIN: 95-1690988
Name: EXCEPTIONAL CHILDRENS FOUNDATION

Form 990, Part VII - Section Aaa

(A) Name and Title	(B) Average hours per week	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual Trustee or Director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
TEVIS BARNES , DIRECTOR	2 00	X						0	0	0
SUZANNE KAYNE , Director	1 00	X						0	0	0
STEVEN J ROSE , Director	1 00	X						0	0	0
STEPHEN SHAPIRO , Director	1 00	X						0	0	0
SONHUI ROBILOTTA , VP FINANCE	37 50			X				110,662	0	0
SKIP R COOMBER III , DIRECTOR	1 00	X						0	0	0
SHIRLEY DEUTSCH , Director	1 00	X						0	0	0
SCOTT D BOWLING PSY D , President & CEO	37 50			X				187,881	0	4,352
SCOTT COOPER , Director	1 00	X						0	0	0
RICARDINA LEON , Director	1 00	X						0	0	0
RALPH C WALTER D PHIL , ASST TREASURER	2 00	X		X				0	0	0
PHILIP G MILLER ESQ , 1ST VICE CHAIR	2 00	X		X				0	0	0
mishelle ross owens , VP EDUC/THERAPY	37 50			X				42,111	57,193	26,381
MARK FLAGEL , DIRECTOR	1 00	X						0	0	0
MARIA D DEL MUNDO , THERAPIST	37 50					X		108,238	0	3,000
LILIANA CELIS , THERAPIST	37 50					X		120,755	0	3,000
LESLIE B ABELL , Director	2 00	X						0	0	0
LAUREN ABELL , Director	1 00	X						0	0	0
KEVIN D DEBRE ESQ , BOARD CHAIR	3 00	X		X				0	0	0
KEITH E WEAVER , BOARD SECRETARY	2 00	X		X				0	0	0
KARRMEN HOLIEWAY , DIRECTOR	1 00	X						0	0	0
KAREN KATO , VP ADMIN	37 50			X				93,956	0	11,419
JOCELYN TETEL , Director	1 00	X						0	0	0
JAMES H WALKER , ASST SECRETARY	2 00	X		X				0	0	0
JACQUELINE VASQUEZ , THERAPIST	37 50					X		109,481	0	3,000
GUY SHULMAN , VP DEVELOPMENT	37 50			X				54,245	0	10,673
GENE SICILIANO , Director	1 00	X						0	0	0
FRED ALAVI , 2ND VICE CHAIR	2 00	X		X				0	0	0
EMILY LLOYD , VP PROGRAMS	37 50			X				93,658	0	0
DWIGHT R COUNSEL , DIRECTOR SCHOOL	37 50					X		50,000	48,616	4,036

Form 990, Part III, Line 1 - Briefly describe the organization's mission:

The Exceptional Children's Foundation (ECF) is one of the oldest and largest charities in California serving children and adults with developmental and learning disabilities and acquired brain injuries. Since 1946, ECF has offered a continuum of program services and currently offers Art Centers, Development Activities, Early Starts, Kayne Ears Center (schools & school related programs), Residential, Supported Employments, and Work Training programs to over 2,300 individuals and their families each year.The mission of ECF is to provide the highest quality services for children and adults who are challenged with developmental, learning and emotional disabilities - empowering them to reach their greatest potential.Over 63 years ago, a group of parents driven by a vision and love for their children who were born with developmental disabilities created the Exceptional Children's Foundation (ECF). Since then, ECF has helped thousands of children and adults with disabilities live with dignity

Form 990, Part VII - Section Aaa

(A) Name and Title	(B) Average hours per week	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual Trustee or Director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
DR ROBERT D SHUSHAN , PRES EMERITUS	1 00	X						0	0	0
DAVID ROSENTHAL , Director	1 00	X						0	0	0
CHARLES GRACE , HONORARY DIRCTR	1 00	X						0	0	0
CAROL K MANCINO , DIRECTOR	1 00	X						0	0	0
ANAND KAPADIA , DIRECTOR	1 00	X						0	0	0
ALAN R POLSKY , Director	1 00	X						0	0	0

State of California
Secretary of State

I, DEBRA BOWEN, Secretary of State of the State of California, hereby certify:

That the attached transcript of 47 page(s) was prepared by and in this office from the record on file, of which it purports to be a copy, and that it is full, true and correct.

IN WITNESS WHEREOF, I execute this certificate and affix the Great Seal of the State of California this day of

AUG 2 3 2008

Debra Bowen

DEBRA BOWEN
Secretary of State

A0679876

FILED
in the office of the Secretary of State
of the State of California

JUL 01 2008

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AGREEMENT OF MERGER OF
EDUCATIONAL RESOURCE AND SERVICES CENTER, INC.
WITH AND INTO
EXCEPTIONAL CHILDREN'S FOUNDATION

Pursuant to Section 6011 of the
California Corporations Code

This Agreement of Merger (this "Agreement") is made this 30th day of June, 2008, by and between Exceptional Children's Foundation, a California nonprofit public benefit corporation (the "Surviving Corporation"), and Educational Resource and Services Center, Inc., a California nonprofit public benefit corporation (the "Merging Corporation").

The undersigned corporations, each organized and existing under and by virtue of the California Corporations Code, do hereby certify that:

FIRST: A Definitive Agreement and Plan of Merger dated as of August 31, 2007 by and between the constituent corporations (the "Merger Agreement") to the Merger (as defined below) has been approved, adopted, certified, executed and acknowledged by each of the constituent corporations in accordance with the requirements of Section 6010 et seq. of the California Corporations Code.

SECOND: The Merging Corporation shall be merged with and into the Surviving Corporation (the "Merger").

THIRD: The Merging Corporation shall from time to time, as and when requested by the Surviving Corporation, execute and deliver all such documents and instruments and take all such action necessary or desirable to evidence or carry out the Merger.

FOURTH: The effect of the Merger and the effective time of the Merger are as prescribed by law, including pursuant to Section 6020 of the California Corporations Code, which provides, among other things, that the Surviving Corporation shall succeed, without other transfer, to all the rights and property of the Merging Corporation and shall be subject to all the debts and liabilities of the Merging Corporation and trust obligations upon the property of the Merging Corporation in the same manner as if incurred by the Surviving Corporation.

FIFTH: The Amended Articles of Incorporation of the Surviving Corporation as in effect immediately prior to the effective time of the Merger shall remain the Articles of Incorporation of the Surviving Corporation on and after such date, except that such Amended Articles of Incorporation shall be amended and restated in their entirety as set forth on Exhibit A hereto.

SIXTH: The Amended Bylaws of the Surviving Corporation as in effect immediately prior to the effective time of the Merger shall remain the Bylaws of the Surviving Corporation on

and after such date, except that such Bylaws shall be amended and restated in their entirety as set forth on Exhibit B hereto.

SEVENTH: The name and state of incorporation of each of the constituent corporations to the Merger is as follows:

Name	State of Incorporation
Exceptional Children's Foundation	California
Educational Resource and Services Center, Inc.	California

EIGHTH: The name of the Surviving Corporation of the Merger is Exceptional Children's Foundation.

NINTH: The Merging Corporation has no members and no outstanding stock.

TENTH: The Surviving Corporation has no members and no outstanding stock.

ELEVENTH: A copy of the executed Merger Agreement is on file at the principal place of business of the Surviving Corporation, the address of which is 8740 Washington Boulevard, Culver City, California 90232.

TWELFTH: This Agreement incorporates that certain Agreement and Plan of Merger and should be read in conjunction therewith.

THIRTEENTH: Evidence of approval of each of this Agreement and the Merger Agreement is attached hereto as those certificates of approval, executed by authorized representatives of each of the Surviving Corporation and the Merging Corporation, attached as Exhibit C and Exhibit D, respectively.

FOURTEENTH: This Agreement, and the Merger provided for herein, shall become effective at 12:01 A.M., Pacific Daylight Time, on July 1, 2008.

[*Remainder of page intentionally left blank*]

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date first written above.

Exceptional Children's Foundation,
a California nonprofit public benefit corporation

By: _____
Name: Scott Bowling
Its: President & Chief Executive Officer

By: _____
Name: Tevis Barnes
Its: Secretary

Educational Resource and Services Center, Inc.,
a California nonprofit public benefit corporation

By: _____
Name: Suzanne Kaupe
Its: Chair of the board of directors

By: _____
Name: Ralph Walter
Its: Assistant Secretary

Exhibit A

Amended and Restated Articles of Incorporation of Exception Children's Foundation

AMENDED AND RESTATED ARTICLES OF INCORPORATION

OF

EXCEPTIONAL CHILDREN'S FOUNDATION,

A California Nonprofit Public Benefit Corporation

I.

The name of the Corporation is Exceptional Children's Foundation.

II.

A. The Corporation is a nonprofit public benefit corporation and is not organized for the private gain of any person. It is organized under the California Nonprofit Public Benefit Corporation Law for charitable purposes. The Corporation elects to be governed by all of the provisions of the California Nonprofit Public Benefit Corporation Law not otherwise applicable to it under Part 5 of the California Nonprofit Corporation Law.

B. The specific and primary purposes for which the Corporation is organized shall include, without limitation, to operate facilities and furnish services exclusively for charitable purposes, to wit:

1. To aid, assist and promote the general welfare of mentally retarded, brain injured, learning disabled, and other developmentally disabled and socially-emotionally challenged persons.

2. To solicit and receive contributions from all sources available and, in turn, to administer, dispense, expend and disburse such contributions for the purposes set forth in the Bylaws and in these Articles of Incorporation.

3. To provide, or cause to be provided, education, professional evaluation services; developmental, social and vocational training; residential care, recreational and cultural services; and research and innovative projects for mentally retarded, brain injured, learning disabled and other developmentally disabled and socially-emotionally challenged persons.

4. To establish, or cause to be established, facilities and to develop programs and/or services designed to provide education, work adjustment, work experience, employability training, residential, developmental and social adjustment services for the purpose of enhancing the welfare and productivity of mentally retarded, brain injured, learning disabled, and other developmentally disabled and socially-emotionally challenged persons.

5. To provide, or cause to be provided, employment of mentally retarded, brain injured, learning disabled, and other developmentally disabled and socially-emotionally challenged persons in a sheltered environment or in productive jobs in industry; and to provide, or cause to be provided, placement services therefor

6. To provide, and cause to be provided, education, training and programs for the care of mentally retarded, brain injured, learning disabled, and other developmentally disabled and socially-emotionally challenged persons and training in the care of mentally retarded, brain injured, and developmentally disabled and socially-emotionally challenged persons to the parents, guardians, custodians, or other personal representative of such persons.

7. To disseminate information relative to the needs, training, care, and welfare of mentally retarded, brain injured, learning disabled, and other developmentally disabled and socially-emotionally challenged persons through lectures, pamphlets, public communication media, and other means.

8. To cooperate with and assist any and all associations, clinics, educational institutions, social agencies and research organizations in furtherance of services to the mentally retarded, brain injured, learning disabled, and other developmentally disabled and socially-emotionally challenged persons.

9. To further recruitment and training of personnel to specialize in the education of mentally retarded, brain injured, learning disabled, and other developmentally disabled and socially-emotionally challenged persons.

10. To own, lease, operate, maintain and conduct facilities to provide social and recreational activities and cultural advantages, and to provide, or cause to be provided, the means for education, training and rehabilitation for mentally retarded, brain injured, learning disabled, and other developmentally disabled, and socially-emotionally challenged persons.

11. To erect, build, own, buy, sell, lease, exchange, inherit, receive, repair, maintain, improve and operate any and all kinds of real and personal property which may be useful or usable in connection with the purposes expressed in the Bylaws and in these Articles of Incorporation.

