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The  
Nicholas  
Endowment



# *Annual Report*

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Dear Friends,

I'm pleased to introduce the 2008 Annual Report of The Nicholas Endowment. Please take a few minutes to review this report, which highlights the organizations that we are dedicated to supporting and describes our funded projects in action. This report also provides the Endowment's 2007 financial statements and some insight into its operations. Our mission is to enrich our community and the world by supporting the performing and visual arts, assisting in the advancement of science and education and engaging other charities to make a difference in people's lives.

As stewards of the Endowment and its assets we are pleased to report another year of solid growth, with assets increasing during 2007 by more than 13%. We are also pleased to report that our grant program increased in 2007 to a new high of \$607,343. In 2008 the Endowment will extend its outreach to the community. A new office location, website and other on-line resources are being developed to enhance the continuing interaction with and between our supported organizations. We have also hired an executive director to increase our ability to communicate with and support the projects that we fund, and to extend opportunities for collaboration between supported organizations.

Most of you already know that, after six years as its Chairman, I announced earlier this year my decision to retire from the Endowment's board of trustees. With 2007 in the rear view mirror, I look forward to forever being inspired by the work of the Endowment's supported organizations. I have truly enjoyed the opportunity to be part of the Endowment, working with others to provide more than \$3.5 million in grant dollars to support more than 23 programs and helping to grow the Endowment's asset base – from \$23 million in 2002 to more than \$37.8 million at the end of 2007. It is only a beginning, but it is a good beginning.

On behalf of myself, the entire board of trustees and each of our supporting organizations, a special thank you and acknowledgement to Dr. Henry T. Nicholas, III and Stacey Nicholas. Without their generosity the Nicholas Endowment would never have existed. I look forward to watching the Endowment continue to serve the community in collaboration with its partner organizations, and will remain a lifelong supporter of your efforts.

Sincerely,



Craig S. Gunther  
*Chairman*

Letter From  
The Chairman





## Our Mission

The mission of The Nicholas Endowment is to enrich our community and the world by supporting the performing and visual arts, assisting in the advancement of science and education and engaging other charities to make a difference in people's lives. The Nicholas Endowment accomplishes its mission by partnering with other charitable organizations, being attentive to their programs, providing leadership, direction and accountability, and giving meaningful support to selected causes.



*The Nicholas Endowment*

CHOC Foundation

Mission San Juan Capistrano

myCFO Foundation

Opera Pacific

Orange County Community Foundation

Pacific Symphony Association

South Coast Repertory

St. Margaret's of Scotland Episcopal School

The Bowers Museum in Santa Ana

Justice for Homicide Victims

The Ocean Institute

UCI Foundation

UCLA Foundation

University of California/Regents  
of the University of California





Since opening its doors in 1964, Children’s Hospital of Orange County (CHOC) has provided the highest quality medical care to children. Their regional health system includes a state-of-the-art 232 bed main hospital facility in the City of Orange, a hospital-within-a-hospital in Mission Viejo, and five community clinics – plus over 100 additional programs and services. With admissions growing by 91% over the last ten years, CHOC and CHOC at Mission combined rank as the 16th busiest children’s hospital in the country. Children’s Hospital of Orange County provides children and families access to inpatient, outpatient, and emergency care regardless of their ability to pay. [www.choc.org](http://www.choc.org)



Mission San Juan Capistrano is the most historically significant site in Orange County, and its only mission. The Mission is committed to engaging the community at large as it serves thousands of people each year in a variety of ways. Mission San Juan Capistrano is owned by the Diocese of Orange, but runs generally independently as a historic site with a professional team of event planners, accountant, executive director, administrative staff, conservation team, museum staff, custodial staff, and maintenance crew. It is also home to 54,000 fourth graders each year studying California history as mandated by State curriculum for history and social sciences. The Mission is proud to be the only mission in the State that provides a multi language audio tour for adults and another audio tour designed just for kids. A cornucopia of inspiration, education, and preservation, Mission San Juan Capistrano works to provide an inspired learning environment and ensure its long term preservation to allow for a thriving place of pilgrimage and daily worship. [www.missionsjc.com](http://www.missionsjc.com)



Believing that philanthropy is important to the health of our communities and recognizing that many individuals appreciate strategic giving as well as simplicity when it comes to giving, the Harris myCFO Foundation was created to assist individuals in facilitating such giving. It is the goal of the Harris myCFO Foundation to bring funders and grant-seekers together and to foster learning about the programs and activities in our communities and around the world that make a difference.

