

**UNITED WAY OF
SAN DIEGO COUNTY**

Financial Statements and Supplemental Information

Year Ended June 30, 2008

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INDEPENDENT AUDITORS' REPORT

To the 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 (a nonprofit organization) as of June 30, 2008, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the United Way of San Diego County'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 of San Diego County's June 30, 2007 financial statements which were audited by other auditors whose report dated October 16, 2007, expressed an unqualified opinion on those 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 2008 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, 2008, 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.

AKT LLP

Carlsbad, California
October 15, 2008

UNITED WAY OF SAN DIEGO COUNTY

STATEMENT OF FINANCIAL POSITION JUNE 30, 2008 (With Comparative Amounts for June 30, 2007)

	2008	2007
ASSETS		
Cash and cash equivalents	\$ 3,144,423	\$ 1,750,164
Short-term investments	8,229,573	6,841,893
Pledges receivable, net	6,717,127	7,250,701
Accounts receivable	222,594	196,896
Prepaid expenses and other assets	25,804	37,706
Land, building, and equipment, net	1,506,401	1,503,003
Long-term investments	<u>967,751</u>	<u>1,089,713</u>
Total assets	<u>\$ 20,813,673</u>	<u>\$ 18,670,076</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 497,797	\$ 421,055
Amount due to Combined Health Agencies	240,425	242,489
Amount due to Combined Federal Campaign Agencies	2,831,086	2,926,896
Designations payable	2,871,804	2,466,031
Allocations payable	3,856,512	2,664,795
Line of credit	60,502	130,540
Pension fund liability	<u>1,006,055</u>	<u>480,825</u>
Total liabilities	<u>11,364,181</u>	<u>9,332,631</u>
Commitments (Notes 7, 11, and 13)		
Net Assets		
Unrestricted	9,310,417	8,767,955
Temporarily restricted	92,411	522,826
Permanently restricted	<u>46,664</u>	<u>46,664</u>
Total net assets	<u>9,449,492</u>	<u>9,337,445</u>
Total liabilities and net assets	<u>\$ 20,813,673</u>	<u>\$ 18,670,076</u>

UNITED WAY OF SAN DIEGO COUNTY

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2008

(With Comparative Summarized Financial Information for Year Ended June 30, 2007)

	2008			2007 Total	
	Unrestricted	Temporarily Restricted	Permanently Restricted		Total
REVENUE, GAINS, AND OTHER SUPPORT					
Campaign results					
Current campaign year	\$ 20,873,300	\$ -	\$ -	\$ 20,873,300	\$20,646,440
Future campaign years	-	40,000	-	40,000	383,120
Prior campaign years	595,645	-	-	595,645	856,513
Gross campaign results	21,468,945	40,000	-	21,508,945	21,886,073
Less designated campaign results	(12,951,684)	-	-	(12,951,684)	(13,018,297)
Campaign revenue	8,517,261	40,000	-	8,557,261	8,867,776
Less provision for uncollectible pledges	(1,317,680)	-	-	(1,317,680)	(1,349,602)
Net campaign results	7,199,581	40,000	-	7,239,581	7,518,174
Other					
Investment income	707,009	-	-	707,009	529,117
Service fees	497,385	-	-	497,385	508,182
Unrealized gains (losses) on investments	(829,455)	-	-	(829,455)	419,504
In-kind contributions	4,165	-	-	4,165	210,238
Grants and contracts	625,000	-	-	625,000	132,505
Designations from other United Ways	90,077	-	-	90,077	90,108
Contributions	267,414	-	-	267,414	77,808
Miscellaneous income	580,347	-	-	580,347	35,461
Net assets released from restrictions	470,415	(470,415)	-	-	-
Total other	2,412,357	(470,415)	-	1,941,942	2,002,923
Total revenue, gains, and other support	9,611,938	(430,415)	-	9,181,523	9,521,097
EXPENSES					
Program services					
Gross funds awarded/distributed	16,671,341	-	-	16,671,341	16,288,853
Less donor designations	(12,951,684)	-	-	(12,951,684)	(13,018,297)
Community impact funds distributed	3,719,657	-	-	3,719,657	3,270,556
Community Capacity Building and Initiatives	669,103	-	-	669,103	530,945
Labor Community Services	375,971	-	-	375,971	409,732
Other supplemental programs	-	-	-	-	486
Total program expenses	4,764,731	-	-	4,764,731	4,211,719
Supporting services					
Fundraising	2,241,920	-	-	2,241,920	2,279,820
Organizational administration	1,876,280	-	-	1,876,280	1,641,417
United Way of America dues	186,545	-	-	186,545	179,322
Total support services	4,304,745	-	-	4,304,745	4,100,559
Total expenses	9,069,476	-	-	9,069,476	8,312,278
CHANGE IN NET ASSETS BEFORE PENSION ADJUSTMENT					
	542,462	(430,415)	-	112,047	1,208,819
FASB STATEMENT 158					
CHANGE IN NET ASSETS	542,462	(430,415)	-	112,047	1,099,631
NET ASSETS					
Beginning of year	8,767,955	522,826	46,664	9,337,445	8,237,814
End of year	\$ 9,310,417	\$ 92,411	\$ 46,664	\$ 9,449,492	\$ 9,337,445

