

Return of Organization Exempt From Income Tax

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

2006

Open to Public Inspection

Department of the Treasury Internal Revenue Service

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

A For the 2006 calendar year, or tax year beginning 7/01, 2006, and ending 6/30, 2007

- B Check if applicable: Address change, Name change, Initial return, Final return, Amended return, Application pending

C THE ARC OF SAN DIEGO, 9575 AERO DRIVE, SAN DIEGO, CA 92123-1803

D Employer Identification Number 95-1863913, E Telephone number 858.715.3780, F Accounting method: Cash, Accrual, Other (specify)

Section 501(c)(3) organizations and 4947(a)(1) nonexempt charitable trusts must attach a completed Schedule A (Form 990 or 990-EZ).

- H and I are not applicable to section 527 organizations. H (a) Is this a group return for affiliates? H (b) If 'Yes,' enter number of affiliates. H (c) Are all affiliates included? H (d) Is this a separate return filed by an organization covered by a group ruling?

G Web site: WWW.ARC-SD.COM

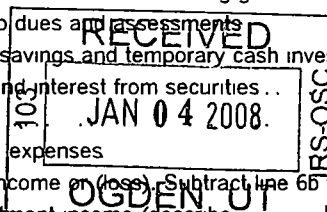
J Organization type (check only one): 501(c) 3 (insert no), 4947(a)(1) or 527

K Check here if the organization is not a 509(a)(3) supporting organization and its gross receipts are normally not more than \$25,000.

L Gross receipts: Add lines 6b, 8b, 9b, and 10b to line 12 32,686,224.

Part I Revenue, Expenses, and Changes in Net Assets or Fund Balances (See the instructions.)

Table with 21 rows and 3 columns: Description, Amount, and Total. Includes sections for Revenue (lines 1-12), Expenses (lines 13-17), and Net Assets (lines 18-21). Total revenue is 32,686,224 and total expenses is 32,328,184.



RECEIVED

EXPENSES

ASSETS

617

**Part II Statement of Functional Expenses** All organizations must complete column (A) Columns (B), (C), and (D) are required for section 501(c)(3) and (4) organizations and section 4947(a)(1) nonexempt charitable trusts but optional for others.

Do not include amounts reported on line 6b, 8b, 9b, 10b, or 16 of Part I.		(A) Total	(B) Program services	(C) Management and general	(D) Fundraising
<b>22a</b> Grants paid from donor advised funds (attach sch) (cash \$ _____) non-cash \$ _____ If this amount includes foreign grants, check here <input type="checkbox"/>	<b>22a</b>				
<b>22b</b> Other grants and allocations (att sch) (cash \$ _____) non-cash \$ _____ If this amount includes foreign grants, check here <input type="checkbox"/>	<b>22b</b>				
<b>23</b> Specific assistance to individuals (attach schedule)	<b>23</b>				
<b>24</b> Benefits paid to or for members (attach schedule)	<b>24</b>				
<b>25a</b> Compensation of current officers, directors, key employees, etc listed in Part V-A (attach sch)	<b>25a</b>	0.	0.	0.	0.
<b>b</b> Compensation of former officers, directors, key employees, etc listed in Part V-B (attach sch)	<b>25b</b>	0.	0.	0.	0.
<b>c</b> Compensation and other distributions, not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B) (attach schedule)	<b>25c</b>	0.	0.	0.	0.
<b>26</b> Salaries and wages of employees not included on lines 25a, b, and c	<b>26</b>	15,111,232.	13,628,895.	1,482,337.	
<b>27</b> Pension plan contributions not included on lines 25a, b, and c	<b>27</b>				
<b>28</b> Employee benefits not included on lines 25a - 27	<b>28</b>	2,872,665.	2,614,278.	258,387.	
<b>29</b> Payroll taxes	<b>29</b>	1,267,952.	1,153,206.	114,746.	
<b>30</b> Professional fundraising fees	<b>30</b>				
<b>31</b> Accounting fees	<b>31</b>				
<b>32</b> Legal fees	<b>32</b>				
<b>33</b> Supplies	<b>33</b>	1,149,636.	1,043,248.	106,388.	
<b>34</b> Telephone.	<b>34</b>				
<b>35</b> Postage and shipping	<b>35</b>				
<b>36</b> Occupancy	<b>36</b>	2,199,509.	2,128,381.	71,128.	
<b>37</b> Equipment rental and maintenance	<b>37</b>	333,696.	252,658.	81,038.	
<b>38</b> Printing and publications	<b>38</b>				
<b>39</b> Travel	<b>39</b>	1,251,083.	1,162,609.	88,474.	
<b>40</b> Conferences, conventions, and meetings	<b>40</b>				
<b>41</b> Interest	<b>41</b>	9,977.		9,977.	
<b>42</b> Depreciation, depletion, etc (attach schedule)	<b>42</b>				
<b>43</b> Other expenses not covered above (itemize)					
<b>a</b> SEE STATEMENT 2	<b>43a</b>	8,132,434.	7,747,111.	264,386.	120,937.
<b>b</b> -----	<b>43b</b>				
<b>c</b> -----	<b>43c</b>				
<b>d</b> -----	<b>43d</b>				
<b>e</b> -----	<b>43e</b>				
<b>f</b> -----	<b>43f</b>				
<b>g</b> -----	<b>43g</b>				
<b>44</b> Total functional expenses. Add lines 22a through 43g (Organizations completing columns (B) - (D), carry these totals to lines 13 - 15)	<b>44</b>	32,328,184.	29,730,386.	2,476,861.	120,937.