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

# OPERA PACIFIC

In just twenty-three seasons, Opera Pacific has established itself as one of the finest professional opera companies in the nation. Opera Pacific's mainstage productions, extensive community outreach program, and energetic Guild Alliance combine to create a cultural resource for all of Southern California. An audience of more than 670,000 have enjoyed Opera Pacific's productions at the orange County Performing Arts Center, while over 575,000 young people have discovered the world of opera through the company's in-school presentations, Student Previews, and nationally recognized Opera Camp. Opera Pacific continually strives to provide new artistic experiences for its patrons.

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



The Orange County Community Foundation (OCCF) has been helping to steward the dreams and legacies of Orange County's generous citizens since 1989. OCCF works with individuals, families and others who are philanthropically inclined to match their charitable interests with the needs of the community. As one of the largest funders of local nonprofits, OCCF also helps build the capacity of nonprofits, granting more than \$120 million since its inception to meet community needs. OCCF's mission is to encourage, support, and facilitate philanthropy in Orange County. [www.oc-cf.org](http://www.oc-cf.org)



The Pacific Symphony has grown over the past 30 years to a nationally acclaimed orchestra, now the third largest orchestra in California and reaching more than 250,000 people every year. Led by Music Director Carl St.Clair, the Symphony is recognized as an outstanding orchestra making strides on both the national and international scene as well as in its own burgeoning cultural community. With 100 live performances each year (classics, pops, chamber, family, student and youth), and 20 innovative programs that foster musical understanding and education, the orchestra is able to better connect with the community and welcome new and diverse populations to symphonic music. In addition to the Pacific Symphony Youth Orchestra, in 2007-08 St.Clair added to the list of youth programs the Pacific Symphony Youth Wind Ensemble and Pacific Symphony Santiago Strings.

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

## Supported Organizations



Supported  
Organizations



South Coast Repertory, founded in 1964, is widely regarded as one of America's foremost producers of new plays. In its three-stage Folino Theatre Center, SCR produces a five-play season on its Segerstrom Stage, a four-play season on its Argyros Stage, plus two annual holiday productions. SCR also offers a three-play Theatre for Young Audiences series, and year-round programs in education and outreach. Today, as South Coast Repertory enters its landmark 45th season, the theatre stands on three strong pillars – artistic vision, a dynamic audience and exemplary community leadership – and is committed to the belief that theatre is an artform with a unique power to illuminate the human experience. [www.scr.org](http://www.scr.org)



St. Margaret's Episcopal School is an independent preK-12 college preparatory school located in San Juan Capistrano, California. The School was founded in 1979 and has since grown in size to over 1200 students. Small classes and personal connections between students and teachers are the hallmark of the SMES experience. St. Margaret's Episcopal School is a diverse community dedicated to developing the whole child. The mission of St. Margaret's Episcopal School is to educate the hearts and minds of young people for lives of learning, leadership, and service. [www.smes.org](http://www.smes.org)



## BOWERS MUSEUM

The Bowers Museum promotes education and understanding by bringing the world's great cultural art to people of all ages. The museum first opened its doors in 1936 as a city-run museum devoted primarily to the history of Orange County. Today, as one of Southern California's finest museums and Orange County's largest, the Bowers offers more than 100,000 square feet of exhibition space. The museum is accredited by the American Association of Museums, an honor that only 5% of U.S. museums receive. The Bowers has also developed partnerships with the Smithsonian, the Nanjing Museum, the Shanghai Museum, and the British Museum, among others, to bring national and international exhibitions from the greatest museums in the world to Southern California. [www.bowers.org](http://www.bowers.org)



Justice for Homicide Victims is a non-profit organization that provides support in dealing with the pain and suffering associated with the homicide of a loved one. Our mission is to be the champion of the legal rights of survivors of homicide victims by providing them information about victim rights in all aspects of the criminal justice system. We assist homicide victim survivors by helping them cope with a complex legal system and law enforcement officials, by providing an understanding of their role in the criminal justice system, by counseling and referrals to appropriate agencies set up by the state for various forms of assistance.

