

United Way of San Diego County Annual Report 2 0 0 5



United Way of
San Diego County

MISSION

To impact the region's critical health and human care needs and goals by fundraising, by mobilizing community resources and by promoting charitable giving.

VISION

United Way of San Diego County is a valued partner in helping to create safe, healthy, productive communities throughout the region.

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“Thank You United Way!”



*Drake
and Michelle*

“Just a few years ago, I had nowhere to turn. My son Drake was only five when he began exploding into violent rages. He kicked and scratched me, and screamed and cursed when I tried to control him. He was diagnosed as bi-polar and constantly threatened suicide, once jumping out of a moving car. By second grade he was so angry and aggressive I had to have him admitted to a mental health facility.

“Suddenly, everything changed. Drake was referred to a United Way—supported facility that specializes in helping severely troubled children. The medication and intense therapy that taught Drake how to deal with his anger and frustration has turned him into a completely different boy. I’m so grateful because I’ve got my son back! Thank you United Way for the services that you provided to my family and many other San Diegans who need help. My family will be forever grateful!”

Message from the Chairman of the Board and President & CEO

Dear Friends,

United Way of San Diego County raised more than \$24 million for the United Way/CHAD Campaign during our 2004-2005 fiscal year.

We're proud of our ability to provide 100,000 donors with the opportunity to give back to their community. The money raised through their generosity enabled United Way to invest in a safety net of critical health and human services that make a real difference in the quality of life and productivity of communities throughout the region.

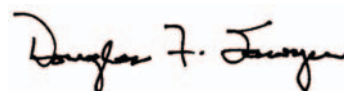
During 2004-2005 United Way decided to transform the way we do business in the future. Research has shown that donors today not only want to know how their money is going to be spent, they want to actually see the results of their gift in the community.

Beginning this summer, United Way will begin a major shift from our traditional approach by focusing on specific community problems and developing long-term solutions. People are important. This new approach will increase our ability to truly change lives for the better.

Thank you for your ongoing support of United Way of San Diego County.



Nathan Christian
Chairman, Board of Directors
Regional President
Wells Fargo Bank, Southern CA/Border Banking



Douglas F. Sawyer
President & CEO
United Way of San Diego County

Q&A with Carol S. Williams Director, Workplace Giving and Marketing

Why do people keep giving to the United Way/CHAD Campaign year in and year out?

People realize that donating through United Way really does make a difference in helping their fellow San Diegans. United Way offers people of all income levels a chance to become philanthropists in their own right. Their gifts, however big or small, are combined with the contributions of 100,000 other United Way/CHAD donors to create a fund of \$24 million to support a safety net of health and human services our community really needs.

Why has workplace giving continued as a strong fundraising vehicle?

Workplace givers appreciate that once a year United Way offers them a simple, efficient and effective way to give back to their community. They like using payroll deduction to donate a portion of their check each pay period throughout the year. Most say they don't even notice the deduction.

Why do companies support United Way?

Most CEOs tell us they appreciate that they can meet their company's philanthropic needs through United Way. By partnering with United Way to sponsor a one or two-week workplace giving campaign, they only have to work with a single organization to give employees and the corporation the opportunity to invest in improving their community.

Campaign & Marketing

During fiscal year 2004-2005, the 15-member United Way Campaign Department raised nearly \$14 million for the United Way/CHAD Campaign. The staff serviced more than 900 company accounts in 20 industries across the county. The team also conducted United Way's major giving efforts, including the Alexis de Tocqueville Society for those donating \$10,000 and above, and the Leadership Giving Society for \$1,000 to \$9,999 donors

The Campaign Department looked for new ways of reaching donors to encourage them to support United Way. Technology played a role in that outreach, with the Campaign Department expanding its United eWay online pledging system to more companies and increasing the ability of visitors to United Way's website to make a gift directly to the Campaign.

Among the other highlights was the launch of a newspaper ad campaign that highlighted some of United Way's strongest corporate partners and supporters. The ads, donated by the San Diego Union-Tribune, featured CEOs talking about why they endorse United Way and why it's good for their businesses and employees.

Top Campaigns Utilize "Best Practices"

If you look at the companies that raise the most money during the United Way/CHAD Campaign, you'll find that almost all take advantage of United Way's "Best Practices" techniques. These strategies dramatically help increase the efficiency, effectiveness and participation of workplace givers. United Way's eight "Best Practices" are: Attend United Way's Employee Campaign Coordinator training; Know your company's giving history; Seek support from management and employee volunteers; Develop a campaign plan; Educate employees about United Way; Ask them to give; Thank them for making a donation; and Track and report your results.

CEOs Appreciate United Way

The involvement of chief executive officers and presidents of companies that run United Way campaigns is critical to the success of their workplace giving efforts. Below, several of United Way's strongest supporters talk about why United Way is important to their companies and employees.

At Wells Fargo, investing in the health of our community is one of our core values. That's why we're proud to partner with United Way of San Diego County. Our company sponsors workplace giving campaigns at our many locations throughout the county so our employees can donate to the United Way/CHAD Campaign. It's one of the most effective and efficient ways Wells Fargo can support a variety of critically needed services for children and families, seniors, the disabled and those with health or emergency needs.

Nathan Christian, Regional President
Wells Fargo Bank, Southern CA/
Border Banking

At Enterprise Rent-A-Car, we pride ourselves on giving back to the communities in which we do business. Today, Enterprise's commitment to helping those in need has never been stronger—or more important. In San Diego—as we do throughout the nation—we partner with United Way to help us turn our commitment into action. Our Enterprise employees always get excited around campaign time because they enjoy being part of a United Way effort that invests more than \$24 million annually in helping improve the quality of life for everyone in the community.

Brent Russell, Regional Vice
President Enterprise Rent-A-Car

At Deloitte & Touche, giving back to the community has always been an important part of our company culture. We believe United Way—our firm's first national partner—offers us the best way to reach out and help those who have nowhere else to turn. With payroll deduction and online pledging options, United Way makes it easy for us to support a variety of critically needed services in the community. Running a campaign is also a great team-building exercise that makes everyone aware of what matters in our community.

Theresa Drew, Managing Partner
Deloitte & Touche LLP

Hunter Industries has always had passion for helping our local community. To help us do that, we partner with United Way of San Diego County. Once a year, Hunter and United Way join forces to sponsor a workplace giving campaign to give our employees the chance to make their charitable contributions through the United Way/CHAD Campaign. Most of our employees are eager to give because they've seen how United Way uses their donations to change the lives of those who need it most.

Richard Hunter, Chief Executive Officer
Hunter Industries

The Alexis de Tocqueville Society 2004-2005 Member List

Susan & John Ahlering	Barbara Katz
Jan & Fred Baranowski	Linda & Mel Katz
Angela & Joe Bear	Lois & Rodney
Lee Day & Bryan T. Bebb	Lanthorne
Lori & John Belli	Carol & George Lattimer
Charles Brown	Bernard Lewis
Roberta & Malin Burnham	William Lynch
Margaret & Nathan Christian	Betsy & Douglas Manchester
James S. Copley Foundation	Jane & Tim McCarthy
Jenny & Sid Craig	Charles Muha
Carol & Pedro Cuatrecasas	Ruth & James Mulvaney
Cushman Family Foundation	Charlotte Nielsen
Elaine Daniels	Price Family
Barbara & Mark DeMichele	Evelyn & Ernest Rady
Pat & Dan Derbes	Rivkin Family Foundation
Benjamin Dillingham III	Clarice & Irl Robinson
Theresa & Doug Drew	Genell & David Schlotterbeck
Bernard Eggertsen & Florence Nemkov	Linda & Allan Shaw
Marilyn & Kim Fletcher	DeWitt Shuck
Pauline Foster	Gretchen & James Simpson
Alexis & Ronald Fowler	Elene & Herbert Solomon
Elaine & Murray Galinson	Dwight Stanford
Terry M. Giles Foundation	Linda & David Stecher
Debbie & Alan Gold	John Stiska
Lee & Frank Goldberg	Cary & Robert Svet
Ginger Graham	Jerry Sweeney
Grosvenor Family Foundation	Deborah Szekely
Allen Gruber	Julie & Steve Thomas
Henry Haimsohn	Elizabeth & Robert Thompson
Karen & William Heroman	Gillian & Anthony Thornley
Margaret & Peter Hovde	William Ullrich
Lillian & Robert S. Howard	Christy & John Walton
Janet & Richard Hunter	Amy & Mike Warlick
Ann Hunter-Welborn & David Welborn	Mandell Weiss Charitable Trust
Joan & Irwin Jacobs	Kaye & Richard Woltman
Jane & Keith Johnson	One member wishes to remain anonymous
Robert Kaplan	

Members of The Alexis de Tocqueville Society of United Way of San Diego County donate a minimum of \$10,000 each or more each year.