12. To provide elderly persons, brain injured, learning disabled, and other developmentally disabled and socially-emotionally challenged persons with housing facilities and services specially designed to meet their physical, social and psychological needs, and to promote their health, security, happiness and usefulness in longer living, the charge for such facilities and services to be predicated upon the provision, maintenance and operation thereof on a nonprofit basis.

C. The general purpose and powers of the Corporation shall include, without limitation:

1. To solicit, collect, receive, acquire, hold and invest money and property, both real and personal, including money and property received by gift, contribution , bequest or devise; to sell and convert property, both real and personal, into cash; and to use the funds of the Corporation and the proceeds, income, rents, issues and profits derived from any property of the Corporation for any of the purposes for which the Corporation is formed.

2. To purchase, acquire, own, hold, sell, assign, transfer, dispose of, mortgage, pledge, hypothecate, or encumber, and to deal in shares, bonds, notes, debentures, or other securities or evidences of indebtedness of any person, firm, corporation or association, and, while the owner or holder of them, to exercise all rights, powers and privileges of ownership.

3. To borrow money, incur indebtedness, and secure repayment by mortgage, pledge, deed of trust, or other hypothecation, of property, both real and personal.

4. To enter into, make, perform, and carry out contracts of every kind for any lawful purpose, without limit on amount, with any person, firm, association or corporation, municipality, county, state, territory, government (foreign or domestic) or other municipal or governmental subdivision.

5. To do all things necessary, expedient or appropriate to the accomplishment of any of the objects and purposes for which the Corporation is formed.

6. To do and perform all acts reasonably necessary to accomplish the purposes of the Corporation, including the execution of Regulatory Agreement with the United States Secretary of Housing and Urban Development, and of such other instruments and undertakings as may be necessary to enable the Corporation to secure the benefits of financing under Section 202 of the Housing Act of 1959. Such Regulatory Agreement and other instruments and undertaking shall remain binding upon the Corporation, its successors and assigns, so long as a mortgage on the Corporation's property is held by the United States Secretary of Housing and Urban Development.

D. In furtherance of its purpose, the Corporation shall have all the general powers and be subject to the limitations enumerated in Sections 5140 and 5141 of the California Nonprofit Public Benefit Corporation Law, as now in effect or as may hereafter be amended, together with the power to solicit grants and contributions for such purposes

E. Additionally, the Corporation may engage in any activities that are reasonably related to or in furtherance of its stated charitable purposes, or in any other charitable activities.

F. Notwithstanding any of the foregoing statements of purposes and powers, the Corporation shall not engage, except to an insubstantial degree, in activities that, in themselves, are not in the furtherance of the purposes set forth in Subdivision B of this Article SECOND.

III.

A. The Corporation is organized and operated exclusively for charitable purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986, as now in effect or as may hereafter be amended (the "Code").

B. Notwithstanding any other provision of these Articles of Incorporation, the Corporation shall not directly or indirectly carry on any activity which would prevent it from obtaining exemption from Federal income taxation as a corporation described in Section 501(c)(3) of the Code, or cause it to lose such exempt status, or carry on any activity not permitted to be carried on by a corporation, contributions to which are deductible under Section 170(c)(2) of the Code.

C. No substantial part of the activities of the Corporation shall consist of carrying on propaganda, or otherwise attempting to influence legislation, except as provided in Section 501(h) of the Code and any corresponding laws of the State of California, and the Corporation shall not participate in, nor intervene (including the publishing or distribution of statements) in any political campaign on behalf of or in opposition to any candidate for public office.

D. During such period, or periods, of time, if any, as the Corporation is treated as a "private foundation" pursuant to Section 509 of the Code, the directors must distribute the Corporation's income at such time and in such manner so as not to subject the Corporation to tax under Section 4942 of the Code, and the Corporation is prohibited from engaging in any act of self-dealing (as defined in Section 4941(d) of the Code), from retaining any excess business holdings (as defined in Section 4943(c) of the Code) which would subject the Corporation to tax under Section 4943 of the Code, from investing any amount in such a manner so as to subject the Corporation to tax under Section 4944 of the Code, from not removing from jeopardy within the taxable period any investment upon which an initial tax is imposed under Section 4944 of the Code, and from making any taxable expenditures (as defined in Section 4945(d) of the Code). Notwithstanding anything in these Articles of Incorporation to the contrary, none of the Corporation's income or assets may be distributed pursuant to this Article THIRD to any entity created for religious purposes.

IV.

The County in this State where the principal office for the transactions of the business of the Corporation is to be located is Los Angeles County.

V.

A. The business and affairs of the Corporation shall be managed by or under the direction of the Board of Directors. The persons who are to act in the capacity of Directors of the Corporation shall be designated "Directors."

B. The number of Directors of the Corporation shall be no more than twenty-five (25) the exact number of which shall be fixed within the limits herein specified by a Bylaw or amendment thereof duly adopted by the Board of Directors.

C. The manner in which Directors shall be chosen and removed from office, their qualifications, powers, duties and tenure of office, and the manner of filling vacancies on the Board of Directors and the manner of calling and holding of meetings of Directors shall be as stated in the Bylaws.

D. The Corporation shall have no members within the meaning of Section 5056 of the California Nonprofit Corporation Law. Any action that would otherwise require approval by members under the California Nonprofit Corporation Law shall require only approval of the Board of Directors.

VI.

A. The liability of the directors of the Corporation for monetary damages shall be eliminated to the fullest extent permissible under California law.

B. Nothing in Subdivision A of this Article SIXTH shall be construed to supersede or limit the protections afforded volunteer directors under the California Nonprofit Corporation Law.

C. Any repeal or modification of the foregoing provisions of this Article SIXTH shall not adversely affect any right or protection of an agent of the Corporation existing at the time of such repeal or modification.

VII.

A. The property of the Corporation is irrevocably dedicated to charitable purposes, and no part of the net income, earnings or assets of the Corporation shall ever inure to the benefit of any Director, member, trustee, or officer of the Corporation or any private individual (except that reasonable reimbursements for out-of-pocket expenses may be paid for services rendered and/or goods acquired affecting one or more of the Corporation's purposes), and no Director, member, trustee, or officer of the Corporation or any private individual shall be entitled to share in the distribution of any of the corporate assets upon dissolution of the Corporation.

B. Upon the dissolution of the Corporation or the winding up of its affairs, the assets of the Corporation remaining after payment, or provision for payment, of all debts, obligations and liabilities of the Corporation shall be distributed to a non-profit fund, foundation or corporation which is organized and operated exclusively for charitable purposes meeting the requirements for exemption provided by Section 23701d of the California Revenue and Taxation Code and which non-profit fund, foundation or corporation has established its tax exempt status under Section 501(c)(3) of the Code or corresponding provisions of any subsequent tax laws or to a governmental unit or agency; provided, however, that the

Corporation shall at all times have the power to convey any of its property which is, at the time, subject to a mortgage which is held by the United States Secretary of Housing and Urban Development to the United States Secretary of Housing and Urban Development. Notwithstanding anything in these Articles of Incorporation to the contrary, none of the Corporation's income or assets may be distributed pursuant to this Article SEVENTH to any entity created for religious purposes.

VIII.

Bylaws of the Corporation may be adopted by the Directors so long as they are not inconsistent with the provisions of these Articles of Incorporation or of any Regulatory Agreement between the Corporation and the United States Secretary of Housing and Urban Development pursuant to Article SECOND hereof.

IX.

So long as a mortgage on the Corporation's property is held by the United States Secretary of Housing and Urban Development, these Articles of Incorporation may not be amended without the prior written approval of the said Secretary.

Exhibit B

Amended and Restated Bylaws of Exception Children's Foundation

AMENDED AND RESTATED

BYLAWS OF

EXCEPTIONAL CHILDREN'S FOUNDATION

A California Nonprofit Public Benefit Corporation

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ARTICLE I
NAME

Section 1.1 Name. The name of the corporation is Exceptional Children's Foundation (the "***Corporation***"). This Section 1.1 shall only be subject to amendment by a unanimous vote of all directors of the Board.

ARTICLE II
OFFICES

Section 2.1 Principal Office. The principal executive office and the principal office for the transaction of the business of the Corporation shall be located in Los Angeles County, California.

Section 2.2 Other Offices. The Board of Directors of the Corporation (the "***Board***") may at any time establish branch or subordinate offices at any place or places where the Corporation is qualified to transact business.

ARTICLE III
OBJECTIVES AND PURPOSES

Section 3.1 General Purpose. The general purpose for which the Corporation is organized is to engage in any lawful act or activity for which a corporation may be organized under the Nonprofit Public Benefit Corporation Law of California (the "***CNCL***"); provided, however, nothing in this Article shall be construed to authorize the Corporation to carry on any activity for the profit of its officers, directors or other persons or to distribute any gains, profits or dividends to any of its officers, directors or other persons as such. The Corporation may, without limitation, receive, hold and disburse gifts, bequests, devises and other funds; own, maintain or lease real estate and buildings and any personal property that is deemed appropriate, necessary or desirable for such purpose; and enter into, make, perform and carry out contracts of any kind for any lawful purpose without limitation as to amount. Nothing in this Article shall be construed as allowing the Corporation to engage in any activity forbidden under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "***Internal Revenue Code***").

Section 3.2 Specific Purpose. The Corporation shall be dedicated to operating facilities and furnishing services exclusively for charitable purposes and to carry on other charitable activities associated with these purposes as allowed by law. Without limiting the scope of the activities in which the Corporation may engage or participate to accomplish this purpose, the Corporation may:

(a) aid, assist and promote the general welfare of mentally retarded, brain injured, learning disabled, and other developmentally disabled and socially-emotionally challenged persons;

(b) solicit and receive contributions from all sources available and, in turn, to administer, dispense, expend and disburse such contributions for the purposes set forth in these bylaws and in the Corporation's articles of incorporation;

(c) provide, or cause to be provided, education, professional evaluation services; developmental, social and vocational training; residential care, recreational and cultural services; and research and innovative projects for mentally retarded, brain injured, learning disabled and other developmentally disabled and socially-emotionally challenged persons;

(d) establish, or cause to be established, facilities and to develop programs of services designed to provide education, work adjustment, work experience, employability training, residential, developmental and social adjustment services for the purpose of enhancing the welfare and productivity of mentally retarded, brain injured, learning disabled, and other developmentally disabled and socially-emotionally challenged persons;

(e) provide, or cause to be provided, employment of mentally retarded, brain injured, learning disabled, and other developmentally disabled and socially-emotionally challenged persons in a sheltered environment or in productive jobs in industry; and to provide, or cause to be provided, placement services therefor;

(f) provide, and cause to be provided, education, training and programs for the care of mentally retarded, brain injured, learning disabled, and other developmentally disabled and socially-emotionally challenged persons and training in the care of mentally retarded, brain injured, and developmentally disabled and socially-emotionally challenged persons to the parents, guardians, custodians, or other personal representative of such persons;

(g) disseminate information relative to the needs, training, care, and welfare of mentally retarded, brain injured, learning disabled, and other developmentally disabled and socially-emotionally challenged persons through lectures, pamphlets, public communication media, and other means;

(h) cooperate with and assist any and all associations, clinics, educational institutions, social agencies and research organizations in furtherance of services to the mentally retarded, brain injured, learning disabled, and other developmentally disabled and socially-emotionally challenged persons;

(i) further recruitment and training of personnel to specialize in the education of mentally retarded, brain injured, learning disabled, and other developmentally disabled and socially-emotionally challenged persons;

(j) own, lease, operate, maintain and conduct facilities to provide social and recreational activities and cultural advantages, and to provide, or cause to be provided, the means for education, training and rehabilitation for mentally retarded, brain injured, learning disabled, and other developmentally disabled, and socially-emotionally challenged persons;

(k) erect, build, own, buy, sell, lease, exchange, inherit, receive, repair, maintain, improve and operate any and all kinds of real and personal property which may be useful or usable in connection with the purposes expressed in these bylaws and in the Corporation's articles of incorporation; and

(l) provide elderly persons, brain injured, learning disabled, and other developmentally disabled and socially-emotionally challenged persons with housing facilities

and services specially designed to meet their physical, social and psychological needs, and to promote their health, security, happiness and usefulness in longer living, the charge for such facilities and services to be predicated upon the provision, maintenance and operation thereof on a nonprofit basis.