See accompanying notes.

UNITED WAY OF SAN DIEGO COUNTY

STATEMENT OF FUNCTIONAL EXPENSES YEAR ENDED JUNE 30, 2008

(With Comparative Summarized Financial Information for the Year Ended June 30, 2007)

	SUPPORTING SERVICES			PROGRAM SERVICES			
	Fundraising	Organizational Administration	Total	Community Capacity Building and Initiatives	Labor		2007 Total
					Community Services	Total	
Salaries & Related Expenses							
Professional Salaries	\$ 631,381	\$ 651,856	\$ 1,283,237	\$ 225,805	\$ 85,069	\$ 311,874	\$ 259,732
Support Salaries	105,102	400,348	505,450	3,947	133,944	137,891	181,612
Pension Expense	281,069	382,479	663,548	78,842	-	78,842	80,740
Payroll Taxes & Benefits	144,170	204,109	348,279	35,911	40,290	76,201	53,988
Temporary Salaries	113,995	10,602	124,597	1,743	-	1,743	4,666
Contracted Staff Salaries	186,103	79,723	265,826	58,330	-	58,330	20,130
In-Kind Staff Services	(7,231)	(108,186)	(115,417)	(2,118)	57,113	54,995	55,505
Total Salaries and related expenses	1,454,589	1,619,931	3,074,520	403,460	316,416	719,876	656,353
Other Expenses							
CFC and other campaigns	494,915	-	494,915	-	(26,250)	(26,250)	(26,250)
Depreciation and amortization	36,771	50,037	86,808	10,314	705	11,019	7,551
Audit & Legal Fees	2	38,785	38,787	4,729	-	4,729	-
Occupancy & Mortgage Interest	436	14,729	15,165	1,780	31,414	33,194	41,105
Printing & Awards	106,391	4,849	111,240	18	3,221	3,239	2,855
Advertisement	26,062	1,492	27,554	549	500	1,049	649
Transportation	39,055	13,395	52,450	7,358	10,964	18,322	18,512
Films & Audio Visual	8,883	-	8,883	-	-	-	-
Telephone	89	13,880	13,969	2,635	11,079	13,714	11,672
Staff Development	-	28,859	28,859	259	776	1,045	116
Insurance	8,804	22,909	31,713	1,383	1,383	2,766	-
Equipment Rental & Leases	24,551	12,242	36,793	2,788	2,076	4,864	4,572
Investment Management Fee	7,432	-	7,432	-	-	-	-
Payroll & Processing Service Fees	684	24,469	25,153	28	-	28	-
Postage	884	3,070	3,954	220	2,010	2,230	1,584
Miscellaneous	4,226	302	4,528	510	202	712	1,684
Minor Equipment	8,845	5,577	14,422	1,024	358	1,382	1,134
Duplicating	11,444	8,192	19,636	2,556	256	2,812	666
Supplies	1,141	5,387	6,528	827	1,573	2,400	1,632
Meetings	1,813	1,319	3,132	617	1,528	2,145	3,883
Dues & Subscriptions	3,073	7,502	10,575	12,711	136	12,847	13,123
Equipment maintenance	2,064	9,778	11,842	412	2,302	2,714	56
Local expenses	2,944	2,707	5,651	322	-	322	-
Other interest	(179)	4,005	3,826	825	-	826	84
Loss on disposal of fixed assets	-	-	-	-	-	-	73
Technical assistance	-	-	-	216,682	-	216,682	185,278
Special allocations, grants and other distributions	-	-	-	-	-	-	14,741
In-Kind non-operating services	-	-	-	-	-	-	-
In-Kind operating services	(8,077)	(21,826)	(29,903)	(2,454)	15,322	12,868	-
Total Other Expenses	787,331	256,349	1,043,680	265,643	59,555	325,198	284,810
Expenses before United Way dues	2,241,920	1,876,280	4,118,200	669,103	375,971	1,045,074	941,163
United Way of America Dues	-	-	-	-	-	-	-
United Way of California Dues	-	-	-	-	-	-	-
Community impact funds distributed	-	-	-	-	-	-	-
Total support services/program services	2,241,920	1,876,280	4,304,745	669,103	375,971	3,719,657	3,270,556
	\$	\$	\$	\$	\$	\$	\$
	2,241,920	1,876,280	4,304,745	669,103	375,971	4,764,731	4,211,719

