



# ANNUAL REPORT

## FISCAL YEAR 2013/2014

PACIFIC ART LEAGUE

## MESSAGE FROM SETH M. SCHALET

# EXECUTIVE DIRECTOR



The year that will be viewed as monumental through the prism of the storied history of the Pacific Art League (PAL). Back in 1921 at its inception, during those early meetings in the homes of PAL's founding members, we suspect they did not spend much time discussing seismic retrofitting, general contractors and permits. Their focus back then, as is PAL's today, was on creativity, artistic expression and the opportunity to gather with friends and fellow artists to discuss and critique each other's works.

It is to this group, PAL's founders, past and current members, instructors, board members, staff, students and the present board of directors that we say "We Did It!" Notice the emphasis on "We" because PAL is a true community and to paraphrase the title of a well-known book "It Takes a Village" or in PAL's case, a community to achieve this milestone, and each and every one of you played a part in enabling us to secure our future in downtown Palo Alto making the "New PAL" the nexus of art and creativity in Silicon Valley.

The new building is just one step on the path forward for PAL. The path also includes new curriculum, new programs, an emphasis on community outreach, exhibitions that both push the envelope and offer opportunities for members and artists to display their talents in a spacious and beautifully designed gallery, the introduction corporate workshops and expanding our presence throughout the area. To this end, we are proud of our new partnership with University Art to offer courses and workshops Mondays through Thursdays at their brand new location in Redwood City. For almost 50 years, the two organizations were the epicentre of artistic interests in downtown Palo Alto and we continue this relationship through a deeper and more strategic alliance—have a look at our offerings that start with this fall's semester.

For those that shared our programs during the sixteen months we were in our interim facility next door at 227 Forest Avenue, we say thank you for helping to make this our home away from home. To the staff; Education Manager Sal Corral, Education Coordinator and Marketing Manager Kim Munson, Gallery Manager and all around ace of operations, Anna Speaker, our Volunteer Coordinator and Development Assistant Nikitha Shetty, and our Accounting Manager Maricar Apuya, I say bravo! The credit goes to each of you for a job well done and for your tireless commitment to our members, students, instructors and partners. Thank you. I want to take this opportunity to say a special thank you to our recent past Board President, Jo Killen. Your vision, commitment to advancing PAL's mission, your friendship and support during the long hours we spent together, stay with me to this day. To our current Board President, Ron Andrews, it is an honor to collaborate with you on a shared vision for PAL's next century. Your dedication is truly inspiring. To the current Board of Directors and Committee members, thank you for your input, ideas and leadership.

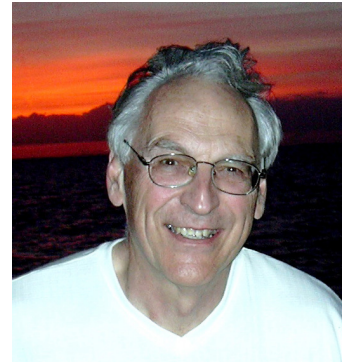
When I first came to PAL, it was self-evident that the organization was uniquely positioned with a rare opportunity to be part of something with a storied lineage and the ability to ensure a bright future for the arts, the community, and to work collaboratively with a group of passionate people committed to PAL's next century. That journey continues—the opportunities more numerous and brighter than they were two years ago when I joined as Executive Director. I am proud to be part of the PAL family and to continue the vision of PAL's founding members. As a qualified 501 (c) 3 nonprofit organization, this future depends on your continued financial support. We have a vision for occupying the entire building at the end of our lease and offering expanded programming and your support is essential to achieving this goal. Thank you for joining us on our journey forward—together, we will continue to achieve great things and firmly establish PAL as the nexus of art, technology and creativity.

Seth M. Schalet

## LETTER FROM RON ANDREWS PRESIDENT

Dear Members and Friends of the Pacific Art League,

This past year has been monumental for the Pacific Art League (PAL). We witnessed a dream come true: The building project was completed and PAL reoccupied the newly renovated and seismically safe space in our historic home at 668 Ramona Street. In June of this year PAL started holding classes in the new facility. Unanimously, all of you who visited expressed very positive reactions. The Board and the PAL staff all thank you. This accomplishment came after nearly six years of committed effort by board members, staff, members and our partners. The “Thank you’s” are numerous. However, we are particularly grateful for the partnerships that made this a reality. This includes Steve Oliver and his team at Oliver & Co. for general contracting and project management; Avid Bank for providing the financing; Wilson Sonsini Goodrich and Rosati for legal review and support; Cassidy and Turley for providing real estate leasing support; and the City of Palo Alto for supporting us through this long process.