**Joint Costs.** Check  if you are following SOP 98-2.  
 Are any joint costs from a combined educational campaign and fundraising solicitation reported in (B) Program services?  Yes  No  
 If 'Yes,' enter (i) the aggregate amount of these joint costs \$ \_\_\_\_\_; (ii) the amount allocated to Program services \$ \_\_\_\_\_; (iii) the amount allocated to Management and general \$ \_\_\_\_\_; and (iv) the amount allocated to Fundraising \$ \_\_\_\_\_

**Part III Statement of Program Service Accomplishments**

Form 990 is available for public inspection and, for some people, serves as the primary or sole source of information about a particular organization. How the public perceives an organization in such cases may be determined by the information presented on its return. Therefore, please make sure the return is complete and accurate and fully describes, in Part III, the organization's programs and accomplishments.

What is the organization's primary exempt purpose? ▶ <u>SEE STATEMENT 3</u> All organizations must describe their exempt purpose achievements in a clear and concise manner. State the number of clients served, publications issued, etc. Discuss achievements that are not measurable. (Section 501(c)(3) and (4) organizations and 4947(a)(1) nonexempt charitable trusts must also enter the amount of grants and allocations to others.)	Program Service Expenses (Required for 501(c)(3) and (4) organizations and 4947(a)(1) trusts, but optional for others)
a <u>SEE STATEMENT 4</u> ----- ----- ----- ----- ----- (Grants and allocations \$ _____ ) If this amount includes foreign grants, check here ▶ <input type="checkbox"/>	29,730,386.
b ----- ----- ----- ----- ----- (Grants and allocations \$ _____ ) If this amount includes foreign grants, check here ▶ <input type="checkbox"/>	
c ----- ----- ----- ----- ----- (Grants and allocations \$ _____ ) If this amount includes foreign grants, check here ▶ <input type="checkbox"/>	
d ----- ----- ----- ----- ----- (Grants and allocations \$ _____ ) If this amount includes foreign grants, check here ▶ <input type="checkbox"/>	
e Other program services ... .. (Grants and allocations \$ _____ ) If this amount includes foreign grants, check here ▶ <input type="checkbox"/>	
<b>f Total of Program Service Expenses</b> (should equal line 44, column (B), Program services) ▶	<b>29,730,386.</b>

BAA

**Part IV Balance Sheets** (See the instructions.)

**Note:** Where required, attached schedules and amounts within the description column should be for end-of-year amounts only.

		(A) Beginning of year	(B) End of year
ASSETS	45 Cash — non-interest-bearing	10,918.	8,660.
	46 Savings and temporary cash investments	2,179,759.	2,439,901.
	47a Accounts receivable	3,641,993.	
	b Less: allowance for doubtful accounts	30,125.	
		4,005,275.	3,611,868.
	48a Pledges receivable		
	b Less: allowance for doubtful accounts		
	49 Grants receivable		
	50a Receivables from current and former officers, directors, trustees, and key employees (attach schedule)		
	b Receivables from other disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B) (attach schedule)		
	51a Other notes and loans receivable (attach schedule)		
	b Less: allowance for doubtful accounts		
	52 Inventories for sale or use		
	53 Prepaid expenses and deferred charges	93,092.	125,185.
	54a Investments — publicly-traded securities STMT 5 <input type="checkbox"/> Cost <input checked="" type="checkbox"/> FMV	10,860.	16,476.
	b Investments — other securities (attach sch) STMT 6 <input type="checkbox"/> Cost <input checked="" type="checkbox"/> FMV	6,058,309.	7,541,631.
	55a Investments — land, buildings, & equipment: basis		
	b Less: accumulated depreciation (attach schedule)		
	56 Investments — other (attach schedule)		
	57a Land, buildings, and equipment: basis	20,316,071.	
b Less: accumulated depreciation (attach schedule) STATEMENT 7	6,520,949.		
58 Other assets, including program-related investments (describe ► SEE STATEMENT 8)	2,110,309.	2,406,439.	
59 <b>Total assets</b> (must equal line 74). Add lines 45 through 58	28,481,978.	29,945,282.	
LIABILITIES	60 Accounts payable and accrued expenses	3,993,077.	4,446,664.
	61 Grants payable		
	62 Deferred revenue	67,387.	79,887.
	63 Loans from officers, directors, trustees, and key employees (attach schedule)		
	64a Tax-exempt bond liabilities (attach schedule)		
	b Mortgages and other notes payable (attach schedule) SEE STATEMENT 9	9,275,917.	8,919,713.
	65 Other liabilities (describe ► SEE STATEMENT 10)	32,951.	11,708.
66 <b>Total liabilities.</b> Add lines 60 through 65	13,369,332.	13,457,972.	
NET ASSETS OR FUND BALANCES	<b>Organizations that follow SFAS 117, check here</b> <input checked="" type="checkbox"/> and complete lines 67 through 69 and lines 73 and 74.		
	67 Unrestricted	12,340,965.	13,505,557.
	68 Temporarily restricted	1,736,684.	1,844,561.
	69 Permanently restricted	1,034,997.	1,137,192.
	<b>Organizations that do not follow SFAS 117, check here</b> <input type="checkbox"/> and complete lines 70 through 74.		
	70 Capital stock, trust principal, or current funds		
	71 Paid-in or capital surplus, or land, building, and equipment fund		
	72 Retained earnings, endowment, accumulated income, or other funds		
73 <b>Total net assets or fund balances.</b> Add lines 67 through 69 or lines 70 through 72. (Column (A) must equal line 19 and column (B) must equal line 21)	15,112,646.	16,487,310.	
74 <b>Total liabilities and net assets/fund balances.</b> Add lines 66 and 73	28,481,978.	29,945,282.	