See accompanying notes.

UNITED WAY OF SAN DIEGO COUNTY

STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2008

(With Comparative Amounts for Year Ended June 30, 2007)

	2008	2007
OPERATING ACTIVITIES		
Change in net assets	\$ 112,047	\$ 1,099,631
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation and amortization	97,827	82,961
Loss on disposal of fixed assets	7,775	5,083
Realized (gain) on sale of investments	(288,451)	(208,911)
Unrealized (gain) on investments	829,455	(419,504)
Provision for doubtful pledges receivable	1,317,680	1,349,602
(Increase) decrease in operating assets:		
Pledges receivable	(784,106)	(1,164,459)
Accounts receivable	(25,698)	367,895
Prepaid expenses and other assets	11,902	35,044
(Decrease) increase in operating liabilities:		
Amounts due to others, designations, and allocations payable	1,499,616	(265,147)
Accounts payable and accrued expenses	76,742	94,921
Net pension fund liability	525,230	198,365
Net cash provided by operating activities	<u>3,380,019</u>	<u>1,175,481</u>
INVESTING ACTIVITIES		
Purchase of investments	(2,164,477)	(1,027,330)
Proceeds from sale of investments	357,755	626,693
Purchase of equipment	(109,000)	(69,571)
Net cash (used in) investing activities	<u>(1,915,722)</u>	<u>(470,208)</u>
FINANCING ACTIVITIES		
Net (payments) on line of credit	(70,038)	(297,621)
Net cash (used in) provided by financing activities	<u>(70,038)</u>	<u>(297,621)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,394,259	407,652
CASH AND CASH EQUIVALENTS		
Beginning of year	1,750,164	1,342,512
End of year	<u>\$ 3,144,423</u>	<u>\$ 1,750,164</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash payments for interest	<u>\$ 15,372</u>	<u>\$ 23,581</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, 2008 and 2007, \$5,848,868 and \$5,689,846, 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 January 2008, the contract was extended to June 30, 2013.

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

- United Way programs:
 - Community Capacity Building and Initiatives
 - Community Impact
 - Stopping Child Abuse and Neglect
 - Promoting Financial Stability and Independence
 - Earned Income Tax Credit
 - 10-Year Chronic Homelessness
 - 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 \$4,165 and \$0 are reflected in the statement of activities for the years ended June 30, 2008 and 2007, respectively. Of these amounts, none were donated to United Way's participating agencies during the years ended June 30, 2008 and 2007, respectively.

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 that are provided by individuals possessing those skills and would otherwise need to be purchased. Nevertheless, a substantial number of volunteers from the San Diego area donated their time to United Way.

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.

UNITED WAY OF SAN DIEGO COUNTY

NOTES TO FINANCIAL STATEMENTS

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

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 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 the 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 in the statement of activities.

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, 2008 and 2007, the allowance was \$1,341,008 and \$1,339,401, 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.

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. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

UNITED WAY OF SAN DIEGO COUNTY

NOTES TO FINANCIAL STATEMENTS

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

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.

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 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 10). Investments with remaining maturities greater than one year are classified as long-term.