Major Giving

United Way's Major Giving Efforts are Making a Difference in San Diego

Last year, members of United Way's Alexis de Tocqueville Society continued to make a difference in San Diego with their major gifts. The Tocqueville Society was created in 1984 by United Way of America to recognize the premier level of leadership donors who personally invest a minimum of \$10,000 annually to their local United Way. Alexis de Tocqueville Society members donate at the highest levels because they believe a strong health and human services system is essential to our region's quality of life. Members also recognize the impact they can have in addressing some of our community's urgent needs. Members of this prestigious society are among the most prominent leaders in San Diego.

Leadership Givers Serve as Role Models

In fiscal year 2004-2005, members of United Way's Leadership Giving Society demonstrated what could be accomplished in their community with their gifts of \$1,000 or more annually. The generosity of hundreds of Leadership Givers made more money available for vital services, helped more people and inspired more of their fellow San Diegans to give. United Way's Leadership Givers serve as role models and inspire giving in their friends, family and co-workers. Every leadership gift they make to United Way of San Diego County is an investment in our community.

The Leadership Giving Society Membership Card

To recognize the contribution of its Leadership Givers, United Way created a Membership Card that offers discounts at leading merchants throughout San Diego County. The special offers include fine restaurants, hotels, stores and other merchants who want to honor the contribution of our Leadership Givers.



Q&A with Eunice Bauman, Director, Community Building

What is the goal of the Community Building Department?

Our objective is to help United Way mobilize communities to create lasting changes in community conditions—in other words, improve the lives of all San Diego County residents.

How do you achieve that goal?

The Community Building Department works on several levels to expand our impact. We are responsible for distributing the dollars donated to the United Way/CHAD Campaign to address our region's most urgent needs. We maintain a system of accountability that ensures the highest standards are met when certifying partner agencies and we monitor agency performance to ensure the most effective end results. We also collaborate with other San Diego-area organizations to create coalitions that work to solve community-wide problems.

Why is United Way involved in these community coalitions?

Some issues, like chronic homelessness, emergency food and shelter and low income working families, must be addressed with a wider focus that involves several organizations working on multiple fronts. United Way has the expertise to serve as a catalyst to bring together effective coalitions to address these problems on a county-wide basis.

Community Building

In addition to ensuring that health and human service agencies funded with United Way/CHAD Campaign donations meet the highest standards of certification, the Community Building Department also plays an important role in helping United Way improve the health of San Diego County communities by creating partnerships with local health and human services agencies, government, business and other community-based organizations. Among its collaborative efforts:

Plan to End Chronic Homelessness—An example of United Way's effort to strengthen the community is the partnership it has formed with the City of San Diego and the County of San Diego to address the problem of chronic homelessness. As a part of this federally mandated initiative, the partnership seeks to create a regional plan to move from a transitional housing focus to a more permanent supportive solution for the chronic homeless person.

Earned Income Tax Credit—United Way is an active partner in the federal Earned Income Tax Credit (EITC) program in San Diego County. EITC is a refundable tax credit designed to help lift low-income working individuals and families out of poverty. It is considered to be a highly effective anti-poverty program because it encourages people to work, supplements wages while building purchasing power and returns revenue to communities. During 2004-2005, more than 200 trained volunteers at 22 different sites throughout the county helped file more than 6,000 federal and state returns. These returns reflect an estimated \$4.7 million in tax credits/refunds, including more than \$2.4 million in EITC credits.

The Community Building Department also assists in the following collaborations and partnerships:

- Children's Initiative
- Emergency Housing & Assistance Program
- Emergency Food and Shelter Program
- San Diego Neighborhood Funders
- HIV Funding Collaborative
- 2-1-1 / INFO LINE
- Regional Task Force on the Homeless
- Covering California's Children
- Community Health Improvement Partners
- Outcomes Measurement

Top 20 Campaign Partners

United Way has strong support among major companies and public organizations across San Diego County. These were the top contributors to the United Way/CHAD Campaign in 2004-2005:

Bank of America
Cardinal Health
City of San Diego
Costco
County of San Diego
Enterprise Rent-A-Car
Hewlett-Packard Company
Hunter Industries, Inc.
Kaiser Permanente
Nordstrom
Pfizer, La Jolla
QUALCOMM
San Diego National Bank
San Diego Union-Tribune
SBC Communications, Inc. (now AT&T)
Solar Turbines
Sony Electronics
United Parcel Service
University of California, San Diego
Wells Fargo Bank

Companies with Most Leadership Givers

Enterprise Rent-A-Car
Solar Turbines
Kaiser Permanente
Cardinal Health
Sony Electronics
SAIC
Hamilton Sundstrand
City of Chula Vista
San Diego National Bank
Pfizer, La Jolla
San Diego Unified Port District
Bank of America
County of San Diego
General Atomics
United Parcel Service
Scripps Health
San Diego Union-Tribune
United Way of San Diego County
San Diego County Regional Airport Authority
Deloitte & Touche LLP
The Hartford Insurance Company
Hunter Industries, Inc.
Costco
SBC Communications, Inc. (now AT&T)
Amylin Pharmaceuticals
Cubic Corporation
Ernst & Young
Kyocera America
California Bank & Trust
City of Escondido

Excellence In Giving Awards

Each year United Way gives Excellence in Giving Awards to outstanding companies and organizations that demonstrate “Best Practices” in conducting their workplace giving campaigns on behalf of the United Way/CHAD Campaign.

Amylin Pharmaceuticals	Morgan StanleyNational University
Best Buy	NCR Corporation
Catholic Charities	Neighborhood House Association
City of Chula Vista	Nordstrom
County of San Diego	Northern Trust Bank of California
Deloitte & Touche LLP	Pfizer, La Jolla
Enterprise Rent-A-Car	Poway Unified School District
Escondido Union High School District	QUALCOMM
Escondido Union School District	SAIC
Fishel Company	San Diego County Office of Education
General Atomics	San Diego County Regional Airport Authority
Gen-Probe	San Diego Marriott Hotel & Marina
Harrah’s Rincon Casino & Resort	San Diego Unified Port District
The Hartford Insurance Company	San Diego Union-Tribune
Hewlett-Packard Company	SBC Communications, Inc. (now AT&T)
Homecomings Financial Network	Solar Turbines
HSBC	TEC International
IBM Corporation	Time Warner Telecom
Intel Corporation	University of California, San Diego
Kaiser Permanente	Washington Inventory Service
Lemon Grove School District	Washington Mutual
MacDermid Printing	WD-40
Merrill Lynch	Wells Fargo Bank
Microsoft Corporation	Zoological Society of San Diego

United Way’s Partners

Combined Health Agencies is United Way’s partner in the annual United Way/CHAD Campaign. Founded more than 30 years ago, Combined Health Agencies represents chapters of 27 local and national health organizations dedicated to providing community services, public and professional education and funding to support research.

Earth Share of California is a federation of environmental agencies included in the United Way/CHAD Campaign for designation purposes only.

The Combined Federal Campaign is a once a year workplace fundraising effort for federal employees, including military, civilian, and U.S. Postal Service personnel working in San Diego County. United Way of San Diego County participates in the **Combined Federal Campaign (CFC)**. Moneys received through the CFC for United Way of San Diego County participating member agencies are not subject to dues or service charges.

The following ethnic college funds are also included in the United Way/CHAD Campaign: **American Indian College Fund, BECA Foundation and United Negro College Fund.**

Agency Thank Yous

"On behalf of The Arc of San Diego, please accept our appreciation for your generous gift. Your contribution will be used to ensure that quality services and support are provided for over 200 children and 2,000 adults in our community with developmental disabilities. Thanks for helping us meet the needs of our fellow San Diego citizens by improving their opportunities to live more independent and productive lives."

Skip Covell, President & CEO
The Arc of San Diego

"On behalf of Big Brothers Big Sisters, thank you for your kind gift. Your support helps provide mentors in the classroom to help children with academics at inner-city schools. Thank you for caring about the quality of our children's future. Having a role model in their lives is truly making a difference."