ARTICLE IV
NONPARTISAN ACTIVITIES

Section 4.1 Nonpartisan. The Corporation has been formed under the CNCL and is organized and operated exclusively for charitable purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code for the charitable purposes described in Article III, and it shall be nonprofit and nonpartisan. No substantial part of the activities of the Corporation shall consist of lobbying or propaganda, or otherwise attempting to influence legislation, and the Corporation shall not participate in or intervene in (including publishing or distributing statements) any political campaign on behalf of or in opposition to any candidate for public office.

Section 4.2 Other Limitations. The Corporation shall not, except to an insubstantial degree, engage in any activities or exercise any powers that are not in furtherance of the purposes described in Article III and in the Corporation's articles of incorporation.

ARTICLE V
DEDICATION OF ASSETS; DISSOLUTION

Section 5.1 Property. The property acquired, owned, managed and operated by the Corporation is irrevocably dedicated to charitable purposes to achieve the purposes of the Corporation as defined in Article Second of the Corporation's articles of incorporation, or any other purposes permitted under Section 501(c)(3) of the Internal Revenue Code. No part of the net income, earnings or assets of the Corporation shall ever inure to the benefit of any director or officer thereof or to the benefit of any private person; provided, however, that this provision shall not prevent payment to any such person of reasonable compensation for services performed for the Corporation in effecting any of its public purposes, as long as such compensation is otherwise permitted by these bylaws and is fixed by resolution of the Board; and no such person or persons shall be entitled to share in the distribution of, and shall not receive, any of the corporate assets on the dissolution of the Corporation.

Section 5.2 Distribution of Assets. Upon the dissolution or winding up of the Corporation, or in the event that the Corporation ceases to be organized and operated for charitable purposes or is unable to maintain its tax exempt status under the Internal Revenue Code, its properties and assets remaining after payment, or provision for payment, of all debts and liabilities of the Corporation shall not inure to the benefit of any private person but shall be distributed to a nonprofit fund, foundation or corporation whose property is dedicated to exempt purposes as specified in California Revenue and Taxation Code 214 and which has established its tax exempt status under Section 501(c)(3) of the Internal Revenue Code and which is organized and operated exclusively to promote the general welfare of mentally retarded, brain injured, learning disabled, and other developmentally disabled or socially-emotionally challenged persons.

ARTICLE VI
MEMBERSHIPS

Section 6.1 Members. The Corporation shall have no members within the meaning of Section 5056 of the CNCL. Any action that would otherwise require approval by members under the CNCL shall require only approval of the Board.

Section 6.2 Membership in State and National Affiliates. The Corporation may be affiliated with state and national organizations with the approval of the Board.

ARTICLE VII
EDUCATIONAL BRAND AND EDUCATIONAL THERAPY PROGRAM

Section 7.1 Educational Brand and Educational Therapy Program. After the Effective Date (as defined in Section 9.4 of these bylaws), the Corporation's existing (and future) K-12 educational program (which includes education-related individualized therapy and K-12 instruction for individuals with developmental, learning and emotional disabilities) will be named the "Kayne Eras School" in any geographical location, and the Corporation's educational therapy program will be named the "Cull Educational Therapy Program". The building located at 5350 Machado Road, Culver City, California shall be named the "Kayne Eras Center".

ARTICLE VIII
FOUNDER

Section 8.1 Founder of the Kayne Eras Center.

(a) Ms. Barbara Cull founded the Educational Resource and Services Center (ERAS), or the ERAS Center, the predecessor to Kayne Eras, in 1981. The Kayne Eras Center was designed to holistically meet the wide range of needs of children with learning and developmental disabilities and their families.

(b) In recognition of Ms. Barbara Cull's vision and continued dedication and commitment to the Kayne Eras School, she is granted the honorary title of Founder of the Kayne Eras Center. This honorary title carries no duties.

ARTICLE IX
BOARD; DIRECTORS

Section 9.1 Powers.

(a) Subject to the provisions of the CNCL, the Corporation's articles of incorporation and these bylaws, the business and affairs of the Corporation shall be conducted, and all corporate powers shall be exercised, by or under the direction of the Board. The Board may delegate the management of the activities of the Corporation to any person or persons, management company or Committee however composed, provided, however, that the activities and affairs of the Corporation be managed and all corporate powers shall be exercised under the ultimate direction of the Board. Any actions taken by the Corporation shall require approval of the Board, except (i) for such matters that are duly assigned by the Board to a Standing

Committee by resolution, (ii) as may be otherwise expressly set forth in these bylaws as expressly requiring approval only by a Standing Committee, and (iii) except as may be limited by Section 5212 of the CNCL.

(b) Without prejudice to the foregoing, and subject to the provisions of the CNCL, the Corporation's articles of incorporation and these bylaws, the Board shall have the power to take any action consistent with the Corporation's purpose as set forth in its articles of incorporation and these bylaws, including, without limitation,

(i) adopt, use, and alter a corporate seal;

(ii) adopt, amend, and repeal bylaws;

(iii) levy dues, assessments, and fees;

(iv) change the principal executive office or the principal business office in the State of California from one location to another; cause the Corporation to be qualified to do business in any other state, territory, dependency, or country and conduct business within or outside the State of California; and designate any place within or outside the State of California for the holding of any meeting or meetings of the Board, including annual meetings;

(v) select and remove all officers and agents of the Corporation; prescribe any powers and duties for them that are consistent with law, with the Corporation's articles of incorporation, and with these bylaws; and to fix the compensation of the Corporation's President and Chief Executive Officer;

(vi) pay pensions, and establish and carry out pension, deferred compensation, saving, thrift and other retirement incentive and benefit plans, trusts and provisions for any or all of its employees and to indemnify and purchase and maintain insurance on behalf of any fiduciary of such plans, trust, or provisions;

(vii) borrow money and incur indebtedness on behalf of the Corporation, and cause to be executed and delivered for the Corporation's purposes, in the corporate name, promissory notes, bonds, debentures, deeds of trust, mortgages, pledges, hypothecations, and other evidences of debt and securities;

(viii) make donations for the public welfare or for community funds, hospital, charitable, scientific, civic, or similar purposes;

(ix) participate with others in any partnership, joint venture or other association, transaction or arrangement of any kind whether or not such participation involves sharing or delegation of control with or to others;

(x) act as trustee under any trust incidental to the principal objects of the Corporation, and receive, hold, administer, exchange, and expend funds and property subject to such trust; and

(xi) carry on a business at a profit and apply any profit that results from the business activity to any activity in which it may lawfully engage.

Section 9.2 Other Powers. The Board may by resolution select and authorize any officer(s) to vote, represent, and exercise on behalf of the Corporation all rights incident to any and all voting securities of any other corporation or corporations standing in the name of this Corporation. The authority herein granted to said officers to vote or represent on behalf of this Corporation any and all voting securities held by this Corporation in any other corporation or corporations may be exercised either by such officers in person or any person authorized so to do by proxy or power of attorney duly executed by such officers.

Section 9.3 Bond. If required by the Board, any officer or agent of the Corporation, or member of the Budget and Finance Committee, shall give the Corporation a bond in the amount and with the surety or sureties specified by the Board for faithful performance of the duties of his office and for restoration to the Corporation of all its books, papers, vouchers, money, and other property of every kind in his or her possession or under his or her control on his or her death, resignation, retirement, or removal from office.

Section 9.4 Number of Directors. The authorized number of directors of the Corporation who shall collectively constitute the Board shall not be less than nineteen (19) nor more than twenty-five (25). The Board is divided into three classes: Class I, Class II, and Class III. Directorships shall be distributed among the three classes so that, as nearly as possible; each class consists of one-third (1/3) of the total number of directors. Each Class shall serve staggered three-year terms; provided, however, that upon effective time of the merger between the Educational Resource and Services Center, Inc., a California nonprofit corporation ("***KEC***"), and the Corporation (the "***Effective Date***"), the directors of the Classes will be divided as follows: Class I, whose term shall expire at the annual meeting following the fiscal year ending June 30, 2008, will be comprised of nine (9) directors; Class II, whose term shall expire at the annual meeting following the fiscal year ending June 30, 2009, will be comprised of eight (8) directors; and Class III, whose term shall expire at the annual meeting following the fiscal year ending June 30, 2010, will be comprised of eight (8) directors. All ex-officio directors (other than the Chair of the Board), including but not limited to the President and Chief Executive Officer and other staff members, as well as the Presidents of any support groups that are authorized by the Board to be ex-officio directors, are primarily advisory directors and shall have no voting rights (unless otherwise provided by resolution of the Board or these bylaws). Upon the Effective Date, Skip Coomber shall be appointed as a director of Class I, Ralph Walter shall be appointed as a director of Class II, and Suzanne Kayne shall be appointed as a director of Class III, such directors to serve in accordance with the articles of incorporation of the Corporation and these bylaws and such appointments to be made by resolution of the Board prior to the Effective Date (and contingent upon the consummation of the merger) (collectively, the "***Kayne Directors***").

Section 9.5 Terms; Election of Successors. Except as otherwise expressly provided in these bylaws, the initial term of office of each director, excluding directors elected to fill vacancies (whom shall complete the term for the director they replace), shall be three years. A director's initial term shall start on the date the director assumes office and shall end at the conclusion of the third annual meeting thereafter, with one Class, constituting one-third (1/3), as

nearly as possible, of the total number of directors, being elected each year. A director may be reelected to serve up to two (2) subsequent three-year terms following the completion of the initial three-year term, subject to a maximum length of service of three consecutive three-year terms (not to exceed nine years). A director may be re-elected to a new first term after having not served on the Board for a period of at least one (1) year. Directors who are directors of Class I, Class II, and Class III, respectively, serving immediately after the Effective Date shall be deemed to commence their third, second, and first year, respectively, of their three-year term in 2007, except for those directors who were elected prior to the Effective Time in order to a fill vacancy of the Board, such directors to serve in accordance with his or her predecessor's term. At any meeting at which directors are elected, directors shall be reelected to the Board by the vote of a majority of a quorum. Each director elected to a new term at an annual meeting shall take office with respect to such term at the conclusion of the annual meeting at which he or she is elected.