**Part IV-A Reconciliation of Revenue per Audited Financial Statements with Revenue per Return** (See the instructions.)

<b>a</b>	Total revenue, gains, and other support per audited financial statements		<b>a</b>	33,702,848.
<b>b</b>	Amounts included on line a but not on Part I, line 12:			
	1 Net unrealized gains on investments	<b>b1</b>		1,016,624.
	2 Donated services and use of facilities	<b>b2</b>		
	3 Recoveries of prior year grants	<b>b3</b>		
	4 Other (specify): _____	<b>b4</b>		
	Add lines <b>b1</b> through <b>b4</b>		<b>b</b>	1,016,624.
<b>c</b>	Subtract line <b>b</b> from line <b>a</b>		<b>c</b>	32,686,224.
<b>d</b>	Amounts included on Part I, line 12, but not on line a:			
	1 Investment expenses not included on Part I, line 6b	<b>d1</b>		
	2 Other (specify): _____	<b>d2</b>		
	Add lines <b>d1</b> and <b>d2</b>		<b>d</b>	
<b>e</b>	<b>Total revenue</b> (Part I, line 12). Add lines <b>c</b> and <b>d</b>		<b>e</b>	32,686,224.

**Part IV-B Reconciliation of Expenses per Audited Financial Statements with Expenses per Return**

<b>a</b>	Total expenses and losses per audited financial statements		<b>a</b>	32,328,184.
<b>b</b>	Amounts included on line a but not on Part I, line 17:			
	1 Donated services and use of facilities	<b>b1</b>		
	2 Prior year adjustments reported on Part I, line 20	<b>b2</b>		
	3 Losses reported on Part I, line 20	<b>b3</b>		
	4 Other (specify): _____	<b>b4</b>		
	Add lines <b>b1</b> through <b>b4</b>		<b>b</b>	
<b>c</b>	Subtract line <b>b</b> from line <b>a</b>		<b>c</b>	32,328,184.
<b>d</b>	Amounts included on Part I, line 17, but not on line a:			
	1 Investment expenses not included on Part I, line 6b	<b>d1</b>		
	2 Other (specify): _____	<b>d2</b>		
	Add lines <b>d1</b> and <b>d2</b>		<b>d</b>	
<b>e</b>	<b>Total expenses</b> (Part I, line 17). Add lines <b>c</b> and <b>d</b>		<b>e</b>	32,328,184.

**Part V-A Current Officers, Directors, Trustees, and Key Employees** (List each person who was an officer, director, trustee, or key employee at any time during the year even if they were not compensated.) (See the instructions.)

(A) Name and address	(B) Title and average hours per week devoted to position	(C) Compensation (if not paid, enter -0-)	(D) Contributions to employee benefit plans and deferred compensation plans	(E) Expense account and other allowances
SEE STATEMENT 11		0.	0.	0.
-----				
-----				
-----				
-----				
-----				
-----				
-----				
-----				
-----				