Paul Palmer, President/CEO
Big Brothers Big Sisters

"On behalf of Voices for Children, we want to express our appreciation to United Way for your support. Your generous contribution enables us to provide advocacy services to 33 abused and abandoned children for a year. Thanks to United Way, we're making a remarkable difference in the lives of the neglected boys and girls in foster care."

Sharon M. Lawrence, Executive Director
Voices for Childre

"The children of San Diego are healthier and safer thanks to United Way of San Diego County, and we are deeply grateful to each and every donor who made a contribution to the United Way/CHAD Campaign. On behalf of the 93,000 kids Children's Hospital sees each year, we thank United Way for their generosity and commitment to our community's young people."

David Gillig, Senior Vice President
Children's Hospital Foundation

"Thank you United Way for helping the Center for Community Solutions continue its mission of creating violence-free communities by building bridges between people and to foster a safe and healthy environment for the women, children and families affected by violence."

Verna Griffin-Tabor, Executive Director
Center for Community Solutions

United Way of San Diego County Board of Directors

Nathan Christian, Chair

*Regional President, Wells Fargo Bank,
Southern CA/Border Banking*

Jaime Barton, Business Agent/Trustee

Cement Masons Local 500/Area 744

Howard W. Brotman, (Retired)

*Senior Vice President/CFO
San Diego National Bank*

Jerry Butkiewicz, Secretary/Treasurer

San Diego/Imperial Counties Labor Council

Howard H. Carey, President & CEO

Neighborhood House Association

Sandy Crays, Director of Human Resources

Systems International

Judy Case DiPasquale, Executive Director

YWCA of San Diego County

Theresa Drew, Managing Partner

Deloitte & Touche LLP

Lynn Eldred, Program and Operations Manager,

First 5 Commission, County of San Diego

Robert Guerrero, Personnel Director

Poway Unified School District

Henry Haimsohn

Kris Hartnett, Business Manager

*San Diego County Building & Construction
Trades Council*

Karl Higgins, President

Higgins & Associates, Inc.

Gregory Hogan, Director of Marketing

Union-Tribune Publishing Co.

John Hull, Vice President

SBC Communications, Inc. (now AT&T)

Margaret Iwanaga-Penrose, President/CEO

Union of Pan Asian Communities

Harold "Gil" Johnson, President

Procurement Concepts, Inc.

Robert R. Macier, President

Solar Turbines, Inc.

Anthony Mahavier, A.P.L.C., Owner/Attorney

Mahavier & Daly

Kris Michell, Vice President

Marsh Risk & Insurance Services

Elizabeth "Betsy" Morris, Chief Executive Officer

San Diego Housing Commission

Steve Northcote, Managing Partner

Leaf & Cole, LLP

Tracy Ream, Executive Director

Neighborhood Healthcare Connection

Maria Lourdes Reyes, President

Community Development Communications

Bruce Reznik, Executive Director

San Diego Baykeeper

Marilyn Robinson, Consultant

Stephen K. Smurthwaite (Retired)

*Vice President of Internal Requirements
Gateway, Inc.*

Maureen A. Stapleton, General Manager

San Diego County Water Authority

David Stecher, Executive Vice President

Retirement Capital Group, Inc.

Stephen Thomas, Community Volunteer

Bill Trumpfheller, President

Nuffer, Smith, Tucker, Inc.

Carol C. Wallace, President & Chief Executive Officer

San Diego Convention Center Corporation

Gordon Wiens, Senior Vice President

Bank of America

Thomas I. Wood, President

American Postal Workers Union

United Way of San Diego County Campaign Cabinet

Theresa Drew, Chair
Managing Partner, Deloitte & Touche LLP

Mike Blomgren, Director, Human Resources
Hamilton Sundstrand

Dennis Burks, Chair
Alliance in Support of Airport Progress

Jerry Butkiewicz, Secretary/Treasurer
San Diego/Imperial Counties Labor Council

Rodger Dougherty
Kaiser Permanente

P. Lamont Ewell, City Manager
City of San Diego

Robert Horsman, President/CEO
San Diego National Bank

L. McLean King, Ed.D., Superintendent
Lemon Grove School District

Edward Kitrosser, CPA, Partner
Moss Adams

Gene Lyons, General Manager
Kyocera America

Anthony Mahavier, APLC, Owner/Attorney
Mahavier & Daly

Dave Meyers, Div. Vice President
Systems Engineering - ALARIS Medical Systems

Phyllis Schwartz, President & General Manager
KNSD 7/39 TV

United Way of San Diego County Community Building Committee

Sandy Crays, Director of Human Resources
T-Systems International

Judy Case DiPasquale, Executive Director
YWCA of San Diego County

Paul Downey, President/CEO
Senior Community Centers of SD

Lynn Eldred, Program and Operations Manager,
County of San Diego - First 5 Commission

Carol Fitzgibbons, Executive Director
Home of Guiding Hands

Yvonne Garrett, Community Services Director
City of La Mesa

Kim Z. Gibbens, Executive Director
SD Ctr for the Blind & Vision Impaired

Walter Lam, Executive Director
Alliance for African Assistance

James Ledwith, CPA
J.H. Cohn & Company

Larry Moratto, (retired)
San Diego Police Department

Elizabeth “Betsy” Morris, Chief Executive Officer
San Diego Housing Commission

Maria Lourdes Reyes, President
Community Development Communications

Marilyn Robinson, Consultant

Larry Schreiber, Combined Health Agencies
Director At-Large

Jonathan Tibbitts, Civil Engineer (Retired)

United Way of San Diego County Finance and Operations Committee

Joseph A. Bradley III, *President*
American MetroGraphics

Nathan Christian, *Regional President-Retail*,
Wells Fargo Bank

Bruce Dane, *Senior Manager*
Deloitte & Touche LLP

Greg Hogan, *Director of Marketing*
San Diego Union-Tribune

Richard Krumvieda, *Business Planning &*
Budget Manager - Sempra Energy

Xema Jacobson, *Executive Committee Member*
San Diego County Regional Airport Authority

Jeffrey R. Liber, *Financial Consultant*
AG Edwards

John Madison, *Investment Advisor*
ML Stern

John Niedernhofer, *Senior Account Executive*
Barney & Barney

Steve Northcote, *Managing Partner*
Leaf & Cole, LLP

Jonathon E. Vance, *Associate*
Avondle Partners, LLC

Gordon Wiens, *Senior Vice President*
Bank of America



United Way of
San Diego County

**United Way of San Diego County
Independent Auditor's Report
And
Financial Statements
With Additional Information
June 30, 2005**

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**INDEPENDENT AUDITOR'S REPORT
ON THE FINANCIAL STATEMENTS**

Board of Directors
United Way of San Diego County

We have audited the accompanying statement of financial position of United Way of San Diego County (United Way) as of June 30, 2005, and the related statements of activities, functional expenses – supporting services, and cash flows for the year then ended. These financial statements are the responsibility of United Way's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from United Way's June 30, 2004 financial statements and, in our report dated August 27, 2004, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Way of San Diego County as of June 30, 2005, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Moss Adams LLP

San Diego, California
August 18, 2005

UNITED WAY OF SAN DIEGO COUNTY

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2005

(With Summarized Financial Information for June 30, 2004)

	2005	2004
ASSETS		
Cash and cash equivalents	\$ 3,551,407	\$ 3,254,880
Short-term investments	2,222,958	2,016,147
Pledges receivable, net	8,164,738	8,033,215
Accounts receivable	646,473	273,000
Prepaid expenses and other assets	22,284	28,003
Long-term investments	951,953	919,562
Prepaid pension asset	411,644	493,775
Intangible pension asset	325,738	-
Land, building, and equipment	1,597,238	1,726,799
Total assets	<u>\$ 17,894,433</u>	<u>\$ 16,745,381</u>

LIABILITIES AND NET ASSETS

Liabilities

Amount due to Combined Health Agencies	\$ 295,357	\$ 305,856
Amount due to Combined Federal Campaign agencies	2,855,761	2,965,578
Designations payable	3,440,724	2,806,603
Allocations payable	2,960,313	3,415,727
Line of credit	494,108	221,459
Accounts payable and accrued expenses	352,641	314,167
First trust deed note payable	625,511	740,764
Pension fund liability	720,700	-
Total liabilities	<u>11,745,115</u>	<u>10,770,154</u>

Commitments (Notes 7 and 11)

Net Assets

Unrestricted	5,714,348	5,323,811
Temporarily restricted	388,306	608,752
Permanently restricted	46,664	42,664
Total net assets	<u>6,149,318</u>	<u>5,975,227</u>
Total liabilities and net assets	<u>\$ 17,894,433</u>	<u>\$ 16,745,381</u>