Section 9.6 Kayne Family Nominations. Notwithstanding the foregoing, following the Effective Date, each Kayne Director (and each such director's successor) shall have the right to nominate one person to serve as his or her replacement, with appointments made by the Board by the vote of a majority of a quorum; provided, however, that a nominee may be rejected by the Board only for good reason, as determined by the Board in good faith. If a nominee is rejected, a Kayne Director may nominate a different person until all appointments are made by the Board in accordance with these bylaws (such appointed nominees to be thereafter designated as Kayne Directors who will thereafter have the nomination rights provided in this Section 9.6). Each Kayne Director shall have up to three (3) months following the expiry of his or her term (or resignation or removal) to nominate his or her successor. If such nomination is not made within such time period (or if such vacancy is caused by the death of such Kayne Director(s)) such nomination(s) shall be made by the remaining two (2) Kayne Directors (or sole remaining Kayne Director in the event such vacancies are caused by the death of two Kayne Directors) then in office who shall have one (1) month thereafter to nominate a new Kayne Director(s) to fill the vacancy(ies). If such nomination(s) is/are not made within such time period (or if such vacancies are caused by the death of all three Kayne Directors) such nomination(s) shall be made by the Board. The Kayne Directors shall continue to have this right of nomination so long as the Kayne Family regards the Corporation as an important Kayne Family philanthropy and remains actively involved in promoting the mission of the Corporation and the Kayne Eras School, including the Kayne Eras Center.

Section 9.7 Vacancies.

(a) Events Causing Vacancy. A vacancy on the Board shall be deemed to exist on the occurrence of the following: (i) the death, resignation, or removal of any director; (ii) the declaration by resolution of the Board of a vacancy of the office of a director who has been declared of unsound mind by an order of court or convicted of a felony or has been found by final order or judgment of any court to have breached a duty under the CNCL; (iii) the good faith determination by the Board that a director is an Interested Person (as defined in Section 9.21 of these bylaws) and the failure of the Board to approve such director's continued service while an Interested Person as contemplated by Section 9.21 of these bylaws; and (iv) whenever the number of authorized directors is increased.

(b) Removal. Directors may be removed with or without cause upon approval of a three-fourths (3/4) majority of the filled Board member positions after considering the recommendation, if any, by the Executive Committee. A director who is absent from any three (3) consecutive meetings in any one (1) fiscal year without good cause may be removed by a vote of a three-fourths (3/4) majority of the filled Board member positions. Such actions by the Board may be taken at any meeting of the Board.

(c) Resignations. Except as provided in this paragraph, any director may resign, which resignation shall be effective on giving written notice to the Chair of the Board, the Secretary, or the Board, unless the notice specifies a later time for the resignation to become effective. No director may resign if the Corporation would then be left without a duly elected director or directors in charge of its affairs, except upon notice to the California Attorney General.

(d) Appointment to Fill Vacancies. If a vacancy is created by any event, a majority of the remaining directors then in office, even though less than a quorum, may appoint a new director to fill the vacancy, except as provided in Section 9.6.

(e) No Vacancy on Reduction of Number of Directors. No reduction of the authorized number of directors shall have the effect of removing any director before that director's term of office expires.

Section 9.8 Place of Meetings; Meetings by Telephone. Regular meetings of the Board may be held at any place within the State of California that has been designated from time to time by the Board. Special meetings of the Board shall be held at any place within the State of California that has been designated in the notice of the meeting or, if not stated in the notice, or if there is no notice, at the principal executive office of the Corporation. Notwithstanding the above provisions of this Section, a regular or special meeting of the Board may be held at any place consented to in writing (such requirement to be satisfied by telefacsimile, electronic mail or similar means) by all the directors of the Board, either before or after the meeting. If consents are given, they shall be filed with the minutes of the meeting. Any meeting, regular or special, may be held by conference telephone or similar communication equipment as permitted by the CNCL, so long as all directors participating in the meeting can hear one another, and all such directors shall be deemed to be present in person at such meeting.

Section 9.9 Annual Meeting. Not less than annually, the Board shall hold a meeting for the purpose of organization, election of directors, if necessary, and the transaction of other business. Notice of the time and place of the annual meeting shall be provided to all directors in accordance with Section 9.11(c).

Section 9.10 Other Regular Meetings. The Chair may set a specified time and place for the Board's regular meetings. The Board shall meet at least five (5) times each year. Once the Chair, or if he or she is absent or unable or refuses to act, by any three directors, sets the time for regular meetings, each director shall receive notice, as specified in Section 9.11(c), of the time and place that regular meetings shall be held. Subsequent to such notice, regular meetings shall be held without call. If the Board changes the time and place of regular meetings, each director shall receive notice of the change in keeping with Section 9.11(c). If the Chair does not set a

specified time and place for its regular meetings, meetings of the Board shall be considered Special Meetings and have the notice requirements of Section 9.11(c).

Section 9.11 Special Meetings.

(a) Authority to Call. Special meetings of the Board for any purpose may be called at any time by the Chair or if he or she is absent or unable or refuses to act, by any three directors.

(b) Purpose. Special meetings of the Board shall only be called for the purpose of discussing specified issues. Discussion at special meetings shall be limited to the issue(s) for which the special meeting was called.

(c) Notice.

(i) Manner of Giving. Notice of the time and place of meetings shall be given to each director by one of the following methods: (a) by personal delivery; (b) by first class mail, postage paid; (c) by telephone (including voice messaging system), facsimile, or electronic mail, either directly to the director or to a person at the director's office who would reasonably be expected to communicate such notice promptly to the director; or (d) by telegram, charges prepaid. All such notices shall be given or sent to the director's address, telephone number, facsimile number or electronic mail address, as applicable, as shown on the records of the Corporation.

(ii) Time Requirements. Notice must be sent to all directors. Notices sent by first class mail shall be deposited into a United States mail box at least fourteen (14) days before the time set for the meeting. Notices given by personal delivery, telephone, facsimile, electronic mail or telegraph shall be delivered, telephoned, telecopied, emailed, or given to the telegram company at least ten (10) days before the time set for the meeting.

(iii) Notice Contents. The notice shall state the time, purpose, and place for the meeting.

Section 9.12 Voting. Except as otherwise expressly provided in these bylaws, each director shall have one vote on all matters on which directors are entitled to vote.

Section 9.13 Qualifications. The Board shall consist of persons in good standing, as determined by the Board, and who shall be elected at annual meetings of the Board or at any convening thereof to fill any vacancies at any time during the year. The Board shall at all times be composed of at least six (6) persons with disabilities or who are, or were, parents, guardians, conservators, foster parents or relatives of mentally retarded, brain injured, learning disabled, or other developmentally disabled or socially-emotionally challenged persons. No employee of the Corporation shall be eligible to serve as a voting director.

Section 9.14 Quorum. A majority of the then sitting voting directors of the Board shall constitute a quorum for the transaction of business, except to adjourn as provided in Section 9.16. Every act taken or decision made by a majority of the voting directors present at a meeting duly held at which a quorum is present shall be regarded as the act of the Board, subject

to the provisions of these bylaws (including Article XVIII) and the CNCL, including, without limitation, those provisions relating to (i) approval of contracts or transactions in which a director has a direct or indirect material financial interest, (ii) creation of, and appointment to, Committees, and (iii) indemnification of directors. A meeting at which a quorum is initially present may continue to transact business, notwithstanding the withdrawal of directors, if any action taken is approved by at least a majority of the required quorum for that meeting. Notwithstanding the foregoing, a minority of the directors, in the absence of a quorum, may convene from time to time but may not transact any business.

Section 9.15 Waiver of Notice. The transactions of any meeting of the Board, however called and noticed or wherever held, shall be as valid as though taken at a meeting duly held after regular call and notice, if (a) a quorum is present, and (b) either before or after the meeting, each of the directors not present signs a written (i) waiver of notice, (ii) consent to holding the meeting, or (iii) approval of the minutes (such requirement to be satisfied by telefacsimile, electronic mail or similar means). The waiver of notice or consent need not specify the purpose of the meeting. All waivers, consents, and approvals shall be filed with the corporate records or made a part of the minutes of the meeting. Notice of a meeting shall also be deemed given to any director who attends the meeting without protesting before or at its commencement about the lack of adequate notice. Directors can protest the lack of notice only by presenting a written protest to the Secretary of the Corporation either in person, by first-class mail addressed to the Secretary at the principal office of the Corporation as contained on the Corporation's records as of the date of the protest, or by facsimile addressed to the facsimile number of the Corporation as contained on the Corporation's records as of the date of the protest.

Section 9.16 Adjournment. A majority of the directors present, whether or not constituting a quorum, may adjourn any meeting to another time and place.

Section 9.17 Notice of Adjournment. Notice of the time and place of holding an adjourned meeting need not be given, unless the meeting is adjourned for more than 24 hours, in which case personal notice of the time and place shall be given before the time of the adjourned meeting to the directors who were not present at the time of the adjournment.

Section 9.18 Conduct of Meetings. Meetings of the Board shall be presided over by the Chair of the Board, or in his or her absence, the First Vice-Chair of the Board, or in his or her absence, the Second Vice-Chair of the Board, in the absence of each of these persons, by a Chair chosen by a majority of the directors present at the meeting. The Secretary of the Corporation shall act as secretary of all meetings of the Board, provided that in his or her absence, the presiding officer shall appoint another person to act as secretary of the meeting. Meetings, including all questions of parliamentary procedure, shall be governed by Robert's Rules of Order, current edition, or another method as may be determined by the Board from time to time, insofar as such rules are not inconsistent with or in conflict with these bylaws, with the articles of incorporation of the Corporation, or with provisions of the CNCL.

Section 9.19 Action Without Meeting. Except as prohibited by the CNCL, any action required or permitted to be taken by the Board or a Committee may be taken without a meeting, if all directors of the Board or Committee, respectively, individually or collectively, consent in writing to that action (such requirement to be satisfied by telefacsimile, electronic mail or similar

means). For the purposes of this Section 9.19 only, "all directors of the Board" shall not include any "interested director" as defined in Section 5233 of the CNCL. Such action by unanimous written consent shall have the same force and effect as a unanimous vote of the Board or such Committee. Such written consent or consents shall be filed with the minutes of the proceedings of the Board.

Section 9.20 Fees and Compensation of Directors. Directors shall not receive compensation for their services as directors, provided, however, that directors may receive reimbursement of expenses, as may be determined by resolution of the Board to be just and reasonable. Subject to Section 9.21 and Article XII, directors may be compensated for rendering services to the Corporation in a capacity other than director, provided such compensation is reasonable.

Section 9.21 Director Independence; Interested Persons. Without the approval of the Board, no person may serve as a director of the Corporation if such person is an Interested Person; provided that any violation of this Section 9.21 shall not affect the validity or enforceability of any transaction entered into by the Corporation. "Interested Persons" means, subject to the definition of such term in Section 5227 of the CNCL: (a) any person being compensated by the Corporation for services rendered to it within the previous twelve months, whether as a full- or part-time officer or other employee, independent contractor, or otherwise, excluding any reimbursement of expenses in accordance with Section 9.20; or (b) any brother, sister, ancestor, descendant, spouse, brother-in-law, sister-in-law, son-in-law, daughter-in-law, mother-in-law, or father-in-law of any such person.

Section 9.22 Non-Liability of Directors. The directors shall not be personally liable for the debts, liabilities, or other obligations of the Corporation. To the fullest extent available under the CNCL, no cause of action for monetary damages shall arise against any person serving without compensation as a director or officer of the Corporation on account of any negligent act or omission occurring in the performance of that person's duties as a director or officer. To the fullest extent available under the CNCL, a director shall have no liability based upon any alleged failure to discharge his or her obligations as a director. This Section 9.22 is qualified in its entirety by reference to Article XIII.