[www.justiceforhomicidevictims.net](http://www.justiceforhomicidevictims.net)



The Ocean Institute was established as the Orange County Marine Institute on July 12, 1977 and has become nationally known for its hands-on marine science, environmental education and maritime history programs. More than 110,000 K-12 students and 8,000 teachers annually participate in the Institute's 61 award-winning, immersion style programs. To learn about oceanography, science, and California history, students voyage onto the ocean, study in labs and live aboard tall ships or in the chaparral, where they can feel and taste the salty sea spray, sort through live specimens, observe migrating whales, collect scientific data and investigate the culture and world around them. On weekends, the doors open to the public for a sneak peek into how ocean science, history, and literature are used to inspire life-long learners.

[www.ocean-institute.org](http://www.ocean-institute.org)



Founded in 1965, the University of California, Irvine is a driving force of innovation and discovery in Southern California. The university is consistently ranked among the nation's best with achievements in a broad range of fields. UC Irvine is also among the fastest-growing campuses in the University of California system, with more than 27,000 students, nearly 2,000 faculty members and 8,800 staff. Orange County's third-largest employer, the university generates an annual economic impact on the county of \$3.6 billion. Three UC Irvine researchers have won Nobel Prizes. The university is noted for its excellent research and graduate programs, an extensive commitment to undergraduate education, and a growing number of professional schools and programs of academic importance and social significance. [www.uci.edu](http://www.uci.edu)

Supported  
Organizations



Supported  
Organizations



**UCLA**

California's largest university, UCLA enrolls approximately 38,000 students per year and offers degrees from the UCLA College of Letters and Science and 11 professional schools in dozens of varied disciplines. UCLA consistently ranks among the top five universities and colleges nationwide in total research-and-development spending, receiving more than \$820 million a year in competitively awarded federal and state grants and contracts. For every \$1 state taxpayers invest in UCLA, the university generates almost \$9 in economic activity, resulting in an annual \$6 billion economic impact on the Greater Los Angeles region. The university's health care network treats 450,000 patients per year. UCLA employs more than 27,000 faculty and staff, has more than 350,000 living alumni and has been home to five Nobel Prize recipients. [www.ucla.edu](http://www.ucla.edu)



When it first opened its doors in 1869, the University of California had just 10 faculty members and 38 students. Today, the UC system includes more than 220,000 students and more than 170,000 faculty and staff, with more than 1.5 million alumni living and working around the world. UC's ten campuses, governed by The Regents, at Berkeley, Davis, Irvine, Los Angeles, Merced, Riverside, San Diego, San Francisco, Santa Cruz and Santa Barbara provide exciting environments that foster world-class educational and research opportunities and generate a wide range of benefits and services that touch the lives of Californians every day. [www.universityofcalifornia.edu](http://www.universityofcalifornia.edu)

# 2007 Funded Programs

2007 FUNDED PROGRAMS		
GRANTEE	PROGRAM/PROJECT	AMOUNT
<b>Bowers Museum</b>	Family Festivals	\$56,343
<b>Ocean Institute</b>	Weekend Public Programs and Youth Link Program	\$75,000
<b>Pacific Symphony</b>	Heartstrings Family Concert Fund and Youth Concerts	\$100,000
<b>South Coast Repertory</b>	Theater for Young Audiences	\$75,000
<b>St. Margaret's Episcopal School</b>	Breakthrough San Juan Capistrano	\$26,000
<b>UCI Henry Samueli School of Engineering</b>	Bionic Larynx	\$100,000
<b>UCLA Henry Samueli School of Engineering</b>	Engineering Science Corp and Summer Research Program	\$75,000
<b>UCLA Program in Global Health</b>	Twinning UCLA and the University of Malawi to Train the Next Generation of Leaders in HIV/AIDS and Global Health	\$100,000