As PAL approaches its centennial year there can be no more fitting milestone than the completion of the building project. Now we must direct our attention and efforts to the future. The new building adds to our ongoing strengths of a great downtown location, a great art faculty, an energetic Executive Director and staff, numerous volunteers and committed members, and an energized board of directors. The critical challenge now is to build on these strengths, agree on a goal for the future, organize our efforts, and move forward. We live and work in Silicon Valley, an international center of innovation and technology. As artists and art lovers our challenge is to couple these together. Come and help us. Be a part of creating and implementing a grand vision for PAL.

The completion of the building project is the good news. To do this, however, PAL had to take on debt. Now, for the first time, we have a mortgage. To make our mortgage payments we are currently leasing some of the space in our new, enlarged building. When we pay off the mortgage we can occupy the entire building. This is an additional huge challenge, but one that is realistic. To do this PAL needs more revenue producing activity, more events, more fund raising, an expanded curriculum, increased membership. PAL needs your help and financial support to address this challenge.

I am proud to have been a part of the team that made this year such a monumental year for PAL. I look forward to meeting and working with all of you as we plan for and move into our second century with our mission of “Providing an environment for advancing the expression, appreciation and enjoyment of the arts”.

Looking forward,

A handwritten signature in black ink, appearing to read 'Ron Andrews'. The signature is stylized and cursive.

Ron Andrews

THE MISSION OF THE PACIFIC ART LEAGUE IS

**“TO PROVIDE AN ENVIRONMENT FOR ADVANCING THE EXPRESSION,  
APPRECIATION AND ENJOYMENT OF THE ARTS.”**

# EDUCATION

In 2014, the Pacific Art League continued to pursue our vision to “provide a unique brand of art education that includes and extends beyond the traditional practices”. Our full slate of fine art classes in drawing and painting continued to be popular, while we extended our offerings with Animation and Gesture Drawing with Leila Beverleigh, Encaustics with Janet Goodman, and an adventurous Friday night figure drawing class with Rebecca Bui.

Of course, the most significant accomplishment during the past fiscal year was completing the renovation of our historic home. We would like to thank all the students and faculty who continued to support the Art League at our temporary location. It was amazing that we maintained strong enrollment during this period. Thank you for enduring the noise and disruption, and we hope that everyone is enjoying the wonderful new space.

During this past year, we continued our focus on exploring the synergy between technology and art. We held our first Mobile Art Workshop with Caroline Mustard, and her classes are still ongoing and popular.

We are also very pleased to announce our new partnership with University Arts. Beginning this Fall, some of our most popular instructors will be teaching their fine art and iPad classes at University Arts’ brand new location in Redwood City. We are very excited to bring PAL’s unique offerings to a new mid-peninsula audience.

Last but not most importantly, we would like to take this opportunity to thank all the members of our wonderful faculty and staff for their dedication and hard work, and to thank our loyal members and students for their support. All of you combine to make the Pacific Art League an enriching environment to explore art for our community. Thank you all for a great year!

– Judy Lin, Education Committee Chair





# DEVELOPMENT

The Development committee continued to solicit funds for the refurbishing of the new building with the Arts Essentials campaign. It worked with a consultant, Chaud Richards of Netzel & Grigsby. We sent out an annual appeal and followed up with a phonathon. We collaborated with the Events Committee to give a Hard Hat party at the Annual Members Meeting in November. We are grateful to the Lennox Foundation for its generous grant of \$25,000 towards the Arts Essential goals. Simone Sarmet was Chair in 2013 and helped to edit solicitation materials. Ken Brenner and Diana Diamond formed a sub-committee to make individual requests. A partnership was created with Silicon Valley Foundation to allow us to accept planned giving. A letter was sent to members by the President which garnered in some donations. Brad Maihack mentored a group of San Jose State University business students who gave us a comprehensive corporate giving plan which the committee is currently pursuing.

- Joy Chase, Development Committee Chair

# EXHIBITIONS

This past year was an exciting and challenging year for Exhibitions at the Pacific Art League. We were in the interim location, next door on Forest Avenue for a year and a half, where we had the challenge of holding classes in the same space that functioned as our Main Gallery. This set a precedent for our newly remodeled building, where we are once more simultaneously holding classes and exhibiting wonderful art.

We now have three spaces in which to Exhibit: The Corridor Gallery, the Main Gallery, and the Studio One Gallery. In the month of July, in anticipation of our Grand Opening in September, the events committee (chaired by Josephine Shuster,) planned a "Support PAL" show. At \$100 per art piece to enter and an estimated 175 donations, we believed it would be a tremendous salute to the strong community support that we know exists for the Pacific Art League in our community. Having an Art Gallery that is open to the public is an invaluable asset to Palo Alto.