ARTICLE X
COMMITTEES; DELEGATES

Section 10.1 Committees of Directors. The Board may, by resolution adopted by a majority of the number of directors then in office, provided that a quorum is present, create one or more committees within the meaning of Section 5212 of the CNCL (each a "**Committee**"), each consisting of two or more directors, to serve at the pleasure of the Board. There shall be two types of Committees: Standing Committees and Advisory Committees. A director may serve on one or more Committees; provided that a director may not be a voting member of both the Audit Committee and the Budget and Finance Committee to the extent permitted by applicable law. Any other person, whether a director, may serve as a non-voting member of any Committee if appointed by the Chair of the Board. Excluding the Chair of the Executive Committee, which shall be the Chair of the Board, the Chair of each other Committee shall be appointed by the Board, such appointments to be made in accordance with these bylaws. The

term of the Chair of any Committee shall end the earlier of (i) the conclusion of the first annual meeting following the completion of the first full fiscal year following the date on which such director is appointed Chair of the Committee and (ii) the date such Chair's successor is duly appointed and qualifies. Any Vice Chair of a Committee shall be selected by a majority of the directors then serving on such Committee.

(a) Standing Committees. The Board may, by resolution adopted by a majority of the directors then in office, create one or more Committees with not less than two directors that, to the extent provided in the resolution or herein, shall have the power and authority of the Board, subject to Section 10.1(c) (each such Committee a "***Standing Committee***"). The Executive Committee, Audit Committee, Budget and Finance Committee, Personnel Practices Committee, Programs Committee, Nominating Committee, Development Committee, and each other Committee formed in accordance with Section 10.1(a) and designated as such shall be Standing Committees. Unless otherwise provided for in these bylaws, directors shall be elected to serve as voting directors on Standing Committees by the Board.

(b) Advisory Committees. The Board may at any time establish advisory or ad-hoc Committees for any purpose with at least one member that shall not have any power or authority of the Board or to act on behalf of the Corporation (each such Committee an "***Advisory Committee***"). An Advisory Committee may include directors, employees of the Corporation and any independent persons or consultants who are not directors. Advisory Committees shall not have any authority of the Board and shall not have the power or authority to act on behalf of the Corporation. The Kayne Eras School Advisory Board, Strategic Planning Committee, Governmental Affairs Committee, and each other Committee formed in accordance with this Section 10.1(b) shall be Advisory Committees. Unless otherwise provided for in these bylaws, directors shall be appointed by the Board to serve on Advisory Committees.

(c) No Committee (whether Regular or Advisory) shall have the power or authority to:

(i) fill vacancies on the Board or on any Committee that has the authority of the Board;

(ii) fix compensation of the directors for serving on the Board or on any Committee;

(iii) amend, repeal or restate, or adopt new, articles of incorporation or bylaws;

(iv) amend or repeal any resolution of the Board which by its express terms is not so amendable or repealable;

(v) appoint any Standing Committees or the directors of these Standing Committees;

(vi) approve any self-dealing transaction (including a transaction between the Corporation and one or more of its directors or between the Corporation or any person in which one or more of its directors have a material financial interest) except as provided

in paragraph (3) of subdivision (d) of Section 5233 or the CNCL or as otherwise provided by applicable law; or

(vii) expend corporate funds to support a nominee for director after there are more persons nominated for director than can be elected.

Notwithstanding the foregoing, no Committee (whether Regular or Advisory), except the Executive Committee (subject to Section 10.2) shall have power to commit or obligate the Corporation to any financial outlay or special program unless first authorized by the Board nor shall any Committee exercising authority of the Board have any authority or power that is denied to the Executive Committee.

Section 10.2 Executive Committee. The Board shall constitute an Executive Committee of the Board as a Standing Committee. The Executive Committee may exercise all of the authority of the Board, except to the extent limited by the CNCL, these bylaws or any resolution as may from time to time be adopted by the Board. The Executive Committee shall be comprised of the Chair of the Board, First Vice Chair of the Board, Second Vice Chair of the Board, Treasurer, Immediate Past Chair, providing he/she is then a member of the Board, the President and Chief Executive Officer and three (3) other directors appointed by the Board. If the past Chair of the Board is not a Board member, then there shall be four (4) directors elected by the Board. The Executive Committee shall provide direction and support to staff during the months the full board does not meet by, without limitation, discussing and planning for key issues pertinent to the Corporation, looking at long-term strategic planning issues for the Corporation and addressing key leadership and Board issues. The Executive Committee may be convened to address issues that require Board approval in an expedited fashion when it is impractical to solicit a unanimous written consent from or call a meeting of the full Board and is otherwise determined by the Executive Committee to be in the best interests of the Corporation. The Executive Committee shall exercise the powers of the Board during intervals between regular Board meetings except that, in addition to those restrictions set forth in Section 10.1(c), it shall not have authority with respect to the following:

(a) Adopting annual budgets;

(b) Purchasing, selling or mortgaging real property;

(c) Leasing real property for a period exceeding one year;

(d) Hiring or discharging the President and Chief Executive Officer; or

(e) Approving any action for which the CNCL also requires approval of the Board.

A quorum of the Executive Committee shall consist of at least five (5) directors thereof. The Chair of the Board of the Corporation shall be the Chair of the Executive Committee.

Section 10.3 Audit Committee.

(a) The Non-Profit Integrity Act, requiring the formation of an Audit Committee, became effective January 1, 2005. Pursuant to the Act, the Audit Committee may include persons who are not directors of the governing board but may not include staff members, the President or Chief Executive Officer, the Treasurer or Chief Financial Officer of the Corporation. If the organization has a finance committee, directors of that Committee may serve on the Audit Committee, but such directors cannot comprise fifty percent (50%) or more of the Audit Committee. The Act seeks to improve corporate governance, accountability and transparency in the California nonprofit sector. The Act requires the formation of an Audit Committee that must be independent from the Budget and Finance Committee with a minority of directors from the Budget and Finance Committee.

(b) The Board shall constitute an Audit Committee of the Board as a Standing Committee. The Audit Committee shall be responsible for recommending to the Board the retention and termination of the independent auditor and shall be responsible to negotiate the independent auditor's compensation, on behalf of the Board. The Audit Committee shall (i) confer with the independent auditor to determine to the Audit Committee's satisfaction that the financial affairs of the Corporation are in order, (ii) review and determine whether to accept the audit report of the independent auditor, (iii) review that any non-audit services performed by the independent auditor conform with applicable standards for auditor independence, (iv) at the discretion of the Audit Committee, approve performance of non-audit services by the independent auditor, (v) review the adequacy of the Corporation's internal financial controls and any issues related to the Corporation's accounting principles and practices, (vi) review the salaries of the President and Chief Executive Officer and Chief Financial Officer and/or the Vice President of Finance of the Corporation and make recommendations to the Board or to the Executive Committee of the Board concerning the same, and (vi) report to the Board on all matters related to the accounting practices. At least one member of the Audit Committee must be experienced with financial matters and be able to read and understand financial statements and understand accounting principles, as determined in good faith by the Board. The Audit Committee shall consist of a Chair (who may not be a member of the Budget and Finance Committee) and at least two (2) other directors appointed by the Board.

Section 10.4 Budget and Finance Committee. The Board shall constitute a Budget and Finance Committee of the Board as a Standing Committee. The Budget and Finance Committee shall (i) monitor the financial condition of the Corporation, (ii) oversee the activities of the Corporation's Treasurer, (iii) monitor the Corporation's investments and cash management practices, (iv) consider and make recommendations concerning investment decisions, the employee pension plan, real property and other financial affairs of the Corporation within guidelines established by the Board, (v) develop and review the Corporation's annual budget with staff assistance and submit the same to the Board for recommendations and approval, (vi) report periodically to the Board on all matters related to the Corporation's financial condition, (vii) oversee the general condition, maintenance and development of all of the Corporation's owned and leased property, (viii) ensure an optimum environment for operating purposes, (ix) maintain an awareness of physical plant furnishings and land capabilities, and (x) perform any other functions or duties established by resolution of the Board and specified in the Corporation's articles of incorporation. The Budget and Finance Committee shall be comprised of the Treasurer who shall serve as the Chair of the Budget and Finance Committee and at least

three (3) other directors appointed by the Board. A quorum of the Budget and Finance Committee shall consist of 51% of the filled committee positions.

Section 10.5 Personnel Practices Committee. The Board shall constitute a Personnel Practices Committee of the Board as a Standing Committee. This Committee shall be responsible for the periodic review of the personnel policies of the Corporation. The Personnel Practices Committee shall consist of a minimum of three (3) directors to be appointed by the Chair of the Board, subject to the approval of the Board, and the First Vice Chair is to serve as Chair of the Personnel Practices Committee.

Section 10.6 Programs Committee. The Board shall constitute a Programs Committee of the Board as a Standing Committee. This Committee shall be responsible for (i) overseeing the implementation of the Board-approved strategic plan, (ii) assisting with the development of employment opportunities for program participants, and (iii) overseeing the quality of program services. The Programs Committee shall consist of at least three (3) directors to be appointed by the Chair of the Board, subject to the approval of the Board.

Section 10.7 Nominating Committee. The Board shall constitute a Nominating Committee of the Board as a Standing Committee. During the Nominating Committee's one-year term, it shall bring to the Board all recommendations to fill any mid-term vacancies in the same manner as set forth in these bylaws.

(a) Duties of the Nominating Committee. Except as otherwise set forth in these bylaws, the Nominating Committee shall propose and submit to the Board (i) names of persons nominated to be directors of the Board and (ii) a proposed slate of officers of the Board.

(b) Nominations of Board Members at the Regular Meeting Immediately Preceding the Last Board Meeting of the Fiscal Year. The Nominating Committee shall present in writing (such requirement to be satisfied by telefacsimile, electronic mail or similar means) to each member of the Board a list of nominees either to serve new terms as directors of the Board (or a Committee) or to be re-elected for another term. The information presented shall include the background, community and civic experience of the nominees proposed for Board (or a Committee). Nomination of directors of the Board (or directors of a Committee) may also be presented at any time during the year and shall be filled by a special election.

(c) The Nominating Committee shall consist of a Chair, appointed by the Chair of the Board, and no less than three (3) directors who shall be elected by the Board to serve for a term of one (1) year.

Section 10.8 Development Committee. The Board shall constitute a Development Committee of the Board as a Standing Committee. The Development Committee shall be responsible for overseeing the development of (and reviewing the direction of) the organization's fund raising plans and supporting its implementation as well as providing assistance as necessary in the organization and planning of major fund development activities. While the Development Committee provides the recommendations for fund raising, each member of the Board will be responsible to assist in fund raising activities. The goals of this Committee are to assist in increasing contributions from the private sector and assist in achieving the fundraising goals

approved by the Board. The Committee shall also oversee the public relations and marketing function of the Corporation which serves to inform others about the Corporation through the dissemination of information to the Corporation's different populace and to strengthen the public's understanding and awareness of the Corporation's programs and services. The Development Committee shall consist of a Chair, appointed by the Chair of the Board, and no less than three (3) directors who shall be elected by the Board to serve for a term of one (1) year. The Chair of the Development Committee, or a designated member of the Committee, shall be a member of the agency's Strategic Planning Committee.

Section 10.9 Kayne Eras School Advisory Board. The Board shall constitute a Kayne Eras School Advisory Board as an Advisory Committee. The Kayne Eras School Advisory Board shall be responsible for reviewing the direction and plans of the Corporation's educational program and providing input regarding the school's budget to the President and Chief Executive Officer. The Kayne Eras School Advisory Board shall be comprised of at least ten (10) directors, each of whom shall be nominated by the President and Chief Executive Officer and appointed by the Board. The Kayne Eras School Advisory Board shall be consulted by the President and Chief Executive Officer prior to the hiring of a Vice President of Educational Services, or any person serving in a similar capacity, of the Kayne Eras School in accordance with Section 11.7(d) of these bylaws.