UNITED WAY OF SAN DIEGO COUNTY

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2005

(With Summarized Financial Information for the Year Ended June 30, 2004)

	2005			Total	2004 Total
	Unrestricted	Temporarily Restricted	Permanently Restricted		
REVENUE, GAINS, AND OTHER SUPPORT					
Campaign results					
Current campaign year	\$ 22,179,803	\$ 27,620	\$ -	\$ 22,207,423	\$ 22,731,387
Future campaign years	-	120,000	-	120,000	382,777
Prior campaign years	918,590	-	-	918,590	787,148
Gross campaign results	23,098,393	147,620	-	23,246,013	23,901,312
Less designated campaign results	(14,494,236)	-	-	(14,494,236)	(13,581,050)
Campaign revenue	8,604,157	147,620	-	8,751,777	10,320,262
Less provision for uncollectible pledges	(1,123,269)	-	-	(1,123,269)	(1,934,828)
Net campaign results	7,480,888	147,620	-	7,628,508	8,385,434
Other					
Contributions	221,454	87,378	4,000	312,832	122,266
Designations from other United Ways	23,920	-	-	23,920	28,196
Service fees	576,980	-	-	576,980	731,316
Grants and contracts	37,000	-	-	37,000	100,000
Investment income	183,320	340	-	183,660	116,728
Unrealized gains	149,567	-	-	149,567	356,213
Miscellaneous income	36,250	-	-	36,250	188,513
Net assets released from restrictions	455,784	(455,784)	-	-	-
Total other	1,684,275	(368,066)	4,000	1,320,209	1,643,232
Total revenue, gains, and other support	9,165,163	(220,446)	4,000	8,948,717	10,028,666
EXPENSES					
Program services					
Gross funds awarded/distributed	18,055,319	-	-	18,055,319	17,596,954
Less donor designations	(14,494,236)	-	-	(14,494,236)	(13,581,050)
Community impact funds distributed	3,561,083	-	-	3,561,083	4,015,904
Community Capacity Building and Initiatives	435,054	-	-	435,054	755,578
Labor Community Services	471,733	-	-	471,733	462,263
Outcomes measurement	2,523	-	-	2,523	105,379
Other supplemental programs	31,854	-	-	31,854	82,972
Total program expenses	4,502,247	-	-	4,502,247	5,422,096
Supporting services					
Fundraising	2,119,412	-	-	2,119,412	2,552,317
Organizational administration	1,635,307	-	-	1,635,307	999,948
United Way of America dues	122,698	-	-	122,698	104,047
Total support services	3,877,417	-	-	3,877,417	3,656,312
Total expenses	8,379,664	-	-	8,379,664	9,078,408
CHANGE IN NET ASSETS BEFORE PENSION ADJUSTMENT	785,499	(220,446)	4,000	569,053	922,110
Additional pension obligation	394,962	-	-	394,962	-
CHANGE IN NET ASSETS	390,537	(220,446)	4,000	174,091	922,110
NET ASSETS					
Beginning of year	5,323,811	608,752	42,664	5,975,227	5,053,117
End of year	\$ 5,714,348	\$ 388,306	\$ 46,664	\$ 6,149,318	\$ 5,975,227

UNITED WAY OF SAN DIEGO COUNTY

STATEMENT OF FUNCTIONAL EXPENSES – SUPPORTING SERVICES YEAR ENDED JUNE 30, 2005 (With Summarized Financial Information for the Year Ended June 30, 2004)

	2005				2004 Total
	SUPPORTING SERVICES				
	Fundraising	Organizational Administration	United Way of America Dues	Total	
Salaries and related expenses					
Professional salaries	\$ 492,204	\$ 536,706	\$ -	\$ 1,028,910	\$ 1,037,618
Support salaries	173,072	393,836	-	566,908	540,051
Payroll taxes and benefits	210,226	246,790	-	457,016	389,707
Temporary salaries	128,742	105,190	-	233,932	193,654
Contract staff salaries	138,732	40,302	-	179,034	154,576
In-kind staff services	(10,821)	(121,884)	-	(132,705)	(125,389)
Total salaries and related expenses	<u>1,132,155</u>	<u>1,200,940</u>	<u>-</u>	<u>2,333,095</u>	<u>2,190,217</u>
Other expenses					
CFC and other campaigns	614,296	-	-	614,296	619,404
Depreciation	37,827	45,151	-	82,978	126,134
Printing and awards	76,317	4,486	-	80,803	54,028
Occupancy and mortgage interest	33,844	40,411	-	74,255	87,712
Audit/legal fees	-	70,811	-	70,811	42,133
Films and audio visual	57,938	196	-	58,134	20,927
Postage	40,340	6,566	-	46,906	37,800
Loss on removal of fixed assets	21,295	25,417	-	46,712	61,296
Advertisements	28,030	14,870	-	42,900	8,931
Transportation	21,232	16,793	-	38,025	37,889
Insurance	-	29,174	-	29,174	24,864
Telephone	5,796	22,752	-	28,548	22,204
In-kind non-operating services	-	26,000	-	26,000	30,972
Equipment rentals and leases	6,376	17,314	-	23,690	20,725
Staff development	8,263	13,887	-	22,150	23,546
Payroll service fees	-	22,079	-	22,079	16,961
Dues/subscriptions	2,552	19,347	-	21,899	6,469
Minor equipment	11,288	9,843	-	21,131	10,948
Line of credit interest	-	18,610	-	18,610	17,180
Duplicating	4,601	10,781	-	15,382	14,642
Investment management fee	-	13,238	-	13,238	11,367
Supplies	6,464	4,916	-	11,380	9,463
Equipment maintenance	354	10,946	-	11,300	7,583
Miscellaneous	8,860	1,579	-	10,439	13,232
Meetings	4,930	4,378	-	9,308	3,904
Local expenses	589	4,483	-	5,072	3,569
Other interest	-	4,488	-	4,488	-
Technical assistance	-	3,792	-	3,792	31,257
Research	-	-	-	-	31,900
In-kind operating services	(3,935)	(27,941)	-	(31,876)	(34,992)
Total other expenses	<u>987,257</u>	<u>434,367</u>	<u>-</u>	<u>1,421,624</u>	<u>1,362,048</u>
Expenses before United Way of America dues	2,119,412	1,635,307	-	3,754,719	3,552,265
United Way of America dues	-	-	122,698	122,698	104,047
Total support services	<u>\$ 2,119,412</u>	<u>\$ 1,635,307</u>	<u>\$ 122,698</u>	<u>\$ 3,877,417</u>	<u>\$ 3,656,312</u>

UNITED WAY OF SAN DIEGO COUNTY

STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2005

(With Summarized Financial Information for the Year Ended June 30, 2004)

	2005	2004
OPERATING ACTIVITIES		
Net income	\$ 174,091	\$ 922,110
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation and amortization	91,555	144,875
Realized (gain) on sale of investments	(26,764)	(8,615)
Unrealized (gain) on investments	(149,567)	(356,213)
Loss on disposal of fixed assets	51,307	69,300
Permanently restricted contribution	(4,000)	-
Donated equipment	-	(4,548)
Provision for doubtful pledges receivable	1,123,269	1,934,828
Additional pension obligation	394,962	-
(Increase) decrease in operating assets		
Pledges receivable	(1,254,792)	(871,876)
Accounts receivable	(373,473)	-
Prepaid expenses and other assets	5,719	197,877
Prepaid pension asset	82,131	122,613
(Decrease) increase in operating liabilities		
Accounts payable and accrued expenses	38,474	(32,730)
Amounts due to others and distributions and allocations payable	58,391	(1,323,911)
Net cash provided by operating activities	<u>211,303</u>	<u>793,710</u>
INVESTING ACTIVITIES		
Purchase of investments	(978,308)	(215,878)
Proceeds from sale of investments	915,437	80,074
Proceeds from sale of equipment	1,017	-
Purchase of property and equipment	(14,318)	(17,101)
Net cash (used in) investing activities	<u>(76,172)</u>	<u>(152,905)</u>
FINANCING ACTIVITIES		
Net proceeds (payments) on line of credit	272,649	(189,092)
Principal (payments) on first trust deed note payable	(115,253)	(103,617)
Permanently restricted contribution	4,000	-
Net cash provided by (used in) financing activities	<u>161,396</u>	<u>(292,709)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	296,527	348,096
CASH AND CASH EQUIVALENTS		
Beginning of year	<u>3,254,880</u>	<u>2,906,784</u>
End of year	<u>\$ 3,551,407</u>	<u>\$ 3,254,880</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash payments for interest	<u>\$ 79,500</u>	<u>\$ 68,598</u>

UNITED WAY OF SAN DIEGO COUNTY

NOTES TO FINANCIAL STATEMENTS

Note 1 – Description of Organization and Summary of Significant Accounting Policies

General - United Way of San Diego County (United Way) raises money in San Diego County from people in the workplace, businesses, and individuals to help support agencies that serve the community. Through the constituent agencies, United Way helps to support a wide range of services such as family and individual counseling, care for senior citizens, child protection, emergency and disaster assistance, health education and rehabilitation, and special programs for youth and military personnel.