In the coming year, we plan to restart the rental program, continue with our traditional member and themed shows, and add new ideas to the calendar such as including more Instructor shows and children's exhibits.

We would like to extend a special Thank You to our faithful First Friday followers who attended our openings, even showing up during our long and disruptive construction. Now that we are in our beautiful new space, we look forward to another year of exciting classes surrounded by fabulous art work!

- Robin Scholl, Exhibition Committee Chair





## EXHIBITIONS 2013 - 2014

### AUGUST

MAIN GALLERY [Figures & Faces](#)  
 GLASS GALLERY [Diana Diamond & Booker Moorey](#)  
 CRAFT WALL [Lee Middleman](#)

### SEPTEMBER

MAIN GALLERY [Waterworks](#)  
 GLASS GALLERY [Judy Kramer](#)  
 CRAFT WALL [Lee Middleman](#)

### OCTOBER

MAIN GALLERY [By Land, Sea and City](#)  
 GLASS GALLERY [Kenneth Brenner & Jo Killen](#)  
 CRAFT WALL [Rona Foster](#)

### NOVEMBER

MAIN GALLERY [Prints Matter!](#)  
 GLASS GALLERY [Joseph Meyers](#)  
 CRAFT WALL [Rona Foster](#)

### DECEMBER

MAIN GALLERY [Art Under \\$200](#)  
 GLASS GALLERY [Stella Zhang's Ab-Ex Class](#)  
 CRAFT WALL [Helen Ju](#)

### JANUARY

MAIN GALLERY [Members' Exhibit](#)  
 GLASS GALLERY [Nurali Allana](#)  
 CRAFT WALL [Helen Ju](#)

### FEBRUARY

MAIN GALLERY [ABSTRACTIONS](#)  
 GLASS GALLERY [Mario Rosales & Students](#)  
 CRAFT WALL [Phyllis Lee](#)

### MARCH

MAIN GALLERY [The Art in Food: Farm, Table, Community](#)  
 GLASS GALLERY [Painted Chairs](#)  
 CRAFT WALL [Phyllis Lee](#)

### APRIL

MAIN GALLERY [Secret Gardens](#)  
 GLASS GALLERY [PAL instructors](#)  
 CRAFT WALL [Louis Basel](#)

### MAY

MAIN GALLERY [Photography: Writing in Light](#)  
 GLASS GALLERY [Zoya Scholis](#)  
 CRAFT WALL [Louis Basel](#)

### JUNE

MAIN GALLERY [Re | Structure](#)  
 STUDIO ONE [Wet Paint](#)  
 CORRIDOR GALLERY [Ron Andrews - Abstract Landscapes](#)

### JULY

MAIN GALLERY [Members' Exhibit](#)  
 STUDIO ONE [Members' Exhibit](#)  
 CORRIDOR GALLERY [Ron Andrews - A Retrospective](#)

# COMMUNITY OUTREACH

## COMMUNITY & OUTREACH

The Community Outreach Committee began in the spring of 2014, with members recruited this summer. Among its accomplishments to date are liaisons with other arts organizations, and having a solid partnership alliance with University Art, now located in Redwood City and San Jose -- which resulted in a lovely benefit to PAL -- the ability to hold a series of PAL classes at their Redwood City facility, courtesy of University Art.

PAL has also contacted the Palo Alto Chamber of Commerce which resulted in a mutual interest of working together. The committee is now looking to establish additional working liaisons with other arts organizations and museums in the Bay Area, (from San Jose to Burlingame) so that we can all work together to better focus attention on the arts in this region.

- Diana Diamond, Governance Committee Chair

## AFTER SCHOOL ART

Part of being a community service organization is going out into the community, working with local partners, and offering arts programming to our most important resource—our children. For the last four years, PAL has provided after school art education at Encinal Elementary School in Atherton and Laurel Elementary School in Menlo Park, in addition to the after school art instruction we do at our main facility. Scholarships are granted to students with financial need. These programs are partly sponsored by Silicon Valley Creates (formerly Arts Council Silicon Valley).





# EVENTS

The Painted Chair event was a collaborative fund-raising event organized in association with the Palo Alto Women's Club. Classic wooden folding chairs acquired at the Women's Club were repainted for a special auction. Kay Culpepper, an instructor at the Pacific Art League and a member of the Women's Club, recruited artists from the league to paint the chairs. Over one hundred chairs, including some children's chairs, were painted. An evening of live auction and refreshments was planned by the women's club to sell the chairs. Sondra Murphy, an artist and member of the Pacific Art League was the lively auctioneer for the event. The glitzy affair was a huge success and both organizations were successful in raising funds for their respective causes.