Summary of Grants



**Bowers Museum**

With funding from The Nicholas Endowment, The Family Festival Program has provided increased access to educational arts programs and cultural experiences for low-income children and adults at no cost. The festivals have helped children and families to appreciate and gain a better understanding of a variety of world cultures through entertaining cultural experiences, including: musical performances, performing arts, art projects, and refreshments. The first six festivals held in 2008 served a combined total of 3,200 local children and parents/caregivers, averaging 533 per festival. Program participants have enjoyed a Chinese New Year festival, an African festival, a festival featuring drums and dance from around the world, a Japanese Cherry Blossom festival, a Latino Mother's Day festival, and an Asian Adventure festival.



*Family Festival Program*

# Weekend Public Programs and Youth Link Program

## Ocean Institute

A grant to the Ocean Institute bolstered the weekend public programs and related Youth Link Program. The Ocean Institute introduced teachers and students from Kearny School of Science to a new SeaTech curriculum that teaches students technology skills in an active marine mammal research project with Scripps Institution of Oceanography. 180 high school students in the Orange

County Department of Education's Stellar Technology Group came to the Ocean Institute to collect content information from our "Weather and Watersheds" exhibit and produced podcasts of the science content that were used to augment the weekend visitor experience for parents, extended family members, and faculty.

139 teenage girls benefited this year from our annual Girls in Ocean Science Teen Conference and two high school teens were selected to participate in our 2008 Summer Internship Program that trains students in communication, teamwork, leadership, and technology as part of a workforce development program. 21,500 visitors benefited from weekend exhibits and programs on the Year of the Reef. Special events aimed at families included an Earth Day, Surfscience Day, and beach clean-up day.



Grants  
In Action



# Theatre for Young Audiences

## Grants In Action

### South Coast Repertory

South Coast Repertory's Theatre for Young Audiences – a series of three unique theatrical productions written and produced especially for children – provided free tickets to nearly 10,000 students and educators from over 70 different elementary schools in five Orange County school districts during the 2007-2008 school year. The Theatre for Young Audiences' 30 free matinee performances allowed thousands of children to have their first live theatre experience. The three TYA productions for 2007-2008 were *The BFG* (*Big Friendly Giant*) by Roald Dahl, *Charlotte's Web* by E.B. White, adapted by Joseph Robinette and *Imagine*, by Doug Cooney, music by David O. *Charlotte's Web* was SCR's most popular TYA production ever.



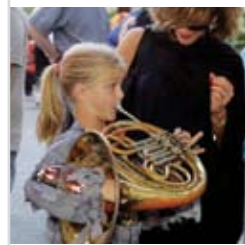
## Pacific Symphony

With funding from The Nicholas Endowment, Pacific Symphony provided free concert tickets and transportation for 2,328 members of disadvantaged families from all over Orange County to attend the Family Musical Mornings concert during the 2007-08 season. These themed educational and entertaining performances are enhanced by educational materials supplied in advance for attending families. Themes included Halloween, the Nutcracker, mimes, Scheherazade, the children's story "Stone Soup," and Peter Pan. The 14 Youth Concerts were provided free of charge to 28,000 students and their teachers from more than 40 K-8 Orange County schools. These interactive concerts focused this year on Wolfgang Amadeus Mozart, and used audience participation games, as well as a performer in the role of Papageno from "The Magic Flute," to further engage the students in music.

## Grants In Action



*Heartstrings Family  
Concert Fund and Youth Concerts*



# Breakthrough San Juan Capistrano

## **St. Margaret's Episcopal School**

St. Margaret's Episcopal School serves as the host site for Breakthrough SJC, a program that serves motivated, low-income students by pairing them with other young people who serve as teachers and mentors. Breakthrough SJC offers a year-round, tuition-free educational program that teaches youth the skills necessary to excel in high school and beyond, while it inspires talented high school and college students to pursue careers in education. Breakthrough SJC students participate in two intensive six-week summer programs and Breakthrough iN-Session!, a school-year program. Students receive approximately 624 instructional hours over the two-year period. In summer 2008, Breakthrough SJC served 48 middle schools students and watched its first group of students enter high school. With funding from The Nicholas Endowment, they were able to bring in more teachers, serve an additional eight students, host guest presenters during Teacher Orientation and have their seventh graders attend the Body World exhibit at the California Science Center.