Investments consist of the following at June 30:

	2008		
	Short-term Investments	Long-term Investments	Total
Mutual funds and equity securities	\$ 3,776,263	\$ -	\$ 3,776,263
Municipal Auction Rate Securities	4,453,310	-	4,453,310
Pooled investments held by San Diego Foundation	-	967,751	967,751
	<u>\$ 8,229,573</u>	<u>\$ 967,751</u>	<u>\$ 9,197,324</u>
	2007		
	Short-term Investments	Long-term Investments	Total
Mutual funds and equity securities	\$ 4,033,625	\$ -	\$ 4,033,625
Municipal Auction Rate Securities	2,808,268	-	2,808,268
Pooled investments held by San Diego Foundation	-	1,089,713	1,089,713
	<u>\$ 6,841,893</u>	<u>\$ 1,089,713</u>	<u>\$ 7,931,606</u>

UNITED WAY OF SAN DIEGO COUNTY

NOTES TO FINANCIAL STATEMENTS

Note 3 – Investments (Continued)

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

	2008	2007
Interest income	\$ 418,558	\$ 320,206
Realized gains	<u>288,451</u>	<u>208,911</u>
	<u>\$ 707,009</u>	<u>\$ 529,117</u>

Note 4 – Beneficial Interest

United Way has Board of Directors designated and donor designated endowment funds with the San Diego Foundation ("SDF") established for its benefit that has irrevocable designations of the income. United Way does not have access to the principal. SDF has variance power over the funds. SDF makes distributions from the endowment funds in accordance with agreements, less administrative fees, with any excess amounts remaining at SDF. Distributions from the endowment fund are recorded as unrestricted income when they become distributable.

Note 5 – Pledges Receivable

Pledges receivable at June 30, consist of:

	2008	2007
Due in less than one year		
United Way	\$ 4,559,329	\$ 4,891,906
Combined Federal Campaign	<u>3,498,806</u>	<u>3,698,196</u>
	<u>8,058,135</u>	<u>8,590,102</u>
Less allowance for uncollectible pledges		
United Way	(766,646)	(850,141)
Combined Federal Campaign	<u>(574,362)</u>	<u>(489,260)</u>
	<u>(1,341,008)</u>	<u>(1,339,401)</u>
	<u>\$ 6,717,127</u>	<u>\$ 7,250,701</u>

UNITED WAY OF SAN DIEGO COUNTY

NOTES TO FINANCIAL STATEMENTS

Note 6 – Land, Building, and Equipment

Land, building, and equipment at June 30, consists of:

	2008	2007
Building and improvements	\$ 2,219,291	\$ 2,173,439
Land	718,121	718,121
Furniture and equipment	375,021	375,021
Computer equipment	<u>395,821</u>	<u>346,985</u>
	3,708,254	3,613,566
Less accumulated depreciation and amortization	<u>(2,201,853)</u>	<u>(2,110,563)</u>
	<u>\$ 1,506,401</u>	<u>\$ 1,503,003</u>

Note 7 – 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 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 8 – 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 \$33,300 and \$30,000 for the years ended June 30, 2008 and 2007, 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, 2008 are as follows:

Years ending June 30,	
2009	\$ 25,059
2010	10,742
2011	5,122
Thereafter	<u>-</u>
	<u>\$ 40,923</u>

UNITED WAY OF SAN DIEGO COUNTY

NOTES TO FINANCIAL STATEMENTS

Note 9 – Notes Payable to Bank

Line of Credit - United Way has two unsecured financing agreements with a commercial bank that expire March 1, 2009 and permits borrowings up to \$500,000 each at a variable rate of interest of prime plus ½ percent (5.50 percent at June 30, 2008) collateralized by substantially all assets. United Way has designated one of the financing agreements for CFC, for which United Way acts as a 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, 2008 and 2007, the balance was \$60,502 and \$130,540, respectively, which was entirely related to CFC.

Total interest expense for the years ended June 30, 2008 and 2007 was approximately \$15,400 and \$23,600, respectively.

Note 10 - Net Assets

Unrestricted - Unrestricted net assets at June 30, consist of:

	2008	2007
Designated for endowment	<u>\$ 4,736,974</u>	<u>\$ 5,115,460</u>
Designated for program support		
Other	507,581	255,295
Computer and equipment fund	51,600	63,261
Outcomes measurement	47,246	47,698
Board discretionary grants	<u>24,425</u>	<u>21,410</u>
Total program support	630,852	387,664
Undesignated	2,436,190	1,761,828
Land, building, and equipment	<u>1,506,401</u>	<u>1,503,003</u>
	<u>\$ 9,310,417</u>	<u>\$ 8,767,955</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 of Directors 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, consist of:

	2008	2007
Emergency loan fund	\$ -	\$ 92,761
Emergency Assistance Program	44,509	39,043
Future campaigns	40,000	383,120
Keel programs	<u>7,902</u>	<u>7,902</u>
	<u>\$ 92,411</u>	<u>\$ 522,826</u>

UNITED WAY OF SAN DIEGO COUNTY

NOTES TO FINANCIAL STATEMENTS

Note 10 - 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 11 - Net Assets Released from Restrictions

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

	2008	2007
Future campaigns	\$ 432,999	\$ 28,924
Emergency Assistance Program	<u>37,416</u>	<u>20,137</u>
	<u>\$ 470,415</u>	<u>\$ 49,061</u>

Note 12 – 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.