Gordon Biersch Brewery served as a setting for the next event organized by the Pacific Art League. Guests were treated to a tour of the brewery, some great food and live music. A demonstration of mobile digital art, by PAL instructor Caroline Mustard, was also conducted for the enlightenment of the group. The fun evening successfully raised funds for PAL.

Last November, while undergoing building renovations, a hard hat party was arranged for our members and their guests. Executive Director, Seth Schalet, organized a tour of our historic building and the undergoing restoration. Not only did the event allow members a glimpse of the future building, it also raised funds for PAL.

– Josephine Shuster, Events Committee Chair



Photo credits: The Pacific Art League and Kenneth Chun

# TREASURER REPORT

## Treasurer Report on the Financial Results for the Year Ended July 31, 2014

As in prior years the accompanying financial statements for the year ended July 31st, 2014 have been prepared in accordance with generally accepted accounting principals and in particular meet the requirements for not-for-profit charitable organizations.

The fiscal year ended at July 31st, 2014 saw the completion of the retrofitting and expansion of the historical home of the Pacific Art League. The main activities of the organization in promoting visual art through classes and exhibition was substantially impacted by the space restrains resulting from the temporary move to adjacent rented space and the attention that the Board had to provide to the construction efforts.

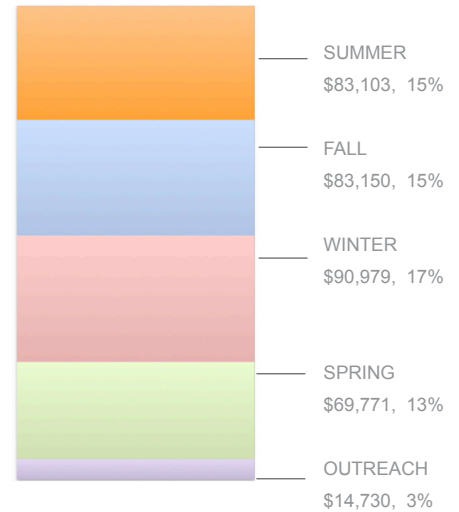
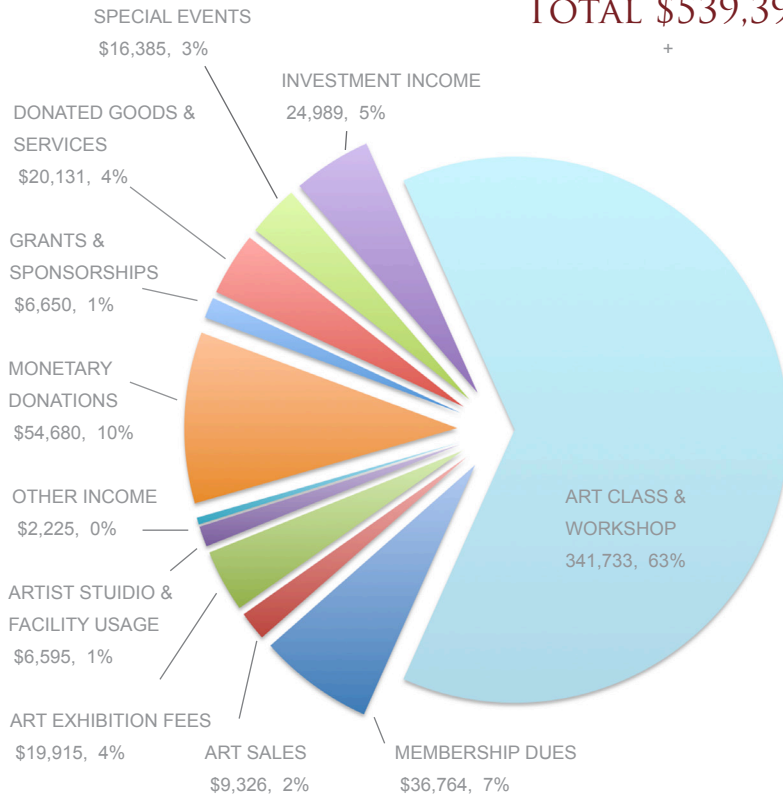
With this major event brought to a satisfactory completion, all attention will now focus on expanding the arts education programs, benefiting fully from the unique location of the Pacific Art League by aggressively promoting arts exhibitions and making the space also available for other events. The Board is fully committed to solidify the Pacific Art League's position as a pillar of the local and regional community.