The activities and operations included in the accompanying financial statements include those activities and operations over which United Way has oversight responsibility or for which United Way directly provides public services.

United Way serves as the principal combined fundraising organization (PCFO) for the San Diego Combined Federal Campaign (federal employees). For the years ended June 30, 2005 and 2004, approximately \$6,156,000 and \$6,329,000, respectively, was raised for this campaign and is included in campaign results.

In 1998, United Way entered into a ten-year combined campaign agreement with Combined Health Agencies. The agreement calls for a stipulated percentage of United Way's campaign pledge revenue, subject to certain adjustments, to be remitted on a monthly basis and designations from the Business and Industry campaign to be remitted on a quarterly basis. In October 2004, the contract was extended to June 30, 2010.

The program and support activities of United Way are as follows:

- United Way programs:
 - Community Capacity Building and Initiatives
 - Community Building
 - Community Impact
 - Earned Income Tax Credit
 - 10-Year Chronic Homelessness
 - San Diego Neighborhood Funders
 - Labor Community Services
 - Outcomes Measurement
 - Other supplemental programs
- Supporting functions:
 - Fundraising campaigns
 - United Way/Combined Health Agencies Campaign
 - San Diego Combined Federal Campaign
 - United California State Employees Campaign
 - Organizational Administration

UNITED WAY OF SAN DIEGO COUNTY

NOTES TO FINANCIAL STATEMENTS

Note 1 – Description of Organization and Summary of Significant Accounting Policies (Continued)

Method of Accounting – The accompanying financial statements have been prepared on the accrual basis of accounting. United Way follows the accounting and reporting standards included in the Accounting and Audit Guide, *Not-for-Profit Organizations*, issued by the American Institute of Certified Public Accountants and *Accounting and Financial Reporting – A Guide for United Ways and Not-for-Profit Human Service Organizations*.

Income Taxes - United Way is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code.

Financial Statement Presentation – The financial statements of United Way are presented utilizing the concept of net assets as described below:

- Unrestricted net assets represent expendable funds available for operations of United Way which are not otherwise limited by donor restrictions.
- Temporarily restricted net assets consist of contributed funds that are subject to specific donor restrictions contingent upon a specific performance of a future event or a specific passage of time before United Way can spend the funds.
- Permanently restricted net assets are subject to irrevocable donor restrictions, requiring that the assets be maintained in perpetuity, usually for generating investment income to fund current operations.

Revenue Recognition

Campaign Results - Contributions received, including unconditional promises to give, are recognized as revenue in the period received or pledged. When the donor specifies the agency that is to receive the donated funds, contributions are treated as agency transactions and are recorded as designated campaign results in the statement of activities. Contributions with specific donor-imposed restrictions are reported as temporarily or permanently restricted revenue.

Contributed Goods and Personal Services - Contributed goods are reflected as contributions in the accompanying financial statements at their estimated fair value. Contributed goods in the amount of approximately \$0 and \$8,000 are reflected in the statement of activities for the years ended June 30, 2005 and 2004, respectively. Of these amounts, approximately \$0 and \$3,000 were donated to United Way's participating agencies during the years ending June 30, 2005 and 2004, respectively.

Contributed services are reflected in the accompanying financial statements at fair value of the services received, if the services create or enhance non-financial assets or require specialized skills that are provided by individuals possessing those skills and would otherwise need to be purchased. No amounts have been included in the accompanying financial statements for services contributed by campaign volunteers since such services generally do not require specialized skills. Nevertheless, a substantial number of volunteers from the San Diego area donated their time to United Way.

UNITED WAY OF SAN DIEGO COUNTY

NOTES TO FINANCIAL STATEMENTS

Note 1 – Description of Organization and Summary of Significant Accounting Policies (Continued)

Revenue Recognition (Continued)

Service Fees – United Way recognizes service fee revenue when designations and Combined Health Agencies allocations are paid.

Grants and Contracts – United Way recognizes grants and contracts revenue to the extent it has incurred related expenses. Unspent amounts are recorded as deferred revenue.

Cash and Cash Equivalents - Cash and cash equivalents include cash in bank deposit accounts and highly liquid investments with an original maturity of three months or less.

Investments - In accordance with SFAS No. 124, “Accounting for Certain Investments Held by Not-For-Profit Organizations”, United Way carries investments in equity securities with readily determinable fair values and investments in debt securities at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying statement of activities.

Receivables - Receivables consist of unconditional promises to give. Unconditional promises to give that are expected to be collected in future years are recorded at their present value of their estimated future cash flows. Discounts to present value are computed using risk-free rates applicable in the years in which those promises are received. Amortization of the discounts is included in contributions.

As PCFO for the Combined Federal Campaign, United Way advances funds to the Combined Federal Campaign for operational expenses. These amounts are reflected as accounts receivable in the statement of financial position.

An allowance for estimated uncollectible pledges receivable is based on past experience and on an analysis of current receivable balances. Receivables deemed uncollectible are recorded against the allowance in the year deemed uncollectible. At June 30, 2005 and 2004, the allowance was approximately \$2,057,000 and \$2,018,000, respectively.

Land, Building, and Equipment - Land, building, and equipment which exceed \$500 is recorded at cost. Donated assets are recorded at estimated fair value at the date of donation. Depreciation is calculated on the straight-line basis using lives of 31.5 years for building and improvements, 10 years for furniture and equipment, and 3 years for computer equipment. Salvage value is generally estimated as 10 percent for equipment, furniture, and computer equipment.

Impairment of Long-lived Assets – United Way evaluates long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. If the estimated future cash flows (undiscounted and without interest charges) from the use of an asset are less than the carrying value, a write-down would be recorded to reduce the related asset to its estimated fair value. To date, no such write-downs have occurred.

UNITED WAY OF SAN DIEGO COUNTY

NOTES TO FINANCIAL STATEMENTS

Note 1 – Description of Organization and Summary of Significant Accounting Policies (Continued)

Allocations and Contracts – Allocations payable represent amounts approved by the Board of Directors based on results of the current year campaign. Allocations to agencies are distributed in the following year. As provided in the contractual agreements with Combined Health Agencies and the CFC agencies, distributions to Combined Health Agencies and to CFC agencies are paid monthly based upon the previous month's campaign receipts.

Functional Allocation of Expenses – The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities and statement of functional expenses – supporting services. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications - Certain amounts in the June 30, 2004 financial statements have been reclassified to conform to the June 30, 2005 presentation with no effect on total net assets.

Note 2 – Concentration of Credit Risk

Cash and Cash Equivalents - United Way maintains cash and cash equivalents in bank deposit and other financial institution accounts which, at times, exceed federally insured deposit limits. United Way has not experienced any losses in such accounts and does not believe it is exposed to any significant credit risk on its cash and cash equivalents.

Investments - Investments are exposed to various risks, such as interest rates, market, and credit risk. It is at least reasonably possible given the level of risk associated with investments that change in the near term could materially affect the amounts reported in the financial statements.

Note 3 – Investments

Investments consist of amounts that are permanently restricted, temporarily restricted, and unrestricted. Unrestricted amounts have been designated by the Board of Directors for various uses (Note 9). Investments with maturities greater than one year are classified as long-term.