Section 10.10 Strategic Planning Committee. The Board shall constitute a Strategic Planning Committee as an Advisory Committee. The purpose of the Strategic Planning Committee is to develop, or cause to be developed a three-year agency plan that establishes goals and objectives in the areas of finance, service delivery, and community impact. The plan should include the agency's vision, mission, core values, an external environmental analysis, an internal analysis, a competitor analysis and measurable goals and objectives for a three year period. The plan is to be approved by the ECF Board of Directors and implemented by the President and CEO and his/her staff. The Strategic Planning Committee shall consist of a Chair, appointed by the Chair of the Board, and no less than three (3) directors who shall be elected by the Board to serve for a term of one (1) year.

Section 10.11 Governmental Affairs Committee. The Board shall constitute a Governmental Affairs Committee as an Advisory Committee. The purpose of the Governmental Affairs Committee is to advocate towards the development and protection of legislation that advances the lives of people with disabilities served by the Corporation's programs. The Governmental Affairs Committee will also serve to report the impact of pending legislation to the Corporation and recommend appropriate action to be taken by the Board and/or the President and Chief Executive Officer. The Governmental Affairs Committee shall consist of a Chair, appointed by the Chair of the Board, and no less than two (2) additional directors who shall be elected by the Board to serve for a term of one (1) year.

Section 10.12 Meetings and Action of Committees. Except as otherwise provided in Article X of these bylaws, meetings and actions of Committees shall be governed by, and held and taken in accordance with the provisions of Article IX of these bylaws concerning meetings of directors, with such changes in the context of those bylaws as are necessary to substitute "the Committee and its directors" for "the Board and its directors." Special meetings of Committees may also be called by resolution of the Board. Notice of special meetings of Committees shall

also be given to any and all alternate directors, who shall have the right to attend all meetings of the Committee. The Committee shall report to the Board from time to time as the Board may require. The Board may adopt rules for the governance of any Committee not inconsistent with the provisions of these bylaws, or, in the absence of rules adopted by the Board, the Committee may adopt such rules.

Section 10.13 Quorum Rules for Committees. With respect to any Committee, a majority of a Committee's then voting directors shall constitute a quorum for the transaction of Committee business, except to adjourn. A majority of a Committee's voting directors present at a meeting, whether or not constituting a quorum, may adjourn any meeting to another time and place. Every act taken or decision made by a majority of the Committee's voting directors present at a meeting duly held at which a quorum is present shall be regarded as an act of such Committee, except (i) as otherwise set forth in these bylaws and (ii) subject to the provisions of the CNCL. A meeting at which a quorum is initially present may continue to transact business, notwithstanding the withdrawal of directors of such Committee, if any action taken is approved by at least a majority of the required quorum for that meeting.

Section 10.14 Revocation of Delegated Authority. Subject to Article XVIII, the Board may, at any time, revoke or modify any or all of the authority so delegated to a Committee, increase or decrease the number of its directors but not below the minimum set forth herein, and fill vacancies therein from the directors of the Board.

Section 10.15 Board of Governors. The Board shall constitute a Board of Governors as an honorary board. The Board of Governors has no governing authority. The purpose of the Board of Governors is to assist the Corporation in marketing its mission to the community and heighten awareness to people living with disabilities. The Board of Governors shall be appointed and removed by the Board and each member thereof shall serve for a term of one (1) year. Meetings of the Board of Governors may be held at any place within the State of California and any time that has been designated from time to time by the Board. Special meetings of the Board of Governors may also be called by resolution of the Board. Notice of special meetings of the Board of Governors shall also be given to the Chair of the Board, who shall have the right to attend all meetings of the Board of Governors. The Board of Governors shall report to the Board from time to time as the Board may require. The Board may adopt rules for the governance of the Board of Governors not inconsistent with the provisions of these bylaws.

ARTICLE XI
OFFICERS

Section 11.1 Officers. The officers of the Corporation shall be a Chair of the Board, a First Vice-Chair of the Board, a Second Vice-Chair of the Board, President and Chief Executive Officer, a Secretary, a Treasurer, and Immediate Past Chair of the Board. The Corporation may also have, at the discretion of the Board, one or more assistant secretaries, one or more assistant treasurers, and such other officers as may be appointed in accordance with the provisions of Section 11.3. Any number of offices may be held by the same person, except that neither the Secretary nor the Treasurer may serve concurrently as the President and Chief Executive Officer or the Chairman of the Board.

Section 11.2 Election of Officers. Subject to the other provisions of these bylaws, any person may serve as an officer of the Corporation. The officers of the Corporation, except those appointed in accordance with the provisions of Section 11.3, shall be chosen by the Board at each annual meeting for one-year terms or until their successors are appointed, and each officer shall serve at the discretion of the Board, subject to the rights, if any, of an officer under any contract of employment. All officers, other than the President and Chief Executive Officer, shall be voting directors of the Board. Unless otherwise provided for in these bylaws, in the case of a vacancy in any office for any reason whatsoever, a successor shall be elected at the next regular meeting of the Board or at a special meeting called for that purpose.

Section 11.3 Subordinate Officers. The Board may appoint any other officers that the business of the Corporation may require, each of whom shall have the title, hold office for the period, have the authority, and perform the duties specified in the bylaws or determined from time to time by the Board.

Section 11.4 Removal of Officers. Subject to the rights, if any, of an officer under any contract of employment, any officer may be removed, with or without cause, by the vote of at least three-fourths (3/4) of the voting quorum of the Board (but no less than the majority of all directors of the Board), at any regular or special meeting of the Board, or at the annual meeting of the Corporation, or, except in the case of an officer chosen by the Board, by an officer on whom such power of removal may be conferred by the Board.

Section 11.5 Resignation of Officers. Any officer may resign at any time by giving written notice to the Corporation. Any resignation shall take effect at the date of the receipt of that notice or at any later time specified in that notice; and, unless otherwise specified in that notice, the acceptance of the resignation shall not be necessary to make it effective. Any resignation is without prejudice to the rights, if any, of the Corporation under any contract to which the officer is a party.

Section 11.6 Vacancies in Offices. A vacancy in any office because of death, resignation, removal, disqualification, or any other cause shall be filled in the manner prescribed in these bylaws for regular appointments to that office. In the event of a temporary (less than 6 months) vacancy in the office of the President and Chief Executive Officer, the Chair of the Board, with the advice and consent of the Executive Committee, shall assign President and Chief Executive Officer responsibilities to the appropriate member(s) of the Corporation's senior staff. In the event of a vacancy in the office of the President and Chief Executive Officer, the Executive Committee will conduct a search and recommend to the Board candidates for that office. The selection of a new President and Chief Executive Officer will be made by a vote of three-fourths (3/4) of the voting quorum but no less than the majority of all directors of the Board.

Section 11.7 Responsibilities of Officers.

(a) Chair of the Board. It shall be the duty of the Chair of the Board to preside at all meetings of the Board; to serve as an ex-officio voting member of all Committees; to see that these bylaws and such rules and regulations as may be adopted by the Board are enforced; to call such meetings as are herein provided; at any meetings of the directors, to make

a report of the general concerns of the Corporation; and to exercise and perform such other powers and duties as may from time to time be assigned to him or her by the Board or prescribed by the bylaws.

(b) First Vice-Chair of the Board. The First Vice-Chair of the Board shall, in the absence of the Chair of the Board, preside at all meetings of the Board and exercise and perform such other powers and duties of the Chair of the Board, and also serve as Chair of the Personnel Practices Committee, and exercise and perform such other powers and duties as may from time to time be assigned to him or her by the Board or prescribed by the bylaws.

(c) Second Vice-Chair of the Board. The Second Vice-Chair of the Board shall, in the absence of the Chair of the Board and the First Vice-Chair of the Board, preside at all meetings of the Board and exercise and perform such other powers and duties of the Chair of the Board and the First Vice-Chair of the Board, and may also serve as Chair of the Personnel Practices Committee in the First Vice-Chair of the Board's absence, and exercise and perform such other powers and duties as may from time to time be assigned to him or her by the Board or prescribed by the bylaws. If the Chair of the Board, First Vice-Chair of the Board and Second Vice-Chair of the Board shall be absent from any meeting, the Secretary shall call the meeting to order and a temporary Chair of the Board shall be selected by the Board.

(d) President and Chief Executive Officer. Subject to such supervisory powers as may be given by the Board to the Chair of the Board, if any, the President and Chief Executive Officer shall, subject to the control of the Board, supervise, direct, and control the business affairs of the Corporation. The President and Chief Executive Officer shall be the chief salaried executive agent of the Board and shall be an ex-officio non-voting member of the Board and all committees, excluding the Audit Committee. The President and Chief Executive Officer may delegate his or her responsibilities and powers subject to the control of the Board. The President and Chief Executive Officer shall have the authority to execute contracts and enter into agreements on behalf of the Corporation and to make expenditures within approved programs and budgets established by the Board. The President and Chief Executive Officer shall have such other powers and duties as may be prescribed from time to time by the Board. The President and Chief Executive Officer shall report to the Board at regular intervals. The President and Chief Executive Officer shall nominate the members of the Kayne Eras School Advisory Board. The President and Chief Executive Officer shall, after consultation with the Kayne Eras School Advisory Board, choose, supervise, and direct the Vice President of Educational Services, or any person serving in a similar capacity, of the Kayne Eras School.

(e) Secretary. The Secretary shall attend to the following:

(i) Bylaws. The Secretary shall certify and keep, or cause to be kept, at the principal office of the Corporation or such other locations as the Board may order, the original, or a copy of these bylaws as amended or otherwise altered to date.

(ii) Book of Minutes. The Secretary shall keep or cause to be kept, at the principal executive office or such other place as the Board may direct, a book of minutes of all meetings, proceedings, and actions of directors and Committees, recording the time and place of holding such meeting, whether regular or special, and, if special, how authorized; the notice

given; the names of those present at such meetings; the number of directors present or represented at directors' meetings; and the proceedings of such meetings. The book of minutes shall also contain any protests concerning lack of adequate notice or dissents from directors of the Board, if the protesting or dissenting directors request in writing.

(iii) Notices, Seal and Other Duties. The Secretary shall give, or cause to be given, notice of all meetings of the Board in accordance with these bylaws or by law. He or she shall keep the seal of the Corporation in safe custody and shall affix said seal to all documents requiring a seal, and shall have such other powers and perform such other duties incident to the office of Secretary as may be prescribed by the Board or these bylaws.

(iv) Corporate Records. Upon request, the Secretary shall exhibit at all reasonable times to any director of the Corporation, or to his or her agent or attorney, the bylaws and book of minutes.

(f) Treasurer. The Treasurer shall serve as Chair of the Budget and Finance Committee. He or she shall attend to the following:

(i) Books of Account. The Treasurer shall keep and maintain, or cause to be kept and maintained, adequate and correct books and records of accounts of the properties and transactions of the Corporation, including accounts of its assets, liabilities, receipts, disbursements, gains, losses, capital, retained earnings, and other matters customarily included in financial statements. The books of account shall be open to inspection by any director at all reasonable times.

(ii) Financial Reports. The Treasurer shall prepare, or cause to be prepared, and certify, or cause to be certified, the financial statements to be included in any required reports.

(iii) Deposit and Disbursement of Money and Valuables. The Treasurer shall deposit, or cause to be deposited, all money and other valuables in the name and to the credit of the Corporation with such depositories as may be designated by the Board; shall disburse, or cause to be disbursed, the funds of the Corporation and pay them out only on the check of the Corporation, signed in the manner authorized by the Board or as may be ordered by the Board; shall render, or cause to be rendered to the President and Chief Executive Officer and directors, whenever they request it, an account of all of his or her transactions as the Treasurer and of the financial condition of the Corporation; and shall have other powers and perform such other duties incident to the office of Treasurer as may be prescribed by the Board or the bylaws.