- Theo Keet, CPA, Treasurer Pacific Art League of Palo Alto.



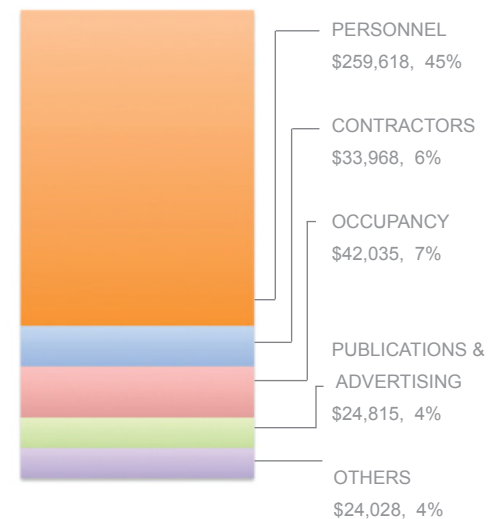
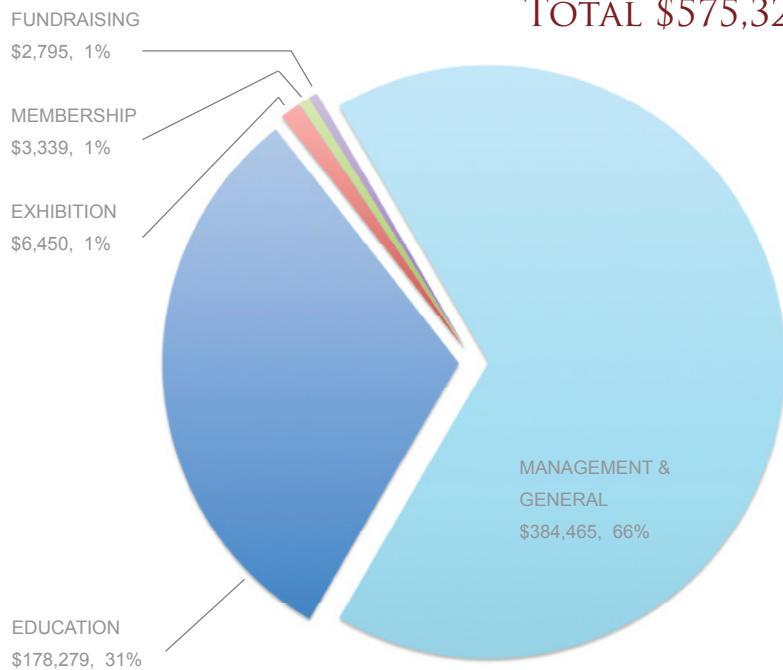
## PUBLIC SUPPORT AND REVENUES

TOTAL \$539,393



## OPERATING EXPENSES

TOTAL \$575,328



# FINANCIAL STATEMENTS

## STATEMENT OF FINANCIAL POSITION

### STATEMENT OF FINANCIAL POSITION

	AS OF JULY 31	
	2014	2013
<b>ASSETS</b>		
CASH AND CASH EQUIVALENTS, INCLUDING MARKETABLE SECURITIES	\$486,951	\$565,893
ACCOUNTS RECEIVABLE	8,509	14,883
PREPAID EXPENSES	6,498	72,604
SECURITY DEPOSITS	75,075	76,125
FIXED ASSETS, NET OF ACCUMULATED DEPRECIATION	6,125,873	713,730
<b>TOTAL ASSETS</b>	<b>\$6,702,906</b>	<b>\$1,443,235</b>
<b>LIABILITIES</b>		
ACCOUNTS PAYABLE AND ACCRUED EXPENSES	\$48,077	\$51,283
DEFERRED INCOME	50,996	26,640
LEASE DEPOSIT	112,928	
DEFERRED TENANT IMPROVEMENTS	312,600	
BANK LOAN	5,257,980	
CONSTRUCTION LOAN	450,592	567,836
<b>TOTAL LIABILITIES</b>	<b>\$6,233,173</b>	<b>\$645,759</b>
<b>NET ASSETS</b>		
UNRESTRICTED	429,725	740,864
TEMPORARILY RESTRICTED	40,008	56,612
<b>TOTAL NET ASSETS</b>	<b>\$469,733</b>	<b>\$797,476</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$6,702,906</b>	<b>\$1,443,235</b>