Part VI Other Information (continued)		Yes	No
82a	Did the organization receive donated services or the use of materials, equipment, or facilities at no charge or at substantially less than fair rental value?		X
b	If 'Yes,' you may indicate the value of these items here. Do not include this amount as revenue in Part I or as an expense in Part II. (See instructions in Part III.)		
82b	N/A		
83a	Did the organization comply with the public inspection requirements for returns and exemption applications?	X	
b	Did the organization comply with the disclosure requirements relating to <i>quid pro quo</i> contributions?	X	
83b			
84a	Did the organization solicit any contributions or gifts that were not tax deductible?		X
b	If 'Yes,' did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?		
84b	N/A		
85	501(c)(4), (5), or (6) organizations. a Were substantially all dues nondeductible by members?		
85a	N/A		
b	Did the organization make only in-house lobbying expenditures of \$2,000 or less?		
85b	N/A		
	If 'Yes' was answered to either 85a or 85b, do not complete 85c through 85h below unless the organization received a waiver for proxy tax owed for the prior year.		
c	Dues, assessments, and similar amounts from members		
85c	N/A		
d	Section 162(e) lobbying and political expenditures		
85d	N/A		
e	Aggregate nondeductible amount of section 6033(e)(1)(A) dues notices		
85e	N/A		
f	Taxable amount of lobbying and political expenditures (line 85d less 85e)		
85f	N/A		
g	Does the organization elect to pay the section 6033(e) tax on the amount on line 85f?		
85g	N/A		
h	If section 6033(e)(1)(A) dues notices were sent, does the organization agree to add the amount on line 85f to its reasonable estimate of dues allocable to nondeductible lobbying and political expenditures for the following tax year?		
85h	N/A		
86	501(c)(7) organizations. Enter: a Initiation fees and capital contributions included on line 12.		
86a	N/A		
b	Gross receipts, included on line 12, for public use of club facilities		
86b	N/A		
87	501(c)(12) organizations. Enter: a Gross income from members or shareholders		
87a	N/A		
b	Gross income from other sources. (Do not net amounts due or paid to other sources against amounts due or received from them.)		
87b	N/A		
88a	At any time during the year, did the organization own a 50% or greater interest in a taxable corporation or partnership, or an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? If 'Yes,' complete Part IX		X
b	At any time during the year, did the organization, directly or indirectly, own a controlled entity within the meaning of section 512(b)(13)? If 'Yes,' complete Part XI		X
88b			
89a	501(c)(3) organizations. Enter: Amount of tax imposed on the organization during the year under: section 4911 ▶ 0. ; section 4912 ▶ 0. ; section 4955 ▶ 0.		
b	501(c)(3) and 501(c)(4) organizations. Did the organization engage in any section 4958 excess benefit transaction during the year or did it become aware of an excess benefit transaction from a prior year? If 'Yes,' attach a statement explaining each transaction		X
89b			
c	Enter: Amount of tax imposed on the organization managers or disqualified persons during the year under sections 4912, 4955, and 4958 ▶ 0.		
d	Enter: Amount of tax on line 89c, above, reimbursed by the organization ▶ 0.		
e	All organizations. At any time during the tax year, was the organization a party to a prohibited tax shelter transaction?		X
89e			
f	All organizations. Did the organization acquire a direct or indirect interest in any applicable insurance contract?		X
89f			
g	For supporting organizations and sponsoring organizations maintaining donor advised funds. Did the supporting organization, or a fund maintained by a sponsoring organization, have excess business holdings at any time during the year?		X
89g			
90a	List the states with which a copy of this return is filed ▶ CA		
b	Number of employees employed in the pay period that includes March 12, 2006 (See instructions.)		621
90b			
91a	The books are in care of ▶ VICTORIA CENDREDA Telephone number ▶ 858.715.3780		
	Located at ▶ 9575 AERO DRIVE, SAN DIEGO, CA, ZIP + 4 ▶ 92123-1803		
b	At any time during the calendar year, did the organization have an interest in or a signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account)? If 'Yes,' enter the name of the foreign country ▶	Yes	No
91b			X

See the instructions for exceptions and filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts.



**Part XI Information Regarding Transfers To and From Controlled Entities.** Complete only if the organization is a controlling organization as defined in section 512(b)(13).

**106** Did the reporting organization **make** any transfers to a controlled entity as defined in section 512(b)(13) of the Code? If 'Yes,' complete the schedule below for each controlled entity

Yes	No
	X

	(A) Name, address, of each controlled entity	(B) Employer Identification Number	(C) Description of transfer	(D) Amount of transfer
a	-----			
b	-----			
c	-----			
<b>Totals</b>				

**107** Did the reporting organization **receive** any transfers from a controlled entity as defined in section 512(b)(13) of the Code? If 'Yes,' complete the schedule below for each controlled entity

Yes	No
	X

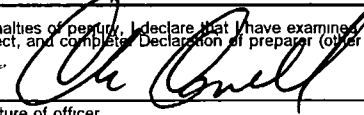
	(A) Name, address, of each controlled entity	(B) Employer Identification Number	(C) Description of transfer	(D) Amount of transfer
a	-----			
b	-----			
c	-----			
<b>Totals</b>				

**108** Did the organization have a binding written contract in effect on August 17, 2006, covering the interest, rents, royalties, and annuities described in question 107 above?