(g) Assistants. Any Assistant Secretary or Assistant Treasurer may, at the request of or in the absence of the Secretary or the Treasurer, respectively, exercise any of their powers as provided in these bylaws or as directed by the Board, and shall perform such other duties as are imposed upon them by the bylaws or the Board.

ARTICLE XII
TRANSACTIONS BETWEEN CORPORATION AND DIRECTORS OR OFFICERS

Section 12.1 Contracts with Directors and Officers.

(a) The Corporation shall not be a party to any contract or transaction:

(i) in which one or more of its directors or officers has a material financial interest;

(ii) with any corporation, firm, association, or other entity in which one or more directors or officers has a material financial interest; or

(iii) with any corporation, firm, association, or other entity (other than a California nonprofit public benefit corporation) in which one or more of its directors is a member; unless:

a. the material facts concerning the contract or transaction and such director's or officer's financial interest of common directorship are fully disclosed in good faith and are noted in the minutes;

b. prior to authorizing or approving the contract or transaction, the Board considers and in good faith determines after reasonable investigation that the Corporation could not obtain a more advantageous arrangement with reasonable investigation under the circumstances or that the contract or transaction implements a charitable program of the Corporation;

c. the Corporation enters into the contract or transaction for its own benefit;

d. the contract or transaction is fair and reasonable to the Corporation or implements a charitable program of the Corporation at the time the contract or transaction is entered into;

e. such contract or transaction is authorized or approved in good faith by a majority of disinterested directors at the meeting, provided that that majority has decision-making authority under the quorum provisions of Article IX; and

f. the minutes of the meeting at which such transaction is authorized shall reflect that the Board had full knowledge of the material facts of the transaction, the interested director abstained from voting, and prior to approval, the Board considered and determined that the Corporation could not have obtained a more advantageous arrangement.

(b) A director or officer of the Corporation shall not be deemed to have a "material financial interest" in a contract or transaction that implements a charitable program of the Corporation solely because such a contract or transaction results in a benefit to a director or officer or their families by virtue of their membership in the class of persons intended to be benefited by the charitable program of the Corporation.

Section 12.2 Loans to Directors and Officers. The Corporation shall not make any loan of money or property to or guarantee the obligation of any director or officer, unless approved by

the Attorney General of the State of California; provided, however, the Corporation may advance money to a director or officer of the Corporation for expenses reasonably anticipated to be incurred in the performance of duties of such director or officer, provided that in the absence of such advance, such director or officer would be entitled to be reimbursed for such expenses by the Corporation.

Section 12.3 Interlocking Directorates. No contract or other transaction between the Corporation and any California nonprofit public benefit corporation is either void or voidable because such director(s) are present at a meeting of the Board that authorizes, approves, or ratifies the contract or transaction, if the material facts as to the transaction and as to such directors other directorship are fully disclosed to the Board, and the Board authorizes, approves, or ratifies the contract or transaction in good faith by a vote of disinterested directors at the meeting (subject to the quorum provisions of Article IX), or if the contract or transaction is just and reasonable as to the Corporation at the time it is authorized, approved, or ratified.

Section 12.4 Duty of Loyalty; Construction with Article XIII. Nothing in this Article XII shall be construed to derogate in any way from the absolute duty of loyalty that every director and officer owes to the Corporation. Furthermore, nothing in this Article XII shall be construed to override or amend the provisions of Article XIII. All conflicts between the two articles shall be resolved in favor of Article XIII.

Section 12.5 Prohibition on Hiring Directors' Family Members. No spouse, domestic partner, child, brother, sister, ancestor, descendant, mother-in-law, father-in-law, brother-in-law, sister-in-law, son-in-law or daughter-in-law (collectively, "***Family Members***") of any director shall be employed by the Corporation on either a full or part-time basis. Nothing in this Section shall prohibit any Family Member of a director to volunteer their services to the Corporation in any capacity, provided that the guidelines for volunteers as established by the Corporation are followed.

ARTICLE XIII
INDEMNIFICATION OF DIRECTORS, OFFICERS, EMPLOYEES AND AGENTS; INSURANCE

Section 13.1 Right of Indemnity. To the fullest extent permitted by law, the Corporation shall indemnify its directors, officers, employees, and other persons described in section 5238(a) of the CNCL, including persons formerly occupying any such position, against all expenses, (including those incurred for self representation,) judgments, fines, settlements and other amounts actually and reasonably incurred by them in connection with any "proceeding," as that term is used in that section, and including an action by or in the right of the corporation, by reason of the fact that the person is or was a person described in that section. "Expenses," as used in this bylaw, shall have the same meaning as in section 5238(a) of the CNCL.

Section 13.2 Approval of Indemnity. On written request to the Board by any person seeking indemnification under section 5238(b) or section 5238(c) of the CNCL, the Board shall promptly determine under section 5238(e) of the CNCL whether the applicable standard of conduct set forth in section 5238(b) or section 5238(c) has been met and, if so, the board shall authorize indemnification. If the board cannot authorize indemnification because the number of

directors who are parties to the proceeding with respect to which indemnification is sought prevents the formation of a quorum of directors who are not parties to that proceeding, the board shall promptly apply to the court in which such proceeding is or was pending to determine under section 5238(e) of the CNCL whether the applicable standard of conduct set forth in section 5238(b) or section 5238(c) has been met and, if so, the court shall authorize indemnification.

Section 13.3 Advance of Expenses. To the fullest extent permitted by law and except as otherwise determined by the Board in a specific instance, expenses incurred by a person seeking indemnification under Sections 13.1 and 13.2 in defending any proceeding covered by those sections shall be advanced by the Corporation before the final disposition of such proceeding on receipt of an undertaking by or on behalf of the agent to repay such amounts if it shall be determined ultimately that the agent is not entitled to be indemnified by the corporation for those expenses.

Section 13.4 Contractual Rights of Non-directors and Non-officers. Nothing contained in this Article shall affect any right to indemnification to which persons other than directors and officers of the Corporation, or any subsidiary hereof, may be entitled by contract or otherwise

Section 13.5 Insurance. The Corporation shall purchase and at all times maintain insurance of the type and in amounts deemed adequate and sufficient by the Board on behalf of its officers, directors, employees and other agents, insuring against any liability asserted against or incurred by any officer, director, employee or agent in that capacity or arising out of the agent's status as such.

ARTICLE XIV
CORPORATE RECORDS, REPORTS AND SEAL

Section 14.1 Minute Book – Maintenance and Inspection. The Corporation shall keep a minute book in written form at its principal office which shall contain a record of all actions by the Board including the time, date and place of each meeting; whether a meeting is regular or special and, if special, how called; the names of those present at each meeting of the Board or the Executive Committee; the minutes of all meetings; any written waivers of notice, consents to the holding of a meeting or approvals of the minutes thereof, all written consents for action without a meeting; all protests concerning lack of notice; and formal dissents from Board actions.

Section 14.2 Books and Records of Account – Maintenance and Inspection. The Corporation shall keep adequate and correct books and records of account to be kept at its principal office in the State of California, as fixed by the Board from time to time. "***Correct books and records***" includes, but is not necessarily limited to: accounts of properties and transactions, and accounts of its assets, liabilities, receipts, disbursements, gains, and losses.

Section 14.3 Articles of Incorporation and Bylaws – Maintenance and Inspection. The Corporation shall keep at its principal office, the original or a copy of its articles of incorporation and bylaws, certified by the Secretary, each as amended to date.

Section 14.4 Annual Report; Statement of Certain Transactions. Pursuant to section 6321 of the CNCL, the Board shall cause to be prepared not later than one hundred eighty (180) days after the close of the fiscal year, an annual report containing the financial statements and

additional information required by such section. The annual report shall contain the following information and any other information required by the CNCL:

(a) The assets and liabilities of the Corporation, including trust funds, as of the end of the fiscal year;

(b) The principal changes in assets and liabilities, including trust funds, during the fiscal year;

(c) The revenue or receipts of the Corporation, both unrestricted and restricted to particular purposes, for the fiscal year;

(d) The expenses or disbursements of the Corporation for both general and restricted purposes during the fiscal year;

(e) A statement of any transaction (1) to which the Corporation was a party, (2) which involved more than $50,000 or which was one of a number of such transactions with the same person involving, in the aggregate, more than $50,000, and (3) in which any director or officer of the Corporation had a direct or indirect material financial interest (a mere common directorship is not a financial interest).

The statement shall include: (i) a brief description of the transaction; (ii) the names of interested persons involved; (iii) their relationship to the Corporation; (iv) the nature of their interest in the transaction; and (v) when practicable, the amount of that interest, provided that in the case of a partnership in which such person is a partner, only the interest of the partnership need be stated.

(f) A brief description of the amounts and circumstances of any loans, guaranties, indemnifications, or advances aggregating more than $10,000 paid during the fiscal year to any officer or director of the Corporation under Article X or XI of these bylaws.

The books of the Corporation shall be audited by an independent Certified Public Accountant.

Section 14.5 Directors' Rights of Inspection. Every director shall have the absolute right at any reasonable time to inspect the Corporation's books, records, documents of every kind (including the articles of incorporation and bylaws), physical properties, and the records of each of its subsidiaries. The inspection may be made in person or by the director's agent or attorney. The right of inspection includes the right to copy and make extracts of documents.

Section 14.6 Corporate Seal. The Board may adopt, use, and at will alter, a corporate seal. Such seal shall be kept at the principal office of the corporation. Failure to affix the seal to corporate instruments, however, shall not affect the validity of any such instrument. The Corporation seal shall be circular in form and shall have inscribed thereon the name of the Corporation, the date of its incorporation and the word, "California".

ARTICLE XV
EXECUTION OF INSTRUMENTS, DEPOSITS AND FUNDS

Section 15.1 Execution of Instruments. The Board may by resolution authorize any officer or agent of the Corporation to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Corporation, and such authority may be general or confined to specific instances. Unless so authorized by resolution or these bylaws, no officer, agent, or employee shall have any power or authority to bind the Corporation to any contract or engagement or to pledge its credit or to render it liable monetarily for any purpose or in any amount.

Section 15.2 Checks and Notes. Except as otherwise specifically determined by resolution of the Board, or as otherwise required by law, checks, drafts, promissory notes, orders for the payment of money, and other evidence of indebtedness of the Corporation shall be signed by the Chief Financial Officer or Treasurer and countersigned by the President and Chief Executive Officer of the Corporation.

Section 15.3 Deposits. All funds of the Corporation shall be deposited from time to time to the credit of the Corporation in such banks, trust companies, or other depositories as the Board may select.

Section 15.4 Gifts. The Board may accept on behalf of the Corporation any contribution, gift, bequest, or devise for the charitable or public purposes of the Corporation.

ARTICLE XVI
NON-DISCRIMINATION

Section 16.1 Non-Discrimination. Participation in the affairs of this Corporation shall not be denied to any persons on the basis of race; color; national origin; ancestry; sex; sexual orientation; pregnancy, childbirth or related medical condition; marital status; religious creed; physical disability; mental disability; medical condition (cancer-related) or age (40 or over).

ARTICLE XVII
CONSTRUCTION AND DEFINITIONS

Section 17.1 Construction. Unless the context requires otherwise, the general provisions, rules of construction, and definitions in the CNCL shall govern the construction of these bylaws. Any reference to a Section of any law, including a section of the CNCL, shall be a reference to such section as hereinafter amended or any successor provision thereto. Without limiting the generality of the above, the masculine gender includes the feminine and neuter, the singular number includes the plural, the plural number includes the singular, and the term "person" includes both the Corporation and a natural person.