*The accompanying notes are an integral part of these statements*



Photo credits: Kim Munson

# FINANCIAL STATEMENTS

## STATEMENT OF ACTIVITIES

	YEAR ENDED JULY 31	
	2014	2013
<b>INCOME</b>		
PROGRAM AND SERVICE REVENUE		
ART CLASS & WORKSHOP FEES	\$341,733	\$300,347
MEMBERSHIP DUES	36,764	37,303
ART SALES PROCEEDS	9,326	9,486
ART EXHIBITION FEES	19,915	15,910
ARTIST STUDIO & FACILITY USAGE FEES	6,595	10,705
OTHER INCOME	2,225	1,337
<b>TOTAL PROGRAM SERVICE REVENUE</b>	<b>\$416,559</b>	<b>\$375,088</b>
PUBLIC SUPPORT		
MONETARY DONATIONS, OF WHICH \$29,266 AND \$29,495 TEMPORARILY RESTRICTED	\$54,680	\$41,978
GRANTS/SPONSORSHIP, OF WHICH \$10,742 AND \$14,504 TEMPORARILY RESTRICTED AND \$5,542 AND \$14,746 TRANSFERRED FROM PRIOR YEAR.	6,650	28,250
DONATED GOODS & SERVICES	20,131	123,886
SPECIAL EVENTS	16,385	47,964
<b>TOTAL PUBLIC SUPPORT</b>	<b>\$97,845</b>	<b>\$242,078</b>
INVESTMENT INCOME	24,989	53,251
<b>TOTAL INCOME</b>	<b>\$539,393</b>	<b>\$670,417</b>
<b>EXPENSES</b>		
PROGRAM AND SERVICES		
EDUCATION	\$178,279	\$154,970
EXHIBITION	6,450	5,150
MEMBERSHIP	3,339	2,395
<b>TOTAL PROGRAM AND SERVICES</b>	<b>\$188,068</b>	<b>\$162,515</b>
SUPPORTING SERVICES		
MANAGEMENT & GENERAL	\$384,465	\$425,585
FUNDRAISING	2,795	19,474
<b>TOTAL SUPPORTING SERVICES</b>	<b>\$387,259</b>	<b>\$445,059</b>
<b>TOTAL EXPENSES</b>	<b>\$575,328</b>	<b>\$607,574</b>
TEMPORARY LEASE AND COMMISSION EXPENSES NET OF SUBLEASE INCOME	\$291,809	\$245,643
EXCESS OF INCOME OVER (UNDER) EXPENSES	\$(327,743)	\$(182,800)
LOSS ON DISPOSAL OF FIXED ASSETS		(23,465)
CHANGES IN NET ASSETS	\$(327,743)	\$(206,265)
NET ASSETS, BEGINNING OF THE YEAR	797,476	1,003,741
<b>NET ASSETS, END OF THE YEAR</b>	<b>\$469,733</b>	<b>\$797,476</b>

*The accompanying notes are an integral part of these statements*

# FINANCIAL STATEMENTS

## STATEMENT OF CASH FLOW

	YEAR ENDED JULY 31	
	2014	2013
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
CHANGES IN NET ASSETS	\$(327,743)	\$(206,265)
NON-CASH EXPENSES(INCOME)	(53,200)	(21,469)
CHANGES IN OPERATING ASSETS AND LIABILITIES:		
ACCOUNTS RECEIVABLE	6,374	(2,319)
PREPAID EXPENSES	66,106	(41,475)
ACCOUNTS PAYABLE AND ACCRUED EXPENSES	(3,206)	35,975
DEFERRED INCOME	24,356	1,333
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	\$(287,313)	\$(234,220)
<b>CASH USED FOR INVESTING ACTIVITIES:</b>		
BUILDING RENOVATION AND EXPANSION	\$(5,358,943)	\$(472,622)
RECEIVED(PAID) LEASE DEPOSIT, NET	113,978	(76,125)
	\$(5,244,964)	\$(548,747)
<b>CASH PROVIDED BY FINANCING ACTIVITIES:</b>		
PROCEEDS FROM LOANS PAYABLE TO BANK AND CONSTRUCTOR	\$5,128,234	\$567,836
DEFERRED TENANT IMPROVEMENTS PAYMENTS	312,600	
	\$5,440,834	\$567,836
NET CASH INCREASE (DECREASE)	(78,942)	(215,131)
CASH, BEGINNING OF THE YEAR	565,893	781,024
CASH, END OF THE YEAR	\$486,951	\$565,893

*The accompanying notes are an integral part of these statements*



Photo credits: Kim Munson

## Notes to the Financial Statements July 31, 2014 & 2013

### (1) OPERATIONS AND NONPROFIT STATUS

Pacific Art League of Palo Alto (PAL) was founded in 1921 with a mission to provide an environment for advancing the expression, appreciation and enjoyment of the visual arts through art-focused education classes, workshops, exhibitions and events that are open to the community and members.