Yes	No
	X

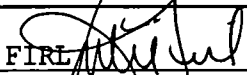
Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

**Please Sign Here**

▶  ▶ 12/30/07  
 Signature of officer Date

▶ CHARLES E COVELL PRESIDENT & CEO  
 Type or print name and title

**Paid Preparer's Use Only**

Preparer's signature	▶ JULIE A. FIRE 	Date	11/16/07	Check if self employed	▶ <input checked="" type="checkbox"/>	Preparer's SSN or PTIN (See General Instruction W)	P00085551
Firm's name (or yours if self-employed), address, and ZIP + 4	▶ LEAF & COLE, LLP 1843 HOTEL CIRCLE SOUTH, #300 SAN DIEGO, CA 92108-3322	EIN	▶ 95-2076568	Phone no	▶ 619.294.7200		

**SCHEDULE A**  
(Form 990 or 990-EZ)

Department of the Treasury  
Internal Revenue Service

**Organization Exempt Under  
Section 501(c)(3)**

(Except Private Foundation) and Section 501(e), 501(f), 501(k),  
501(n), or 4947(a)(1) Nonexempt Charitable Trust  
Supplementary Information — (See separate instructions.)

▶ **MUST be completed by the above organizations and attached to their Form 990 or 990-EZ.**

OMB No 1545 0047

**2006**

Name of the organization

THE ARC OF SAN DIEGO

Employer identification number

95-1863913

**Part I Compensation of the Five Highest Paid Employees Other Than Officers, Directors, and Trustees**  
(See instructions. List each one. If there are none, enter 'None'.)

(a) Name and address of each employee paid more than \$50,000	(b) Title and average hours per week devoted to position	(c) Compensation	(d) Contributions to employee benefit plans and deferred compensation	(e) Expense account and other allowances
SEE STATEMENT 13		623,384.	4,736.	0.
Total number of other employees paid over \$50,000 ▶		0		

**Part II - A Compensation of the Five Highest Paid Independent Contractors for Professional Services**  
(See instructions. List each one (whether individuals or firms). If there are none, enter 'None'.)

(a) Name and address of each independent contractor paid more than \$50,000	(b) Type of service	(c) Compensation
NONE		
Total number of others receiving over \$50,000 for professional services ▶		0

**Part II - B Compensation of the Five Highest Paid Independent Contractors for Other Services**  
(List each contractor who performed services other than professional services, whether individuals or firms. If there are none, enter 'None.' See instructions.)

(a) Name and address of each independent contractor paid more than \$50,000	(b) Type of service	(c) Compensation
NONE		
Total number of other contractors receiving over \$50,000 for other services ▶		0

**Part III** Statements About Activities (See instructions.)

	Yes	No
<b>1</b> During the year, has the organization attempted to influence national, state, or local legislation, including any attempt to influence public opinion on a legislative matter or referendum? If 'Yes,' enter the total expenses paid or incurred in connection with the lobbying activities ▶ \$ <u>                    N/A                    </u> (Must equal amounts on line 38, Part VI-A, or line i of Part VI-B.) Organizations that made an election under section 501(h) by filing Form 5768 must complete Part VI-A. Other organizations checking 'Yes' must complete Part VI-B AND attach a statement giving a detailed description of the lobbying activities.		X
<b>2</b> During the year, has the organization, either directly or indirectly, engaged in any of the following acts with any substantial contributors, trustees, directors, officers, creators, key employees, or members of their families, or with any taxable organization with which any such person is affiliated as an officer, director, trustee, majority owner, or principal beneficiary? (If the answer to any question is 'Yes,' attach a detailed statement explaining the transactions.)		
<b>a</b> Sale, exchange, or leasing of property?		X
<b>b</b> Lending of money or other extension of credit?		X
<b>c</b> Furnishing of goods, services, or facilities?		X
<b>d</b> Payment of compensation (or payment or reimbursement of expenses if more than \$1,000)?	X	
<b>e</b> Transfer of any part of its income or assets?		X
<b>3a</b> Did the organization make grants for scholarships, fellowships, student loans, etc? (If 'Yes,' attach an explanation of how the organization determines that recipients qualify to receive payments.)		X
<b>b</b> Did the organization have a section 403(b) annuity plan for its employees?		X
<b>c</b> Did the organization receive or hold an easement for conservation purposes, including easements to preserve open space, the environment, historic land areas or historic structures? If 'Yes,' attach a detailed statement.		X
<b>d</b> Did the organization provide credit counseling, debt management, credit repair, or debt negotiation services?		X
<b>4a</b> Did the organization maintain any donor advised funds? If 'Yes,' complete lines 4b through 4g. If 'No,' complete lines 4f and 4g.		X
<b>b</b> Did the organization make any taxable distributions under section 4966?		N/A
<b>c</b> Did the organization make a distribution to a donor, donor advisor, or related person?		N/A
<b>d</b> Enter the total number of donor advised funds owned at the end of the tax year ▶		N/A
<b>e</b> Enter the aggregate value of assets held in all donor advised funds owned at the end of the tax year ▶		N/A
<b>f</b> Enter the total number of separate funds or accounts owned at the end of the tax year (excluding donor advised funds included on line 4d) where donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts ▶		0
<b>g</b> Enter the aggregate value of assets held in all funds or accounts included on line 4f at the end of the tax year ▶		0.