Investments consist of the following at June 30, 2005 and 2004:

	<u>2005</u>		
	Short-term Investments	Long-term Investments	Total
Mutual funds	\$ 2,222,958	\$ -	\$ 2,222,958
Pooled investments held by San Diego Foundation	-	951,953	951,953
	<u>\$ 2,222,958</u>	<u>\$ 951,953</u>	<u>\$ 3,174,911</u>

UNITED WAY OF SAN DIEGO COUNTY

NOTES TO FINANCIAL STATEMENTS

Note 3 – Investments (Continued)

	2004		
	Short-term Investments	Long-term Investments	Total
Mutual funds	\$ 1,835,790	\$ -	\$ 1,835,790
Stocks	180,357	-	180,357
Pooled investments held by San Diego Foundation	-	919,562	919,562
	<u>\$ 2,016,147</u>	<u>\$ 919,562</u>	<u>\$ 2,935,709</u>

Investment income for the years ended June 30, 2005 and 2004 consist of:

	2005	2004
Interest income	\$ 156,896	\$ 108,112
Realized gain	26,764	8,616
	<u>\$ 183,660</u>	<u>\$ 116,728</u>

Note 4 – Pledges Receivable

Pledges receivable at June 30, 2005 and 2004 consist of:

Pledges receivable		
Due in less than one year		
United Way	\$ 6,424,349	\$ 5,779,554
Combined Federal Campaign	3,797,068	4,076,248
Due in one to five years		
United Way	-	200,000
Less discount to net present value	-	(5,000)
	<u>10,221,417</u>	<u>10,050,802</u>
Less allowance for uncollectible pledges		
United Way	(1,489,700)	(1,447,933)
Combined Federal Campaign	(566,979)	(569,654)
	<u>(2,056,679)</u>	<u>(2,017,587)</u>
	<u>\$ 8,164,738</u>	<u>\$ 8,033,215</u>

Note 5 – Land, Building, and Equipment

Land, building, and equipment at June 30, 2005 and 2004 consist of:

Building and improvements	\$ 2,133,297	\$ 2,136,788
Land	718,121	718,121
Furniture and equipment	377,898	457,576
Computer equipment	366,949	704,442
	<u>3,596,265</u>	<u>4,016,927</u>
Less accumulated depreciation and amortization	(1,999,027)	(2,290,128)
	<u>\$ 1,597,238</u>	<u>\$ 1,726,799</u>

UNITED WAY OF SAN DIEGO COUNTY

NOTES TO FINANCIAL STATEMENTS

Note 6 – Amount Due to Combined Health Agencies and Combined Federal Campaign and Designations Payable

Combined Health Agencies - The amount due to Combined Health Agencies at June 30 is based on a stipulated percentage of estimated campaign pledge receipts from the related campaign.

Combined Federal Campaign - The amount due to Combined Federal Campaign agencies is the outstanding liability from the workplace campaign conducted with the federal employees at June 30.

Designations Payable - Designations payable to non-CFC agencies at June 30 represent donor-designated pledges related to the applicable campaign.

Note 7 – Leases

Certain non-cancelable leases for offices, automobiles, and equipment are accounted for as operating leases. Rental expense for operating leases (except those with lease terms of a month or less that were not renewed) was approximately \$44,000 and \$48,000 for the years ended June 30, 2005 and 2004, respectively.

Future minimum lease payments under non-cancelable operating leases (with initial or remaining lease terms in excess of one year) as of June 30, 2005 are as follows:

Years ending June 30,	
2006	\$ 28,287
2007	26,165
2008	26,165
2009	26,165
	<u>26,165</u>
	<u>\$ 106,782</u>

Note 8 – Notes Payable to Bank

First Trust Deed – United Way has an outstanding note payable to a bank that was amended on September 1, 2003, reducing the interest rate from 7.25 percent to 6.00 percent with a new monthly payment of \$13,098, including interest and a maturity date of March 1, 2010. The note is secured by the headquarters building. United Way must also maintain a compensating balance with its lender in an amount equal to 3 percent of the outstanding balance of the first trust deed note payable.

Maturities on the note payable are as follows:

Years ending June 30,	
2006	\$ 121,762
2007	129,379
2008	137,421
2009	146,070
2010	90,879
	<u>90,879</u>
	<u>\$ 625,511</u>

UNITED WAY OF SAN DIEGO COUNTY

NOTES TO FINANCIAL STATEMENTS

Note 8 – Notes Payable to Bank (Continued)

Line of Credit - United Way has an unsecured financing agreement with a commercial bank that permits borrowings up to \$1,000,000 at a variable rate of interest of prime plus ½ percent (6.5 percent at June 30, 2005). United Way has designated \$500,000 of the financing agreement for CFC, for which United Way acts as fiscal agent. Each year, United Way must maintain a zero balance for a period of not less than 30 consecutive days on the \$500,000 not designated for CFC. United Way maintained a zero balance for 365 days during the fiscal year on the \$500,000 portion not designated for CFC. At June 30, 2005 and 2004, the balance was \$494,108 and \$221,259, respectively, which was entirely related to CFC.

Total interest expense for the years ended June 30, 2005 and 2004 was approximately \$79,500 and \$87,100, respectively.

Note 9 - Net Assets

Unrestricted - Unrestricted net assets at June 30, 2005 and 2004 consist of:

	2005	2004
Designated for endowment	\$ 3,347,514	\$ 3,085,928
Designated for program support		
Other	113,522	59,407
Computer and equipment fund	100,424	44,971
Outcomes measurement	54,621	47,143
Board discretionary grants	26,406	26,517
Labor Community Services	-	6,202
Total program support	294,973	184,240
Undesignated	1,100,134	1,067,608
Land, building, and equipment	971,727	986,035
	<u>\$ 5,714,348</u>	<u>\$ 5,323,811</u>

Funds designated for endowment are invested through Halbert, Hargrove/Russell, LLC and the San Diego Foundation. Funds designated for endowment invested through Halbert, Hargrove/Russell, LLC cannot be used for any purpose other than endowment without prior Board approval. Funds designated for endowment through San Diego Foundation cannot be used for any purpose other than endowment. Interest earned on funds designated for endowment is recorded as unrestricted revenue.

Temporarily Restricted - Temporarily restricted net assets at June 30, 2005 and 2004 consist of:

Future campaigns	\$ 120,000	\$ 382,777
San Diego Neighborhood Funders	93,770	79,396
Emergency loan fund	92,761	92,761
Emergency Assistance Program	73,873	45,916
Keel programs	7,902	7,902
	<u>\$ 388,306</u>	<u>\$ 608,752</u>

UNITED WAY OF SAN DIEGO COUNTY

NOTES TO FINANCIAL STATEMENTS

Note 9 - Net Assets (Continued)

Permanently Restricted – Permanently restricted net assets represent restricted bequests and contributions that are invested through the San Diego Foundation and Halbert, Hargrove/Russell, LLC. This principal is to remain in perpetuity, and only investment income may be utilized for unrestricted purposes.

Note 10 - Net Assets Released from Restrictions

During the years ended June 30, 2005 and 2004, net assets were released from donor restrictions by incurring expenditures satisfying the restricted purposes as follows:

	2005	2004
Future campaigns	\$ 382,777	\$ 460,760
San Diego Neighborhood Funders	53,126	283,102
Emergency Assistance Program	19,881	21,987
	<u>\$ 455,784</u>	<u>\$ 765,849</u>

Note 11 – Pension Plan

United Way sponsors a non-contributory defined benefit pension plan that provides for retirement benefits for eligible employees. Employees may become eligible to participate in the plan on the first day of the month coinciding with or following the completion of one year of service and attaining age 21.

The following provides a reconciliation of benefit obligations, plan assets, and funded status of the plan based on employee data used for the January 1, 2005 and 2004 actuarial valuation, with present values to June 30, 2005 and 2004 as deemed necessary:

Change in Benefit Obligations		
Benefit obligation at beginning of year	\$ 3,291,052	\$ 3,127,910
Service cost	169,917	133,150
Interest cost	228,206	208,958
Change due to assumption change	497,282	64,924
Actuarial gain	131,248	142,344
Expense charges	(19,584)	(17,721)
Benefits disbursed	(90,118)	(410,282)
Effects of settlement on projected benefit obligatic	-	41,769
Benefit obligation at end of year	<u>\$ 4,208,003</u>	<u>\$ 3,291,052</u>
Change in Plan Assets		
Fair value of plan assets at beginning of year	\$ 3,134,833	\$ 3,157,545
Actual return on plan assets	219,310	395,291
Employer contributions	60,000	10,000
Benefits disbursed from plan assets (including expense charges)	(109,702)	(428,003)
Fair value of plan assets at end of year	<u>\$ 3,304,441</u>	<u>\$ 3,134,833</u>

UNITED WAY OF SAN DIEGO COUNTY

NOTES TO FINANCIAL STATEMENTS

Note 11 – Pension Plan (Continued)

	2005	2004
Unfunded status of the plan	\$ (903,562)	\$ (156,219)
Unrecognized initial (net asset)	(51,701)	(82,662)
Unrecognized prior service cost	325,738	334,278
Unrecognized net loss	<u>1,041,169</u>	<u>398,378</u>
Net amount recognized	411,644	493,775
Additional required minimum liability	<u>(720,700)</u>	<u>-</u>
(Accrued) prepaid pension cost	<u>\$ (309,056)</u>	<u>\$ 493,775</u>
Amounts recognized in the financial statements		
Prepaid pension assets	\$ 411,644	\$ 493,775
Intangible pension asset	325,738	-
Minimum pension liability	(720,700)	-
Additional pension obligation	<u>394,962</u>	<u>-</u>
Net amount recognized	<u>\$ 411,644</u>	<u>\$ 493,775</u>

At June 30, 2005, the statement of financial position includes additional minimum pension liabilities of \$720,700.