PAL is exempt from Federal and State income taxes as an organization formed for charitable purposes under Section 501(c) (3) of the Internal Revenue Code. Donors may deduct contribution made to PAL within the Internal Revenue Code regulations.

### (2) SIGNIFICANT ACCOUNTING POLICIES

PAL prepares its financial statements in accordance with general accepted accounting standards and principles established by the Financial Accounting Standard Board (FASB). References to U.S. GAAP in these footnotes are to the FASB Accounting Standard Codification.

#### Revenue Recognition

Contracts are recorded over the contract period as services are provided. Unrestricted grants and donations are recorded as revenue when received or unconditionally pledged. Restricted grants and donations are recorded as temporarily restricted cash and net assets when received or unconditionally pledged. Transfers are made to unrestricted net assets as cost are incurred or time restrictions of program restrictions lapse.

Program revenue and all other revenue are recognized when earned. Payments received or made in advance of services being performed are recorded either as deferred revenue or prepaid expenses.

#### Property and Equipment and Depreciation

Purchased property and equipment are recorded at cost. Donated property, equipment and services are recorded at fair market value at the time of the donation. Renewals and betterments are capitalized, while repairs and maintenance are expenses as they are incurred. Depreciation is computed using the straight-line method over the following useful lives:

	Estimated Useful Lives
Building	40 years
Office and artistic equipment	3 – 5 years
Furniture and fixtures	5 years

#### Donated Goods and Services

PAL receives services of professional volunteers and donated goods and services in various aspects of its programs and operations. The value assigned to these services and items, based on the donor's estimate of fair value, has been reflected in the accompanying financial statements as donated goods and services.

#### Unrestricted Net Assets

Unrestricted net assets are those net resources that bear no external restrictions and are generally available for use by PAL. PAL has grouped its unrestricted net assets as funds available to carry on the operations of PAL.

#### Estimates

The preparation of financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

## Notes to the Financial Statements July 31, 2014 & 2013

### (3) FIXED ASSETS

LAND	32,683
NEW CONSTRUCTION	5,665,178
FURNITURE AND FIXTURES	96,897
TENANT IMPROVEMENTS	366,052
	<hr/>
	6,160,810
ACCUMULATED DEPRECIATION	(34,937)
	<hr/>
NET FIXED ASSETS	<b>6,125,873</b>

### (4) MANAGEMENT AND GENERAL EXPENSES

	FY ENDED JULY 31	
	2014	2013
PERSONNEL	259,618	207,037
CONTRACTORS (2013 INCLUDED \$88,328 OF DONATED LEGAL SERVICES)	33,968	110,187
OCCUPANCY	42,035	42,750
PUBLICATION/ADVERTISING & MARKETING	24,815	37,612
OTHER	24,029	27,999
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	<b>384,465</b>	<b>425,585</b>

### (5) LEASING OBLIGATIONS

As part of the building upgrade and retrofitting, explained in Note 6 on Subsequent Events, the authorities have permitted to extend the overall floor space. In order to secure the necessary financing for the retrofitting and expansion, PAL was required to lease a part of the building, meeting the bank's requirement to have a rental income for the coming eight years equal to at least 130% of the finance payments. The lease has been effective as of May 2014 and will cover an initial period of eight years after which an optional extension of two periods of 5 years exist. A tenant improvement allowance of \$366,052 was negotiated which is reflected in the fixed assets account (see Note 3). The payment of the majority of the tenant improvement is deferred and payable over the life of the lease contract including the extension periods.

### (6) SUBSEQUENT EVENTS

During the years 2013 and 2014 a major retrofit for earthquake protection and an expansion of the building was carried out. The construction was substantially funded with short-term loans from a local bank and the construction company. On August 22, 2014, the various short-term loans were converted to an 8-year mortgage with monthly payments of \$34,010 and a final payment of \$4,889,827 on August 7, 2022. But a conditional option is in place to extend the mortgage with an additional five years, if the lease mentioned in Note 5 is also extended.