**Part IV Reason for Non-Private Foundation Status** (See instructions.)

I certify that the organization is not a private foundation because it is: (Please check only **ONE** applicable box.)

- 5  A church, convention of churches, or association of churches Section 170(b)(1)(A)(i).
- 6  A school. Section 170(b)(1)(A)(ii). (Also complete Part V.)
- 7  A hospital or a cooperative hospital service organization. Section 170(b)(1)(A)(iii).
- 8  A federal, state, or local government or governmental unit. Section 170(b)(1)(A)(v).
- 9  A medical research organization operated in conjunction with a hospital. Section 170(b)(1)(A)(iii). **Enter the hospital's name, city, and state** ▶ \_\_\_\_\_
- 10  An organization operated for the benefit of a college or university owned or operated by a governmental unit. Section 170(b)(1)(A)(iv). (Also complete the **Support Schedule** in Part IV-A.)
- 11a  An organization that normally receives a substantial part of its support from a governmental unit or from the general public. Section 170(b)(1)(A)(vi). (Also complete the **Support Schedule** in Part IV-A.)
- 11b  A community trust. Section 170(b)(1)(A)(vi). (Also complete the **Support Schedule** in Part IV-A.)
- 12  An organization that normally receives **(1) more than 33-1/3%** of its support from contributions, membership fees, and gross receipts from activities related to its charitable, etc, functions — subject to certain exceptions, and **(2) no more than 33-1/3%** of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975. See section 509(a)(2). (Also complete the **Support Schedule** in Part IV-A.)
- 13  An organization that is not controlled by any disqualified persons (other than foundation managers) and otherwise meets the requirements of section 509(a)(3). Check the box that describes the type of supporting organization: ▶  
 Type I     Type II     Type III-Functionally Integrated     Type III-Other

**Provide the following information about the supported organizations.** (See instructions.)

(a) Name(s) of supported organization(s)	(b) Employer identification number (EIN)	(c) Type of organization (described in lines 5 through 12 above or IRC section)	(d) Is the supported organization listed in the supporting organization's governing documents?		(e) Amount of support
			Yes	No	
<b>Total</b>					<b>0.</b>

- 14  An organization organized and operated to test for public safety. Section 509(a)(4). (See instructions.)

**Part IV-A Support Schedule** (Complete only if you checked a box on line 10, 11, or 12.) *Use cash method of accounting.*

**Note:** You may use the worksheet in the instructions for converting from the accrual to the cash method of accounting.

Calendar year (or fiscal year beginning in)	(a) 2005	(b) 2004	(c) 2003	(d) 2002	(e) Total
15 Gifts, grants, and contributions received (Do not include unusual grants. See line 28.)		1,228,299.	1,832,549.	1,145,438.	4,206,286.
16 Membership fees received.		13,378.	14,050.	15,675.	43,103.
17 Gross receipts from admissions, merchandise sold or services performed, or furnishing of facilities in any activity that is related to the organization's charitable, etc, purpose		27,675,257.	27,197,274.	24,920,524.	79,793,055.
18 Gross income from interest, dividends, amounts received from payments on securities loans (section 512(a)(5)), rents, royalties, and unrelated business taxable income (less section 511 taxes) from businesses acquired by the organization after June 30, 1975		244,458.	198,322.	147,840.	590,620.
19 Net income from unrelated business activities not included in line 18					0.
20 Tax revenues levied for the organization's benefit and either paid to it or expended on its behalf					0.
21 The value of services or facilities furnished to the organization by a governmental unit without charge. Do not include the value of services or facilities generally furnished to the public without charge					0.
22 Other income. Attach a schedule. Do not include gain or (loss) from sale of capital assets SEE STMT 14		63,293.	77,467.	400,076.	540,836.
23 Total of lines 15 through 22		29,224,685.	29,319,662.	26,629,553.	85,173,900.
24 Line 23 minus line 17		1,549,428.	2,122,388.	1,709,029.	5,380,845.
25 Enter 1% of line 23		292,247.	293,197.	266,296.	
26 Organizations described on lines 10 or 11:	a Enter 2% of amount in column (e), line 24				26a 107,617.
	b Prepare a list for your records to show the name of and amount contributed by each person (other than a governmental unit or publicly supported organization) whose total gifts for 2002 through 2005 exceeded the amount shown in line 26a. Do not file this list with your return. Enter the total of all these excess amounts				26b
	c Total support for section 509(a)(1) test. Enter line 24, column (e)				26c 5,380,845.
	d Add: Amounts from column (e) for lines: 18 590,620. 19 _____				26d 1,131,456.
	22 540,836. 26b _____				26e 4,249,389.
	e Public support (line 26c minus line 26d total)				26f 78.97 %
	f Public support percentage (line 26e (numerator) divided by line 26c (denominator))				
27 Organizations described on line 12: N/A	a For amounts included in lines 15, 16, and 17 that were received from a 'disqualified person,' prepare a list for your records to show the name of, and total amounts received in each year from, each 'disqualified person.' Do not file this list with your return. Enter the sum of such amounts for each year.				
	(2005) _____	(2004) _____	(2003) _____	(2002) _____	
	b For any amount included in line 17 that was received from each person (other than 'disqualified persons'), prepare a list for your records to show the name of, and amount received for each year, that was more than the larger of (1) the amount on line 25 for the year or (2) \$5,000. (Include in the list organizations described in lines 5 through 11b, as well as individuals.) Do not file this list with your return. After computing the difference between the amount received and the larger amount described in (1) or (2), enter the sum of these differences (the excess amounts) for each year:				
	(2005) _____	(2004) _____	(2003) _____	(2002) _____	
	c Add. Amounts from column (e) for lines: 15 _____ 16 _____				27c _____
	17 _____ 20 _____ 21 _____				27d _____
	d Add: Line 27a total. _____ and line 27b total _____				27e _____
	e Public support (line 27c total minus line 27d total)				
	f Total support for section 509(a)(2) test. Enter amount from line 23, column (e)				27f _____
	g Public support percentage (line 27e (numerator) divided by line 27f (denominator))				27g %
	h Investment income percentage (line 18, column (e) (numerator) divided by line 27f (denominator))				27h %
28 Unusual Grants: For an organization described in line 10, 11, or 12 that received any unusual grants during 2002 through 2005, prepare a list for your records to show, for each year, the name of the contributor, the date and amount of the grant, and a brief description of the nature of the grant. Do not file this list with your return. Do not include these grants in line 15.					