**UCI**  
**Henry Samueli**  
**School of Engineering**

With funding from The Nicholas Endowment, very exciting work has been completed on developing assistive speech technology, and particularly the bionic larynx. The goal of bionic larynx is to restore speech to patients who have lost their vocal cords or who have lost the ability to breathe regularly through their trachea. During the past year, The Bionic and Assistive Technologies group at UC Irvine (BATS) developed a small transducer that can be embedded within a patient's dentures, can be remotely actuated to produce a broadband sound within a patient's mouth, requires no on-board batteries, and is completely sealed against water. The BATS group consists of biomedical engineering faculty, physicians, clinicians, researchers, graduate students, undergraduates, and high school students.



*Bionic Larynx*

Grants  
In Action

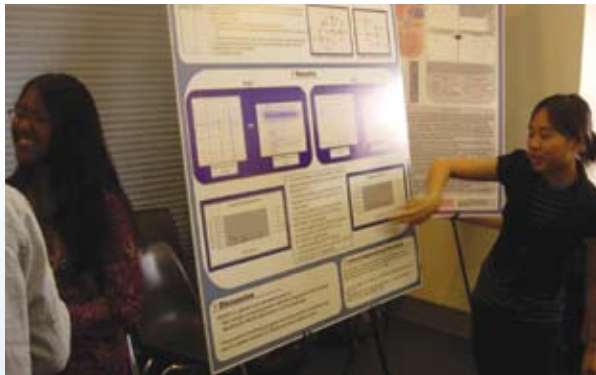


# UCLA *Engineering Science Corps and Summer Research Program*

Grants  
In Action

**UCLA  
Henry Samueli  
School of Engineering**

To help expand the number and diversity of students interested in engineering, the UCLA Henry Samueli School of Engineering and Applied Science developed outreach programs to reach students earlier in their academic careers. One of the current outreach programs is the Engineering Science Corps (ESC) which pairs volunteer student tutors with high school students in science and math courses. The tutors are available two evenings each week to answer questions about coursework, and offer support and encouragement. UCLA provides the training and course materials, identifies high schools to participate in the program, and recruits and supervises the volunteers. The Summer Research Program (SRP) brings undergraduate sophomores and juniors to the campus for engineering workshops on the research process, lab work, analysis, and how to present findings. This past summer 28 high school students participated in this 8 week program.



## UCLA Program in Global Health

With funding from The Nicholas Endowment, the UCLA Program in Global Health successfully launched collaborations with The University of Malawi Chancellor College in Zomba, Malawi and Partners in Hope Medical Center in Lilongwe, Malawi with the goal of training and empowering the next generation of Malawian and American leaders in HIV/AIDS education and prevention. During July and August 2008, Malawian and American students and teachers at Chancellor College conducted a five-week project exploring issues of HIV/AIDS.



In the spring of 2008, two UCLA senior medical residents and one UCLA Internal Medicine faculty member visited the Partners in Hope Medical Center in Malawi to work alongside Malawian and American health care providers to care for underserved adults and children and participate in joint teaching sessions. As a result of these activities, awareness about HIV/AIDS was increased both among