# PRESIDENT'S VISION

As artists and art aficionados we constantly exercise our creative and innovative skills. We, PAL members and supporters, are facing a unique opportunity to look into the future and assess what PAL might be in our second century. The opportunity and the options for capturing it are huge. We have just completed the building project. We are enjoying the first floor of this restored, renovated and seismically upgraded building. Our clear number one priority is to identify the path to occupying the entire building. This would more than double the floorspace available for studios and galleries. Since we own the building there will never be an issue of rent or affordability. The immediate challenge is clear but somewhat daunting — how do we raise sufficient money to pay off our mortgage and thereby enable total occupancy? There are clearly many approaches to choose from, but they all have a few things in common. Expand our membership; offer a greater array of classes that have broader appeal; develop and utilize partnerships to enable the expanded curriculum; expand community outreach programs to build visibility; and build a more robust base of community support. PAL already has a committed board, staff and volunteer base. But, to realize our vision of the future we will need more help. So I invite everyone to come join the effort. Be a part of realizing a dream.

Looking forward to PAL's second century,



Ron Andrews

President, Board of Directors



SEPT 13, 2014, GRAND OPENING CELEBRATION. FROM LEFT: DAVID POPELKA WITH OLIVER & CO., PAL TREASURER THEO KEET, CONGRESSWOMAN ANNA ESHOO, PALO ALTO VICE MAYOR LIZ KNISS, KEN BRENNER WITH AVID BANK, PAL BOARD MEMBER DIANA DIMOND

Photo credits: Mark Nardini

# BOARD AND STAFF

## EXECUTIVE COMMITTEE

Ron Andrews, President  
 Diana Diamond, Executive Secretary  
 Theo Keet, Treasurer  
 Jo Killen  
 Joy Chase  
 Mariko Matsumoto  
 Robin Scholl  
 Suzanne Carey

## DIRECTORS

Ron Andrews  
 Bill Bruner  
 Suzanne Carey  
 Joy Chase  
 Diana Diamond  
 Theo Keet  
 Jo Killen  
 Judy Lin  
 Olga V. Mack  
 Mariko Matsumoto  
 Cynthia Napoli-Abella Reiss  
 Celeste Parise  
 Robin Scholl  
 Josephine Schuster  
 Jessica Tipton  
 Robin Welles  
 Jack Woodson  
 Mia Butera (non-voting)  
 Audrey Mak (non-voting)

## ADVISORY COUNCIL

Ken Brenner  
 Nagi Chami  
 Judy Kramer  
 Olga V. Mack  
 Brad Maihack  
 Shauna Mika  
 Jonathan Reichental

## STAFF FY 2013

Seth Schalet, Executive Director  
 Subha Govindarajan  
 Lara Hoke  
 Lauren Karazija  
 Christopher Luczkiewicz  
 Audrey Mak  
 Judy Sampas  
 Nancy Walton

## CURRENT STAFF

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Note: Seth Schalet, PAL Executive Director, is on all committees. Only current board chairs are shown.

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# PAL COMMUNITY



“PAL SUPPORTS THE ARTS BY PROVIDING CLASSES, WORKSHOPS, EXHIBITIONS, AND EVENTS THAT ARE ACCESSIBLE TO THE COMMUNITY .”



# IN MEMORIAM

## REMEMBERING HELEN VIRGINIA SMITH: PAL PAST PRESIDENT 1982-1984

Helen Virginia Smith, a teacher, artist and Palo Alto resident for 60 years, died on July 12, 20014. She was 92.

Born Helen Rising on Oct. 18, 1921, in Champaign, Illinois. As a child, her family moved to California, where she was raised in Beverly Hills. In her youth, she played piano and learned to act. At Beverly Hills High School she performed alongside entertainer Betty White in a production of "Pride and Prejudice."

In September 1940, she married Phil de Barros, a former high school classmate, with whom she had two children, Philip and Paul. The couple divorced in 1948, and she went back to school at UCLA to earn a teaching degree. There she met Hershel D. Smith, who was studying chemistry, and they married on August 12, 1951.

In 1952 the family moved to Menlo Park, so that she could take a position teaching first grade in the Ravenswood School District and Hershel could continue medical school. They moved to Palo Alto in 1954. She taught for five years at Willow, Costaño and James Flood elementary schools before she began working in the district office, helping teachers with their reading programs. She retired around 1976.

Later in life she became involved with the Pacific Art League (then known as The Palo Alto Art Club), studying with Howard Brodie, Mitchell Johnson and others. Helen loved the watercolor medium, as well as sketching and sumi-e brush painting. She was president of the club for two years, beginning in 1982.

Let us remember her love and support of the arts and the Pacific Art League. Our thoughts and prayers are with her family.







CREDITS: KIM MUNSON, GRAPHIC DESIGN



668 RAMONA STREET  
PALO ALTO, CA 94301

[www.pacificartleague.org](http://www.pacificartleague.org)

(650)321-3891

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