**Part V Private School Questionnaire** (See instructions.)  
**(To be completed ONLY by schools that checked the box on line 6 in Part IV)**

		N/A	
		Yes	No
<b>29</b>	Does the organization have a racially nondiscriminatory policy toward students by statement in its charter, bylaws, other governing instrument, or in a resolution of its governing body?		
<b>30</b>	Does the organization include a statement of its racially nondiscriminatory policy toward students in all its brochures, catalogues, and other written communications with the public dealing with student admissions, programs, and scholarships?		
<b>31</b>	Has the organization publicized its racially nondiscriminatory policy through newspaper or broadcast media during the period of solicitation for students, or during the registration period if it has no solicitation program, in a way that makes the policy known to all parts of the general community it serves? If 'Yes,' please describe; if 'No,' please explain. (If you need more space, attach a separate statement.) ----- ----- -----		
<b>32</b>	Does the organization maintain the following:		
<b>a</b>	Records indicating the racial composition of the student body, faculty, and administrative staff?		
<b>b</b>	Records documenting that scholarships and other financial assistance are awarded on a racially nondiscriminatory basis?		
<b>c</b>	Copies of all catalogues, brochures, announcements, and other written communications to the public dealing with student admissions, programs, and scholarships?		
<b>d</b>	Copies of all material used by the organization or on its behalf to solicit contributions?  If you answered 'No' to any of the above, please explain. (If you need more space, attach a separate statement.) ----- -----		
<b>33</b>	Does the organization discriminate by race in any way with respect to:		
<b>a</b>	Students' rights or privileges?		
<b>b</b>	Admissions policies?		
<b>c</b>	Employment of faculty or administrative staff?		
<b>d</b>	Scholarships or other financial assistance?		
<b>e</b>	Educational policies?		
<b>f</b>	Use of facilities?		
<b>g</b>	Athletic programs?		
<b>h</b>	Other extracurricular activities?  If you answered 'Yes' to any of the above, please explain. (If you need more space, attach a separate statement.) ----- -----		
<b>34a</b>	Does the organization receive any financial aid or assistance from a governmental agency?		
<b>b</b>	Has the organization's right to such aid ever been revoked or suspended? If you answered 'Yes' to either 34a or b, please explain using an attached statement.		
<b>35</b>	Does the organization certify that it has complied with the applicable requirements of sections 4.01 through 4.05 of Rev Proc 75-50, 1975-2 C.B. 587, covering racial nondiscrimination? If 'No,' attach an explanation.		

**Part VI-A Lobbying Expenditures by Electing Public Charities** (See instructions.)  
(To be completed **ONLY** by an eligible organization that filed Form 5768)

N/A

Check **a**  if the organization belongs to an affiliated group. Check **b**  if you checked 'a' and 'limited control' provisions apply.

**Limits on Lobbying Expenditures**

(The term 'expenditures' means amounts paid or incurred.)