As of June 30, 2007, United Way adopted the provisions of Statement of Financial Accounting Standard No. 158 (“FAS 158”), *Employers’ Accounting for Defined Benefit Pension and Other Postretirement Plans* which requires United Way to recognize in the statement of financial position at June 30, 2008, the funded status of the Plan with a corresponding adjustment to net assets.

The changes in projected benefit obligations and fair value of plan assets for the plan are as follows:

	2008	2007
Projected Benefit Obligations:		
Beginning of year	\$ 4,382,493	\$ 4,362,120
Service cost	245,197	212,557
Interest cost	226,669	219,299
Actuarial gain	(8,944)	(171,366)
Benefits paid	<u>(640,523)</u>	<u>(240,117)</u>
End of year	<u>\$ 4,204,892</u>	<u>\$ 4,382,493</u>
	2008	2007
Fair value of plan assets:		
Beginning of year	\$ 3,901,668	\$ 3,548,280
Actual return on plan assets	(272,308)	448,505
Employer contributions	210,000	145,000
Benefits paid	<u>(640,523)</u>	<u>(240,117)</u>
End of year	<u>\$ 3,198,837</u>	<u>\$ 3,901,668</u>
	2008	2007
Funded status of the plan at year-end (underfunded)	\$ (1,006,055)	\$ (480,825)
Amounts recognized in the statement of financial position:		
Non-current liabilities	<u>\$ (1,006,055)</u>	<u>\$ (480,825)</u>

UNITED WAY OF SAN DIEGO COUNTY

NOTES TO FINANCIAL STATEMENTS

Note 12 – Pension Plan (Continued)

Amounts recognized in unrestricted net assets but have not yet been recognized in net periodic pension costs at June 30, 2008:

Total net gain	\$ 888,930
Prior service cost	-
Total	<u>\$ 888,930</u>

Weighted-average assumptions used to determine benefit obligations as of June 30:

	2008	2007
Discount rate	6.25%	5.25%
Post decrement interest rate	N/A	4.75%
Postretirement interest rate	3.70%	N/A
Rate of compensation increase	5.00%	5.00%

Components of net periodic pension cost for years ended June 30:

	2008	2007
Service cost	\$ 245,197	\$ 212,557
Interest cost	226,669	219,299
Expected return on plan	(316,526)	(277,471)
Amortization of transition (asset)	-	(20,740)
Amortization of prior service cost	51,936	53,286
Amortization of net loss	860	47,246
Effect of special events	<u>135,419</u>	<u>-</u>
Net periodic pension expense	<u>\$ 343,555</u>	<u>\$ 234,177</u>

The following amounts are expected to be recognized in net periodic pension cost in 2009:

Net gain	<u>\$ 55,046</u>
Prior service costs	<u>-</u>

Other changes in amounts included in net assets for the year ended June 30, 2008:

Net (gain) loss	\$ 579,890
Amortization of net (loss)	(860)
Amortization of transition (obligation)	-
Amortization of prior service (cost)	(51,936)
Amount recognized due to special event	<u>(135,419)</u>
Total recognized in other comprehensive income	<u>\$ 391,675</u>
Total recognized in net periodic benefit cost and unrestricted net assets	<u>\$ 735,230</u>

UNITED WAY OF SAN DIEGO COUNTY

NOTES TO FINANCIAL STATEMENTS

Note 12 – Pension Plan (Continued)

Weighted-average assumptions used to determine net periodic benefit cost for the years ended June 30:

	2008	2007
Discount rate	5.25%	5.25%
Post decrement interest rate	4.75%	4.75%
Expected long-term rate of return on assets	8.25%	8.25%
Rates of increase in future compensation levels	5.00%	5.00%

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.