At June 30, the accumulated benefit obligation and fair value of the plan's assets were as follows:

Accumulated benefit obligation	\$ 3,613,497	\$ 2,851,065
Fair value of plan assets	3,304,441	3,134,833

The net pension cost as determined by Financial Accounting Standards Board Statement 87, "Employer's Accounting for Pensions" included the following components:

Service cost	\$ 169,917	\$ 133,150
Interest cost	228,206	208,958
Actual return on plan assets	(219,310)	(395,291)
Amortization of initial unrecognized (net asset)	(30,961)	(34,788)
Amortization of unrecognized prior service cost	8,540	8,540
Amortization of unrecognized net loss	24,025	22,682
Asset (gain) loss deferred	<u>(38,286)</u>	<u>140,341</u>
Net periodic pension expense	<u>\$ 142,131</u>	<u>\$ 83,592</u>

The actuarial assumptions used for determining benefit obligations and pension expenses are as follows:

Discount rate	5.25%	6.50%
Expected long-term rate of return on assets	8.25%	8.50%
Rates of increase in future compensation levels	5.00%	5.00%

UNITED WAY OF SAN DIEGO COUNTY

NOTES TO FINANCIAL STATEMENTS

Note 11 – Pension Plan (Continued)

The long-term rate of return assumption represents the expected average rate of earnings on the funds invested or to be invested to provide for the benefits included in the benefit obligations. The long-term rate of return assumption is determined based on a number of factors, including historical market index returns, the anticipated long-term asset allocation of the plan, historical plan return data, plan expenses, and the potential to outperform market index returns.

The investment objective for the assets of the defined benefit pension plan portfolio is to generate a total rate of return, including income and capital appreciation, sufficient to enhance the ability of the plan to meet its obligations to plan participants and their beneficiaries when due without taking unnecessary risk of long-term capital decline.

Investment policies and strategies governing the assets of the plan are designed to achieve investment objectives within prudent risk parameters. Risk management practices include the use of an external investment manager and the maintenance of a portfolio diversified by asset class, investment approach and security holdings, and the maintenance of sufficient liquidity to meet benefit obligations as they come due.

Current policies for the plan target an asset mix of 60 percent in total equity securities and 40 percent in debt and other securities.

Investment policy prohibits investments in precious metals, venture capital, commodity transactions, limited partnerships, and other such investments.

The asset allocations of United Way's plan at June 30, 2005 and 2004, by asset category were as follows:

Equity securities	54%	63%
Fixed income	40%	34%
Real estate	6%	0%
Other	0%	3%

The following benefit payments that reflect expected future service, as appropriate, are expected to be paid for the years ending June 30:

2006	\$	78,000
2007		342,000
2008		99,000
2009		63,000
2010		330,000
2011 - 2014		2,444,000

There are no required contributions to the plan in the upcoming year.

UNITED WAY OF SAN DIEGO COUNTY

NOTES TO FINANCIAL STATEMENTS

Note 12 – June 30, 2004 Financial Information

The June 30, 2005 financial statements include certain prior-year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with United Way's financial statements for the year ended June 30, 2004, from which the summarized information was derived.

INDEPENDENT AUDITOR'S REPORT ON THE ADDITIONAL INFORMATION

Board of Directors
United Way of San Diego County

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The additional information that follows on pages 18 to 21 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Moss Adams LLP

San Diego, California
August 18, 2005

UNITED WAY OF SAN DIEGO COUNTY

ADDITIONAL INFORMATION COMMUNITY IMPACT FUNDS AWARDED AND DESIGNATIONS PAID TO ASSOCIATED, AFFILIATED, AND CERTIFIED AGENCIES YEARS ENDED JUNE 30, 2005 AND 2004

	2005-2006 Community Impact Funds Awarded/ Distributed	2004-2005 Community Impact Funds Awarded/ Distributed	Designations paid in 04/05	Designations paid in 03/04
Associated, Affiliated and Certified Agencies				
Combined Health Agencies	\$ 560,750	\$ 542,700	\$ 504,152	\$ 605,411
Access Center of San Diego, Inc., The	26,066	30,253	1,936	2,115
Alliance for African Assistance	26,066	30,251	3,066	2,930
Alpha of San Diego, Inc.	26,066	30,253	3,440	3,601
Alpha Project for the Homeless	26,066	30,253	21,483	14,579
Alzheimer's Family Centers, Inc.	40,398	47,088	28,246	45,598
American Cancer Society, Border Region	54,294	63,915	113,074	161,522
American Red Cross San Diego/Imperial Counties	57,660	67,981	126,580	126,963
Armed Services YMCA, Camp Pendleton	26,066	30,253	8,297	8,462
Armed Services YMCA, San Diego	26,066	30,252	10,558	13,895
Barrio Station	40,398	47,088	6,682	7,030
Bayside Community Center	33,015	38,671	3,119	2,778
Big Brothers & Sisters of San Diego County	26,066	30,253	16,648	30,897
Big Sister League, Inc.	15,641	17,626	6,088	6,730
Boy Scouts of America, Desert Pacific Council	25,890	30,093	126,843	109,378
Boys & Girls Club of Carlsbad	26,066	30,253	14,790	18,896
Boys & Girls Club of Imperial Beach	26,065	30,253	11,592	22,484
Boys & Girls Clubs of East County	26,066	30,253	13,480	10,868
Boys & Girls Clubs of Greater San Diego	50,605	59,714	19,689	26,044
Boys & Girls Clubs of National City	26,066	30,253	58,949	61,172
Boys & Girls Clubs of North County	26,066	30,252	37,644	35,988
Casa de Amparo: House of Refuge	26,066	30,253	43,937	47,648
Casa Familiar	26,066	30,253	2,743	12,832
Catholic Charities	47,118	55,481	117,117	143,901
Center for Community Solutions	33,015	38,671	6,310	2,789
Chicano Federation of San Diego County, Inc.	50,595	59,713	14,446	19,822
Children's Dental Health Association of San Diego	18,900	21,835	1,234	2,816
Children's Hospital and Health Center	33,013	38,662	93,862	135,952
Children's Initiative	25,000	25,000	41	1,052
Community Resource Center	26,066	30,253	9,247	10,208
Consumer Credit Counseling Service	26,065	30,253	191	779
Crisis House	33,015	38,671	8,077	9,224
Educational Enrichment Systems, Inc.	26,066	30,253	1,763	1,146
ElderHelp of San Diego	26,066	30,252	17,798	23,107
Family Health Centers of San Diego, Inc.	33,015	38,671	2,079	3,020

(Continued)

UNITED WAY OF SAN DIEGO COUNTY

ADDITIONAL INFORMATION COMMUNITY IMPACT FUNDS AWARDED AND DESIGNATIONS PAID TO ASSOCIATED, AFFILIATED, AND CERTIFIED AGENCIES (CONTINUED) YEARS ENDED JUNE 30, 2005 AND 2004