ARTICLE XVIII
AMENDMENTS

Section 18.1 Amendment of the Bylaws by Directors. Except for the specific sections of these bylaws that require by definition a specific percentage of directors (or by other such

approval) to approve amendments to those sections, approval by a two-thirds (2/3) majority of the filled Board member positions and a majority of the Executive Committee upon not less than thirty (30) days prior written notice shall be required to adopt, amend or repeal these bylaws. Any adoption, amendment or repeal of these bylaws will be implemented effective as of the approval date.

Section 18.2 Amendment of the Articles of Incorporation. Approval by a majority of the Board and the Executive Committee shall be required to adopt, amend or repeal the Corporation's articles of incorporation.

CERTIFICATE

This is to certify that the foregoing is a true, complete and correct copy of the bylaws of Exceptional Children's Foundation, and that such bylaws were duly adopted by the Board of such Corporation.

Date: June 30, 2008

By: Tevis Barnes
Title: Secretary

Exhibit C

Certificate of Approval of Exception Children's Foundation

CERTIFICATE OF APPROVAL OF
AGREEMENT OF MERGER
BY AND BETWEEN
EXCEPTIONAL CHILDREN'S FOUNDATION
AND
EDUCATIONAL RESOURCE AND SERVICES CENTER, INC.

We, Scott Bowling and Tevis Barnes, certify that:

1. We are the President and Chief Executive Officer and the, respectively, of Exceptional Children's Foundation, a California nonprofit public benefit corporation.

2. Each of the Agreement of Merger in the form to which this certificate is attached and the Merger Agreement referenced therein has been approved by the board of directors of this corporation.

3 This corporation has no members and no outstanding stock.

4. No additional approval of the Agreement of Merger is required.

5. The Attorney General of California has been given prior written notice of the merger contemplated by the Agreement of Merger.

We further declare under penalty of perjury under the laws of the State of California that the matters set forth in this certificate are true and correct of our own knowledge.

Executed at Los Angeles, California this 30th day of June, 2008.

By: _____
Name: Scott Bowling
Its: President & Chief Executive Officer

By: _____
Name: Tevis Barnes
Its: Secretary

Exhibit D

Certificate of Approval of Educational Resource and Services Center, Inc.

CERTIFICATE OF APPROVAL OF
AGREEMENT OF MERGER
BY AND BETWEEN
EXCEPTIONAL CHILDREN'S FOUNDATION
AND
EDUCATIONAL RESOURCE AND SERVICES CENTER, INC.

We, Suzanne Kayne and Ralph Walter, certify that:

1. We are the Chair of the board of directors and the Assistant Secretary, respectively, of Educational Resource and Services Center, Inc., a California nonprofit public benefit corporation.

2. Each of the Agreement of Merger in the form to which this certificate is attached and the Merger Agreement referenced therein has been approved by the board of directors of this corporation.

3. This corporation has no members and no outstanding stock.

4. No additional approval of the Agreement of Merger is required.

5. The Attorney General of California has been given prior written notice of the merger contemplated by the Agreement of Merger.

We further declare under penalty of perjury under the laws of the State of California that the matters set forth in this certificate are true and correct of our own knowledge.

Executed at Los Angeles, California this 30th day of June, 2008.

By: _____
Name: Suzanne Kayne
Its: Chair of the board of directors

By: _____
Name: Ralph Walter
Its: Assistant Secretary

CERTIFICATE OF APPROVAL OF
AGREEMENT OF MERGER
BY AND BETWEEN
EXCEPTIONAL CHILDREN'S FOUNDATION
AND
EDUCATIONAL RESOURCE AND SERVICES CENTER, INC.

We, Scott Bowling and Tevis Barnes, certify that:

1. We are the President and Chief Executive Officer and the, respectively, of Exceptional Children's Foundation, a California nonprofit public benefit corporation.

2. Each of the Agreement of Merger in the form to which this certificate is attached and the Merger Agreement referenced therein has been approved by the board of directors of this corporation.

3. This corporation has no members and no outstanding stock.

4. No additional approval of the Agreement of Merger is required.

5. The Attorney General of California has been given prior written notice of the merger contemplated by the Agreement of Merger.

We further declare under penalty of perjury under the laws of the State of California that the matters set forth in this certificate are true and correct of our own knowledge.

Executed at Los Angeles, California this 30th day of June, 2008.

By: _____
Name: Scott Bowling
Its: President & Chief Executive Officer

By: _____
Name: Tevis Barnes
Its: Secretary

OFFICE OF THE SECRETARY OF STATE

[Signature Page to ECF Certificate of Approval]

Form **8868**
(Rev April 2009)

Department of the Treasury
Internal Revenue Service

Application for Extension of Time To File an Exempt Organization Return

► **File a separate application for each return.**

OMB No 1545-1709

- If you are filing for an **Automatic 3-Month Extension, complete only Part I** and check this box ► [X]
- If you are filing for an **Additional (Not Automatic) 3-Month Extension, complete only Part II** (on page 2 of this form)

Do not complete Part II unless you have already been granted an automatic 3-month extension on a previously filed Form 8868.

Part I Automatic 3-Month Extension of Time. Only submit original (no copies needed).

A corporation required to file Form 990-T and requesting an automatic 6-month extension – check this box and complete Part I only ► [ ]

All other corporations (including 1120-C filers), partnerships, REMICS, and trusts must use Form 7004 to request an extension of time to file income tax returns

Electronic Filing *(e-file).* Generally, you can electronically file Form 8868 if you want a 3-month automatic extension of time to file one of the returns noted below (6 months for a corporation required to file Form 990-T) However, you cannot file Form 8868 electronically if (1) you want the additional (not automatic) 3-month extension or (2) you file Forms 990-BL, 6069, or 8870, group returns, or a composite or consolidated Form 990-T Instead, you must submit the fully completed and signed page 2 (Part II) of Form 8868 For more details on the electronic filing of this form, visit *www.irs gov/efile* and click on *e-file for Charities & Nonprofits*

Type or print	Name of Exempt Organization	Employer identification number
	EXCEPTIONAL CHILDREN'S FOUNDATION	95-1690988
File by the due date for filing your return See instructions	Number, street, and room or suite number If a P O box, see instructions 8740 WEST WASHINGTON BLVD	
	City, town or post office, state, and ZIP code For a foreign address, see instructions CULVER CITY, CA 90232	

Check type of return to be filed (file a separate application for each return)

[X] Form 990	[ ] Form 990-T (corporation)	[ ] Form 4720
[ ] Form 990-BL	[ ] Form 990-T (section 401(a) or 408(a) trust)	[ ] Form 5227
[ ] Form 990-EZ	[ ] Form 990-T (trust other than above)	[ ] Form 6069
[ ] Form 990-PF	[ ] Form 1041-A	[ ] Form 8870

- The books are in the care of ► SONHUI ROBILOTTA

Telephone No. ► 310-845-8025 FAX No ► (310) 845-8001

- If the organization does not have an office or place of business in the United States, check this box ► [ ]
- If this is for a Group Return, enter the organization's four digit Group Exemption Number (GEN) _____. If this is for the whole group, check this box ► [ ]. If it is for part of the group, check this box ► [ ] and attach a list with the names and EINs of all members the extension will cover

1 I request an automatic 3-month (6 months for a corporation required to file Form 990-T) extension of time until 2/15, 20 10, to file the exempt organization return for the organization named above The extension is for the organization's return for.

► [ ] calendar year 20___ or

► [X] tax year beginning 7/01, 20 08, and ending 6/30, 20 09

2 If this tax year is for less than 12 months, check reason: [ ] Initial return [ ] Final return [ ] Change in accounting period

3a If this application is for Form 990-BL, 990-PF, 990-T, 4720, or 6069, enter the tentative tax, less any nonrefundable credits. See instructions	3a	$ 0.
b If this application is for Form 990-PF or 990-T, enter any refundable credits and estimated tax payments made. Include any prior year overpayment allowed as a credit	3b	$ 0.
c Balance Due. Subtract line 3b from line 3a Include your payment with this form, or, if required, deposit with FTD coupon or, if required, by using EFTPS (Electronic Federal Tax Payment System) See instructions	3c	$ 0.

Caution. If you are going to make an electronic fund withdrawal with this Form 8868, see Form 8453-EO and Form 8879-EO for payment instructions.

BAA For Privacy Act and Paperwork Reduction Act Notice, see instructions. Form **8868** (Rev 4-2009)

- If you are filing for an **Additional (Not Automatic) 3-Month Extension, complete only Part II** and check this box . ► [X]

Note. Only complete Part II if you have already been granted an automatic 3-month extension on a previously filed Form 8868

- If you are filing for an **Automatic 3-Month Extension, complete only Part I** (on page 1).

Part II Additional (Not Automatic) 3-Month Extension of Time. Only file the original (no copies needed).

Type or print

File by the extended due date for filing the return See instructions

Name of Exempt Organization
EXCEPTIONAL CHILDREN'S FOUNDATION

Employer identification number
95-1690988

Number, street, and room or suite number If a P.O box, see instructions
RBZ LLP
11755 WILSHIRE BLVD NINTH FL

For IRS use only

City, town or post office, state, and ZIP code For a foreign address, see instructions.
LOS ANGELES, CA 90025-1540

Check type of return to be filed (File a separate application for each return):

[X] Form 990	[ ] Form 990-PF	[ ] Form 1041-A	[ ] Form 6069
[ ] Form 990-BL	[ ] Form 990-T (section 401(a) or 408(a) trust)	[ ] Form 4720	[ ] Form 8870
[ ] Form 990-EZ	[ ] Form 990-T (trust other than above)	[ ] Form 5227	

STOP! Do not complete Part II if you were not already granted an automatic 3-month extension on a previously filed Form 8868.

- The books are in care of ► SONHUI ROBILOTTA
  Telephone No. ► 310-845-8025 FAX No ► (310) 845-8001
- If the organization does not have an office or place of business in the United States, check this box . . ► [ ]
- If this is for a Group Return, enter the organization's four digit Group Exemption Number (GEN) . _____ . If this is for the whole group, check this box ► [ ] . If it is for part of the group, check this box ► [ ] and attach a list with the names and EINs of all members the extension is for

4 I request an additional 3-month extension of time until 5/15 , 20 10.

5 For calendar year ____ , or other tax year beginning 7/01 , 20 08 , and ending 6/30 , 20 09

6 If this tax year is for less than 12 months, check reason· [ ] Initial return [ ] Final return [ ] Change in accounting period

7 State in detail why you need the extension . TAXPAYER RESPECTFULLY REQUESTS ADDITIONAL TIME TO GATHER INFORMATION NECESSARY TO FILE A COMPLETE AND ACCURATE TAX RETURN.

8a If this application is for Form 990-BL, 990-PF, 990-T, 4720, or 6069, enter the tentative tax, less any nonrefundable credits. See instructions	8a	$
b If this application is for Form 990-PF, 990-T, 4720, or 6069, enter any refundable credits and estimated tax payments made. Include any prior year overpayment allowed as a credit and any amount paid previously with Form 8868.	8b	$
c Balance Due. Subtract line 8b from line 8a. Include your payment with this form, or, if required, deposit with FTD coupon or, if required, by using EFTPS (Electronic Federal Tax Payment System). See instrs	8c	$

Signature and Verification

Under penalties of perjury, I declare that I have examined this form, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete, and that I am authorized to prepare this form.

Signature ► _____ Title ► ~~PRESIDENT & CEO~~ Chair Date ► 2/15/10