Comparison of plan obligations to plan assets as of June 30:

	2008	2007
Projected benefit obligation	\$ 4,204,892	\$ 4,382,493
Accumulated benefit obligation	\$ 3,837,965	\$ 3,945,785
Fair value of plan assets	3,198,837	3,901,668

Plan assets by category as of June 30:

Plan Assets by category	2008	2007
Equity securities	55%	57%
Fixed income	41%	39%
Real estate	<u>4%</u>	<u>4%</u>
	<u>100%</u>	<u>100%</u>

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.

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

UNITED WAY OF SAN DIEGO COUNTY

NOTES TO FINANCIAL STATEMENTS

Note 12 – Pension Plan (Continued)

The following benefit payments are expected to be paid over the next 10 fiscal years ending:

Years ending June 30:	
2009	\$ 190,000
2010	360,000
2011	200,000
2012	1,150,000
2013	430,000
2014-2018	1,790,000

These amounts are based on current data and assumptions and reflect expected future service, as appropriate.

Note 13 – Defined Contribution Plan

United Way has a defined contribution retirement plan. Employees must be at least 21 years of age and be employed for thirty days to be eligible to participate. Employees may contribute from 1 percent to 100 percent of their pay each pay period. There are no required employer contributions. United Way made no contributions to the plan for the years ended June 30, 2008 and 2007.

Note 14 – Related-party Transactions

During the years ended June 30, 2008 and 2007, United Way paid fees for advertising and public relations, and temporary labor totaling approximately \$76,299 and \$119,000, respectively; to a public relations firm and temp agency whose Presidents are members of United Way's Board of Directors.

Investments – A member of the Finance Committee and Investment Committee is an employee of an investment management company that manages approximately \$5,200,000 and \$2,800,000 of United Way's investment portfolio as of June 30, 2008 and 2007, respectively.

Note 15 – June 30, 2007 Financial Information

The June 30, 2008 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, 2007, from which the summarized information was derived.

SUPPLEMENTAL INFORMATION



CARLSBAD | ESCONDIDO | PORTLAND

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**INDEPENDENT AUDITORS' REPORT
ON SUPPLEMENTAL INFORMATION**

To the 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 the 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.

AKT LLP

Carlsbad, California
October 15, 2008

UNITED WAY OF SAN DIEGO COUNTY

SUPPLEMENTAL INFORMATION COMMUNITY IMPACT FUNDS AWARDED AND DESIGNATIONS PAID TO ASSOCIATED, AFFILIATED, AND CERTIFIED AGENCIES YEARS ENDED JUNE 30, 2008 AND 2007

	2008-2009 Community Impact Funds Awarded/ Distributed	2007-2008 Community Impact Funds Awarded/ Distributed	Designations paid in 07/08	Designations paid in 06/07
Stopping Child Abuse and Neglect	\$ 945,413	\$ 382,386	93,808	-
Promoting Financial Stability and Independence	643,491	110,680	241,430	-
Homeless Outreach and Prevention	729,174	160,156	200,150	-
San Diego 2007 Fire Fund	466,964	-	1,236,789	-
Response Fund & Others	-	-	154,619	-
Designated for Impact areas only	411,498	2,086,145	-	-
Special Allocations	-	-	81,442	-
Associated, Affiliated and Certified Agencies	-	-	-	-
Combined Health Agencies	523,117	531,189	531,189	501,973
Access Center of San Diego, Inc., The	-	-	-	25,618
Adult Protective Services, Inc.	-	-	-	5,000
Advanced Cancer Research Center	-	-	-	5,000
Alliance for African Assistance	-	-	-	25,618
Alpha Behavioral Health Services	-	-	-	23,750
Alpha Project for the Homeless	-	-	-	25,618
Alzheimer's Family Centers, Inc.	-	-	-	39,646
American Cancer Society, Border Region	-	-	-	53,249
American Red Cross San Diego/Imperial Counties	-	-	-	56,650
American Youth Hostels-Hostelling International, San Diego Council	-	-	-	5,000
Arc of San Diego, The	-	-	-	5,000
Armed Services YMCA, Camp Pendleton	-	-	-	25,618
Armed Services YMCA, San Diego	-	-	-	25,618
Barrio Station	-	-	-	39,646
Bayside Community Center	-	-	-	32,419
Big Brothers & Sisters of San Diego County	-	-	-	25,618
Big Sister League, Inc.	-	-	-	15,415
Boy Scouts of America, Desert Pacific Council	-	-	-	20,454
Boy Scouts of America, San Diego	-	-	-	5,000
Boys & Girls Club of Carlsbad	-	-	-	25,618
Boys & Girls Club of Chula Vista, Inc.	-	-	-	5,000
Boys & Girls Club of Imperial Beach	-	-	-	25,618
Boys & Girls Club of Oceanside, Inc.	-	-	-	5,000
Boys & Girls Club of San Dieguito, Inc.	-	-	-	5,000
Boys & Girls Club of San Marcos, Inc.	-	-	-	5,000
Boys & Girls Club of Vista, Inc.	-	-	-	5,000
Boys & Girls Clubs of East County	-	-	-	25,618
Boys & Girls Clubs of Greater San Diego	-	-	-	49,635
Boys & Girls Clubs of National City	-	-	-	25,618
Boys & Girls Clubs of North County	-	-	-	25,618
Canine Companions for Indep., SW Trng Ctr.	-	-	-	5,000
Casa de Amparo: House of Refuge	-	-	-	25,618
Casa Familiar	-	-	-	25,618
Catholic Charities	-	-	-	46,234
Center for Community Solutions	-	-	-	32,419
Chicano Federation of San Diego County, Inc.	-	-	-	49,635
Children's Dental Health Association of San Diego	-	-	-	18,605
Children's Hospital and Health Center	-	-	-	32,418
Children's Initiative	-	-	-	19,580