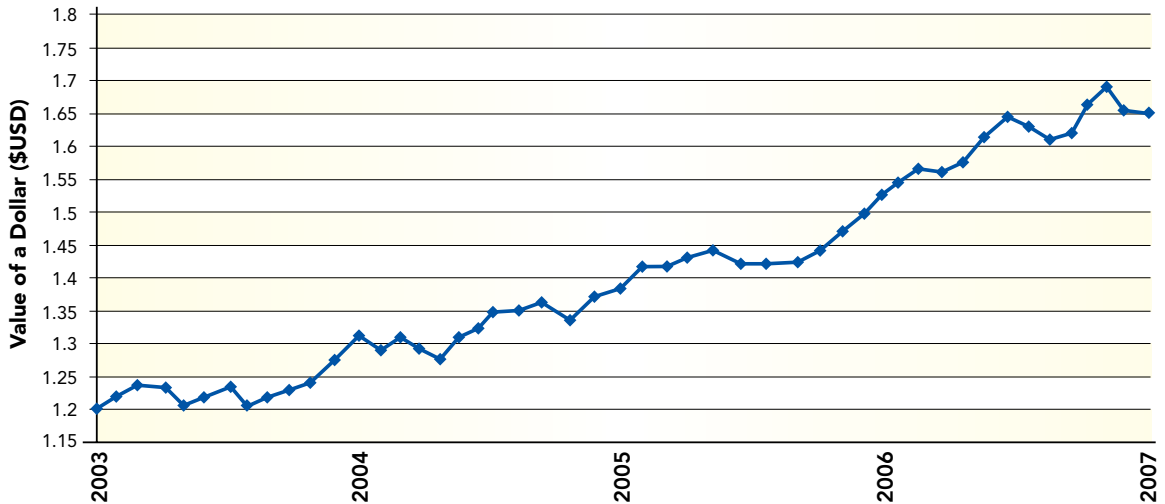
individual students participating in the project and the general population at Chancellor College and Dumas Teachers Training College, individuals are now taking leadership roles in expanding HIV/AIDS education and counseling at Chancellor College, and a performance piece was developed that will be brought to communities throughout Malawi to provide education about HIV and promote reduction of stigma.

## Grants In Action



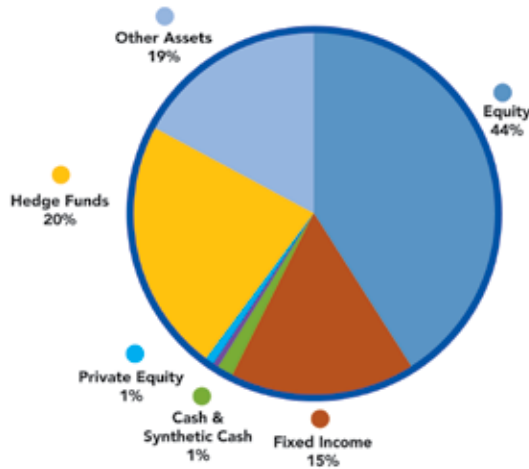
UCLA *Ewinning*

### Portfolio Growth of a Dollar

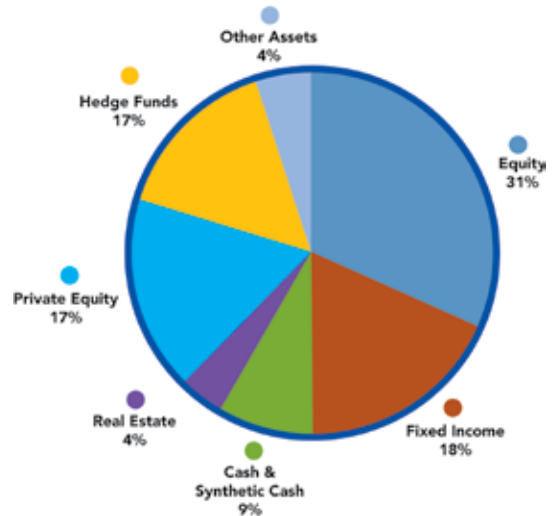


### Asset Allocation

Investment Allocation as of 12/31/07



2007 Rate of Return



The Trustees manage the assets of The Nicholas Endowment under the guidance of outside advisors. The chart above details the investment allocation among asset classes as of December 31, 2007, and under the current investment policy. Net assets as of December 31, 2007 totaled \$37,300,773, representing an increase of \$3,215,182 over the prior year.