	Community Impact Funds Awarded/ Distributed	Community Impact Funds Awarded/ Distributed	Designations paid in 04/05	Designations paid in 03/04
Fraternity House, Inc.	\$ 26,066	\$ 30,253	\$ 4,175	\$ 4,758
Girl Scouts San Diego-Imperial Council, Inc.	33,015	38,670	37,060	44,250
Harmonium, Inc.	29,540	34,462	4,005	2,319
Home of Guiding Hands	26,066	30,253	7,905	8,807
Home Start, Inc.	47,130	55,506	3,004	3,390
Imperial Beach Health Center	26,066	30,252	6,150	7,512
Indian Human Resource Center, Inc.	26,065	30,251	1,307	1,831
INFO LINE	101,000	101,000	4,273	3,061
Interfaith Community Services	40,398	47,062	18,277	20,154
Jewish Family Service of San Diego	26,065	30,252	22,174	12,777
Legal Aid Society of San Diego, Inc.	40,398	47,088	2,730	2,179
Lifeline Community Services	54,298	63,924	2,774	3,044
Lutheran Social Services	26,066	30,253	16,869	16,876
MAAC Project	33,015	38,671	10,843	9,468
Meals-on-Wheels Greater San Diego, Inc.	33,015	38,671	43,567	60,829
MITE (McAlister Institute for Treatment & Ed.)	26,066	30,253	3,579	3,085
National Conference for Community & Justice, The	-	30,253	1,000	481
Neighborhood Healthcare	29,540	34,462	1,241	2,962
Neighborhood House Association	57,771	68,130	23,501	45,562
Operation Samahan, Inc.	26,066	30,253	2,860	1,950
Palomar Family Counseling Service, Inc.	26,066	30,253	3,030	1,931
Partners Mentorship Program, Inc.	-	13,418	412	2,023
Regional Task Force on the Homeless	28,000	28,000	80	64
Salvation Army, The	33,014	38,624	69,674	82,985
San Diego Center for the Blind & Vision Impaired	26,066	30,253	8,950	10,485
San Diego Council on Literacy	26,066	30,253	38,212	6,146
San Diego LGBT Community Center, The	32,968	38,601	25,709	21,790
San Diego Rescue Mission	26,066	30,252	36,341	34,779
San Diego Urban League	40,398	47,087	17,780	22,657
San Diego Volunteer Lawyer Program	26,066	30,253	748	946
San Diego Youth & Community Services, Inc.	43,656	51,297	9,376	9,190
Senior Community Centers of San Diego	40,398	47,088	14,021	15,736
Social Advocates for Youth (SAY)	33,015	38,671	1,154	2,520
South Bay Community Services	57,772	68,131	6,324	4,988
St. Clare's Home, Inc.	50,605	59,714	23,986	29,151
St. Vincent de Paul Village	54,289	63,918	152,732	193,103
STAR/PAL	26,066	30,253	1,519	4,650
Union of Pan Asian Communities of San Diego County	50,605	59,715	11,831	25,456
United Cerebral Palsy Association of San Diego County	40,398	47,088	18,170	11,974

(Continued)

UNITED WAY OF SAN DIEGO COUNTY

ADDITIONAL INFORMATION COMMUNITY IMPACT FUNDS AWARDED AND DESIGNATIONS PAID TO ASSOCIATED, AFFILIATED, AND CERTIFIED AGENCIES (CONTINUED) YEARS ENDED JUNE 30, 2005 AND 2004

	<u>Community Impact Funds Awarded/ Distributed</u>	<u>Community Impact Funds Awarded/ Distributed</u>	<u>Designations paid in 04/05</u>	<u>Designations paid in 03/04</u>
Vietnam Veterans of San Diego, Inc.	\$ 26,066	\$ 30,252	\$ 33,972	\$ 41,054
Vista Community Clinic	26,066	30,253	4,691	4,780
Vista Hill Foundation	26,066	30,253	932	818
Voices for Children	33,015	38,671	38,996	31,561
Volunteer San Diego	26,066	30,253	79,814	32,340
Women's Resource Center	26,066	30,253	100	169
YMCA of San Diego County	57,771	68,129	187,545	116,040
YWCA of San Diego County	54,298	63,923	10,483	20,167
Adult Protective Services, Inc.	5,000	5,000	3,486	2,939
Advanced Cancer Research Center	5,000	5,000	20,058	14,259
Arc of San Diego, The	5,000	5,000	17,763	18,553
Boys & Girls Club of Chula Vista, Inc.	5,000	5,000	43,249	42,042
Boys & Girls Club of Oceanside, Inc.	5,000	5,000	8,453	11,000
Boys & Girls Club of San Dieguito, Inc.	5,000	5,000	12,000	4,222
Boys & Girls Club of San Marcos, Inc.	5,000	5,000	14,981	11,016
Boys & Girls Club of Vista, Inc.	5,000	5,000	12,753	19,547
Canine Companions for Indep., SW Trng Ctr.	5,000	5,000	39,685	43,804
Clairemont Friendship Senior Center, Inc.	5,000	5,000	4,178	3,086
Communities Against Substance Abuse	5,000	5,000	1,305	1,321
Community Campership Council of San Diego	5,000	5,000	975	1,117
Community Health Improvement Partners	5,000	5,000	-	-
Community Interface Services	5,000	5,000	2,095	1,783
Comprehensive Health Center	5,000	5,000	-	213
CRASH, Inc.	5,000	5,000	7,777	11,571
Deaf Community Services of San Diego, Inc.	5,000	5,000	9,187	11,159
Elementary Institute of Science	5,000	5,000	7,670	7,940
Elizabeth Hospice, The	5,000	5,000	28,548	16,791
Episcopal Community Services	5,000	5,000	21,953	29,480
Escondido Community Child Development Center	5,000	5,000	3,632	3,712
Fallbrook Child Development Center, Inc.	5,000	5,000	980	707
Girls Club of San Diego, Inc.	5,000	5,000	2,561	906
Girls Incorporated of North San Diego County	5,000	5,000	7,813	5,508
Hospice of the North Coast	5,000	5,000	13,895	13,638
Hostelling International-American Youth Hostels	5,000	5,000	1,937	2,361
Jewish Community Center of San Diego County	5,000	5,000	4,885	2,267
Kids Korps USA	5,000	5,000	963	164
La Maestra Family Clinic	5,000	5,000	309	662
Make-A-Wish Foundation	5,000	5,000	73,166	41,810

(Continued)

UNITED WAY OF SAN DIEGO COUNTY

ADDITIONAL INFORMATION COMMUNITY IMPACT FUNDS AWARDED AND DESIGNATIONS PAID TO ASSOCIATED, AFFILIATED, AND CERTIFIED AGENCIES (CONTINUED) YEARS ENDED JUNE 30, 2005 AND 2004

	Community Impact Funds Awarded/ Distributed	Community Impact Funds Awarded/ Distributed	Designations paid in 04/05	Designations paid in 03/04
Mountain Health & Community Services	\$ 5,000	\$ 5,000	\$ 6,313	\$ 3,663
NAMI San Diego	5,000	5,000	3,988	3,688
National Conflict Resolution Center	5,000	5,000	20,461	1,688
New Haven Youth & Family Services, Inc.	5,000	5,000	520	297
North County Community Services	5,000	5,000	2,188	1,940
Ocean Beach Child Care Project	5,000	5,000	986	979
Parent Institute for Quality Education	5,000	5,000	1,318	1,322
Partnerships With Industry	5,000	5,000	2,697	1,592
Planned Parenthood of San Diego & Riverside Counties	5,000	5,000	58,982	50,184
Poway Valley Senior Citizens Corp.	5,000	5,000	5,466	6,336
Ramona Food & Clothes Closet	5,000	5,000	3,289	4,168
Rancho Bernardo Joslyn Senior Center	5,000	5,000	718	1,314
Redwood Elderlink	5,000	5,000	458	40
San Diego American Indian Health Center, Inc.	5,000	5,000	2,200	2,172
San Diego Blood Bank	5,000	5,000	26,200	23,425
San Diego Center for Children	5,000	5,000	16,886	12,691
San Diego Family Care	5,000	5,000	1,887	2,756
San Ysidro Health Center	5,000	5,000	3,555	1,243
Senior Citizens Legal Services Program	5,000	5,000	1,077	511
SER/Jobs for Progress	5,000	5,000	952	354
Sherman Heights Community Center	5,000	5,000	1,218	2,021
Southern Caregiver Resource Center	5,000	5,000	1,566	1,662
St. Madeleine Sophie's Center	5,000	5,000	9,698	9,087
Teen Challenge of Southern California	5,000	5,000	18,852	20,584
Travelers Aid Society of San Diego, Inc.	5,000	5,000	649	305
Unyeway, Inc.	5,000	5,000	2,097	2,160
USO Council of San Diego	5,000	5,000	42,468	64,289
Volunteers of America, Southwest California, Inc.	5,000	5,000	3,570	6,534
Youth Tennis San Diego	5,000	5,000	1,317	1,467
Total	\$ 3,561,083	\$ 4,015,904	\$ 3,076,910	\$ 3,266,485