UNITED WAY OF SAN DIEGO COUNTY

SUPPLEMENTAL INFORMATION COMMUNITY IMPACT FUNDS AWARDED AND DESIGNATIONS PAID TO ASSOCIATED, AFFILIATED, AND CERTIFIED AGENCIES (CONTINUED) YEARS ENDED JUNE 30, 2008 AND 2007

	2008-2009 Community Impact Funds Awarded/ <u>Distributed</u>	2007-2008 Community Impact Funds Awarded/ <u>Distributed</u>	Designations <u>paid in 07/08</u>	Designations <u>paid in 06/07</u>
Communities Against Substance Abuse	-	-	-	5,000
Community Campership Council of San Diego	-	-	-	5,000
Community Health Improvement Partners	-	-	-	5,000
Community Interface Services	-	-	-	5,000
Community Resource Center	-	-	-	25,618
Comprehensive Health Center	-	-	-	0
Consumer Credit Counselors of San Diego & Imperial Counties	-	-	-	25,618
CRASH, Inc.	-	-	-	5,000
Crisis House	-	-	-	32,419
Deaf Community Services of San Diego, Inc.	-	-	-	5,000
Educational Enrichment Systems, Inc.	-	-	-	25,618
Elder Law & Advocacy	-	-	-	5,000
ElderHelp of San Diego	-	-	-	25,618
Elementary Institute of Science	-	-	-	5,000
Elizabeth Hospice, The	-	-	-	5,000
Episcopal Community Services	-	-	-	5,000
Escondido Community Child Development Center	-	-	-	5,000
Fallbrook Child Development Center, Inc.	-	-	-	5,000
Family Health Centers of San Diego, Inc.	-	-	-	32,419
Fraternity House, Inc.	-	-	-	25,618
Girl Scouts San Diego-Imperial Council, Inc.	-	-	-	32,419
Girls Club of San Diego, Inc.	-	-	-	5,000
Girls Incorporated of North San Diego County	-	-	-	5,000
Harmonium, Inc.	-	-	-	29,019
Home of Guiding Hands	-	-	-	25,618
Home Start, Inc.	-	-	-	46,234
Hospice of the North Coast	-	-	-	5,000
Imperial Beach Health Center	-	-	-	25,618
Indian Human Resource Center, Inc.	-	-	-	25,618
INFO LINE	-	-	-	101,000
Interfaith Community Services	-	-	-	39,646
Jewish Community Center of San Diego County	-	-	-	5,000
Jewish Family Service of San Diego	-	-	-	25,618
Kids Korps USA	-	-	-	5,000
La Maestra Family Clinic	-	-	-	5,000
Legal Aid Society of San Diego, Inc.	-	-	-	39,646
Lifeline Community Services	-	-	-	53,250
Lutheran Social Services	-	-	-	25,618
MAAC Project	-	-	-	32,419
Make-A-Wish Foundation	-	-	-	5,000
Meals-on-Wheels Greater San Diego, Inc.	-	-	-	32,419
MITE (McAlister Institute for Treatment & Ed.)	-	-	-	25,618
Mountain Health & Community Services	-	-	-	5,000
NAMI San Diego	-	-	-	5,000
National Conflict Resolution Center	-	-	-	5,000