**Statement of Activities and Changes in Net Assets  
for the Years Ended December 31, 2007 and 2006**

	2007	2006
<b>INVESTMENT INCOME</b>		
Interest and dividend income	615,449	482,425
Operating income from alternative investments	318,020	393,075
Net realized gains on sale of investments	2,862,171	1,615,118
Realized gains on sale of investments	495,667	1,784,063
Commission recapture	1,455	12,779
Less: investment management and custodian fees	(207,638)	(210,824)
Contributions received	26,992	23,834
<b>TOTAL INVESTMENT INCOME AND OTHER SUPPORT</b>	<b>\$4,112,116</b>	<b>\$4,100,470</b>
<b>GRANTS AND EXPENSES</b>		
Grants Paid	782,343	556,000
Program expenses	23,500	25,910
General and administrative expenses	91,091	88,439
Unrelated business income tax	-	-
<b>TOTAL GRANTS AND EXPENSES</b>	<b>\$896,934</b>	<b>\$670,349</b>
<b>NET ASSETS - Unrestricted</b>		
Beginning of the year	34,085,591	30,655,470
<b>End of year</b>	<b>\$37,300,773</b>	<b>\$34,085,591</b>
<b>ASSETS</b>		
Cash and cash equivalents	121,590	34,590
Receivable for securities with settlements pending	140,267	1,533,597
Accrued dividends receivable	7,265	33,087
Property and equipment, net	3,943	5,522
Investments (fair value)	37,311,291	32,566,864
<b>TOTAL ASSETS</b>	<b>\$37,584,356</b>	<b>\$34,173,660</b>
<b>LIABILITIES AND NET ASSETS</b>		
Accounts payable	21,012	28,280
Payables for securities with settlements pending	87,571	59,789
<b>NET ASSETS – Unrestricted</b>	<b>37,300,773</b>	<b>34,085,591</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$37,409,356</b>	<b>\$34,173,660</b>

**Craig Gunther**  
*Chairperson and  
Trustee*

Craig Gunther is the Managing Director of Blade Ventures. Prior to founding the firm Mr. Gunther served as President of Blade Capital Management, where he developed and managed a \$2B alternative asset focused investment platform. He previously served for six years as the Chief Operating Officer of Nicholas Enterprises, and he has worked in a variety of capacities with technology companies as an advisor, manager and engineer. Mr. Gunther is a member of the Orange County and San Diego Venture Groups and Los Angeles Venture Association, the UCI Engineering Advisory Board and the State Bar of California. Mr. Gunther graduated with honors from the University of California Los Angeles with a Bachelor of Science in engineering, from the University of Southern California with a Master's in electrical engineering and from the Loyola Law School with a Juris Doctorate degree.

**Claudia Sangster**  
*Trustee and Secretary*

Claudia Sangster is Director of Philanthropy, Estate and Trust Services with Harris myCFO, Inc., a service of Harris Private Bank, and President and Executive Director of the myCFO Foundation, a public charity. Ms. Sangster is former president and current member of the Board of the Associated Women for Pepperdine University; current Board member of the Prostate Cancer Research Institute; a faculty member of the American Institute for Philanthropic Studies at California State University, Long Beach; a member of the state bar associations of Texas and California; and a member of the American Bar Association. She is former president and current member of the Planned Giving Round Table of Southern California. Ms. Sangster graduated Summa Cum Laude from Pepperdine University and Magna Cum Laude from the University of Houston, College of Law.

**Daniel T. Stetson**  
*Trustee and Treasurer*

Dan Stetson is President and Chief Executive Officer of the Ocean Institute, a \$9 million educational non-profit organization located on the ocean in Dana Point, California that provides inspiring marine science and maritime history immersion programs for over 100,000 K-12 students annually. Mr. Stetson joined the Ocean Institute in 1992 as Director of Maritime Affairs, and under his leadership, the living history programs became nationally renowned and won the inaugural Walter Cronkite Award for Excellence in Maritime Education from the National Maritime Historical Society and the Sea Education Program of the Year award from the American Sail Training Association. Prior to his tenure at the Ocean Institute, Mr. Stetson worked for the law firm of Pillsbury, Madison & Sutro in Los Angeles and managed the mitigation and claims compensation of the largest oil spill in the history of Los Angeles Harbor. He has a BA in English from UC Santa Barbara and an MBA from California State University, Fullerton. He is a veteran of the US Coast Guard and has a 100-ton Master's license. Mr. Stetson serves on the Boards of the American Sail Training Association and the Dana Point Theater Company.



### **Contact Information**

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