UNITED WAY OF SAN DIEGO COUNTY

SUPPLEMENTAL INFORMATION COMMUNITY IMPACT FUNDS AWARDED AND DESIGNATIONS PAID TO ASSOCIATED, AFFILIATED, AND CERTIFIED AGENCIES (CONTINUED) YEARS ENDED JUNE 30, 2008 AND 2007

	2008-2009 Community Impact Funds Awarded/ <u>Distributed</u>	2007-2008 Community Impact Funds Awarded/ <u>Distributed</u>	Designations paid in 07/08	Designations paid in 06/07
Neighborhood Healthcare	-	-	-	29,019
Neighborhood House Association	-	-	-	56,646
New Haven Youth & Family Services, Inc.	-	-	-	5,000
North County Community Services	-	-	-	5,000
Ocean Beach Child Care Project	-	-	-	5,000
Operation Samahan, Inc.	-	-	-	25,618
Palomar Family Counseling Service, Inc.	-	-	-	25,618
Parent Institute for Quality Education	-	-	-	5,000
Partnerships With Industry	-	-	-	5,000
Planned Parenthood of San Diego & Riverside Counties	-	-	-	5,000
Poway Valley Senior Citizens Corp.	-	-	-	5,000
Ramona Food & Clothes Closet	-	-	-	5,000
Rancho Bernardo Joslyn Senior Center	-	-	-	5,000
Redwood Elderlink	-	-	-	5,000
Regional Task Force on the Homeless	-	-	-	27,412
Salvation Army, The	-	-	-	32,419
San Diego American Indian Health Center, Inc.	-	-	-	5,000
San Diego Blood Bank	-	-	-	5,000
San Diego Center for Children	-	-	-	5,000
San Diego Center for the Blind & Vision Impaired	-	-	-	25,618
San Diego Council on Literacy	-	-	-	25,618
San Diego Family Care	-	-	-	5,000
San Diego LGBT Community Center, The	-	-	-	32,413
San Diego Rescue Mission	-	-	-	25,618
San Diego Urban League	-	-	-	39,646
San Diego Volunteer Lawyer Program	-	-	-	25,618
San Diego Youth & Community Services, Inc.	-	-	-	42,835
San Ysidro Health Center	-	-	-	5,000
Senior Community Centers of San Diego	-	-	-	39,646
SER/Jobs for Progress	-	-	-	5,000
Sherman Heights Community Center	-	-	-	5,000
Social Advocates for Youth (SAY)	-	-	-	32,419
South Bay Community Services	-	-	-	56,650
Southern Caregiver Resource Center	-	-	-	5,000
St. Clare's Home, Inc.	-	-	-	49,635
St. Madeleine Sophie's Center	-	-	-	5,000
St. Vincent de Paul Village	-	-	-	53,249
STAR/PAL	-	-	-	25,618

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, 2008 AND 2007

	2008-2009 Community Impact Funds Awarded/ <u>Distributed</u>	2007-2008 Community Impact Funds Awarded/ <u>Distributed</u>	Designations <u>paid in 07/08</u>	Designations <u>paid in 06/07</u>
Teen Challenge of Southern California	-	-	-	5,000
Travelers Aid Society of San Diego, Inc.	-	-	-	5,000
Union of Pan Asian Communities of San Diego County	-	-	-	49,635
United Cerebral Palsy Association of San Diego County	-	-	-	39,646
Unyeway, Inc.	-	-	-	5,000
USO Council of San Diego	-	-	-	5,000
Vietnam Veterans of San Diego, Inc.	-	-	-	5,000
Vietnam Village of San Diego, Inc.	-	-	-	20,618
Vista Community Clinic	-	-	-	25,618
Vista Hill Foundation	-	-	-	25,618
Voices for Children	-	-	-	32,419
Volunteer San Diego	-	-	-	25,618
Volunteers of America, Southwest California, Inc.	-	-	-	5,000
Women's Resource Center	-	-	-	25,618
YMCA of San Diego County	-	-	-	56,650
Youth Tennis San Diego	-	-	-	5,000
YWCA of San Diego County	-	-	-	53,250
Agencies decertified - funds returned	-	-	-	(35,204)
Total	<u>\$ 3,719,657</u>	<u>\$ 3,270,556</u>	<u>\$ 2,539,427</u>	<u>\$ 3,403,251</u>