	(a) Affiliated group totals	(b) To be completed for all electing organizations
<b>36</b> Total lobbying expenditures to influence public opinion (grassroots lobbying)	<b>36</b>	
<b>37</b> Total lobbying expenditures to influence a legislative body (direct lobbying)	<b>37</b>	
<b>38</b> Total lobbying expenditures (add lines 36 and 37)	<b>38</b>	
<b>39</b> Other exempt purpose expenditures	<b>39</b>	
<b>40</b> Total exempt purpose expenditures (add lines 38 and 39)	<b>40</b>	
<b>41</b> Lobbying nontaxable amount. Enter the amount from the following table —		
<b>If the amount on line 40 is —</b>	<b>The lobbying nontaxable amount is —</b>	
Not over \$500,000	20% of the amount on line 40	
Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000	
Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000	<b>41</b>
Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000	
Over \$17,000,000	\$1,000,000	
<b>42</b> Grassroots nontaxable amount (enter 25% of line 41).	<b>42</b>	
<b>43</b> Subtract line 42 from line 36. Enter -0- if line 42 is more than line 36	<b>43</b>	
<b>44</b> Subtract line 41 from line 38. Enter -0- if line 41 is more than line 38	<b>44</b>	
<b>Caution:</b> If there is an amount on either line 43 or line 44, you must file Form 4720.		

**4 -Year Averaging Period Under Section 501(h)**

(Some organizations that made a section 501(h) election do not have to complete all of the five columns below. See the instructions for lines 45 through 50.)

Calendar year (or fiscal year beginning in) ▶	Lobbying Expenditures During 4 -Year Averaging Period				
	(a) 2006	(b) 2005	(c) 2004	(d) 2003	(e) Total
<b>45</b> Lobbying nontaxable amount					
<b>46</b> Lobbying ceiling amount (150% of line 45(e))					
<b>47</b> Total lobbying expenditures					
<b>48</b> Grassroots non-taxable amount					
<b>49</b> Grassroots ceiling amount (150% of line 48(e))					
<b>50</b> Grassroots lobbying expenditures					

**Part VI-B Lobbying Activity by Nonelecting Public Charities** (See instructions.)  
(For reporting only by organizations that did not complete Part VI-A)

N/A

During the year, did the organization attempt to influence national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of:

- a Volunteers . . . . .
- b Paid staff or management (Include compensation in expenses reported on lines c through h.) . . . . .
- c Media advertisements . . . . .
- d Mailings to members, legislators, or the public . . . . .
- e Publications, or published or broadcast statements . . . . .
- f Grants to other organizations for lobbying purposes . . . . .
- g Direct contact with legislators, their staffs, government officials, or a legislative body . . . . .
- h Rallies, demonstrations, seminars, conventions, speeches, lectures, or any other means . . . . .
- i Total lobbying expenditures (add lines c through h.) . . . . .

Yes	No	Amount

If 'Yes' to any of the above, also attach a statement giving a detailed description of the lobbying activities.



**STATEMENT 1  
FORM 990, PART I, LINE 20  
OTHER CHANGES IN NET ASSETS OR FUND BALANCES**

UNREALIZED GAINS

TOTAL \$ 1,016,624.  
TOTAL \$ 1,016,624.

**STATEMENT 2  
FORM 990, PART II, LINE 43  
OTHER EXPENSES**

	(A) TOTAL	(B) PROGRAM SERVICES	(C) MANAGEMENT & GENERAL	(D) FUNDRAISING
ADVERTISING AND PROMOTION	79,157.	13,020.	66,137.	
DIRECT PRODUCTION & CONTRACT	7,486,979.	7,486,979.		
DUES AND ASSESSMENTS	53,547.	5,565.	47,982.	
FUNDRAISING EXPENSE	120,937.			120,937.
OTHER EXPENSES	65,915.	-805.	66,720.	
PROFESSIONAL FEES	273,471.	197,244.	76,227.	
RECRUITMENT ADVERTISEMENT	52,428.	45,108.	7,320.	
<b>TOTAL</b>	<b>\$ 8,132,434.</b>	<b>\$ 7,747,111.</b>	<b>\$ 264,386.</b>	<b>\$ 120,937.</b>

**STATEMENT 3  
FORM 990, PART III  
ORGANIZATION'S PRIMARY EXEMPT PURPOSE**

THE ARC OF SAN DIEGO EMPOWERS PERSONS WITH DISABILITIES, AND THEIR FAMILIES, BY WORKING IN PARTNERSHIP TO CREATE OPPORTUNITIES TO ACHIEVE THEIR INDIVIDUAL GOALS WITHIN THE COMMUNITY.

THE ARC OF SAN DIEGO WILL BE THE PREMIER PROVIDER OF SERVICES TO PERSONS WITH DISABILITIES. ARC-SD WILL BE AN ADVOCATE FOR DIVERSITY OF OPPORTUNITIES, ENHANCING INDIVIDUAL LIFE CHOICES AS A MEMBER OF THE COMMUNITY.

THE ARC OF SAN DIEGO SUBSCRIBES TO THE FOLLOWING VALUES:

EVERYONE (WHETHER A PERSON SERVED, AN EMPLOYEE, A VOLUNTEER, OR CUSTOMER) WILL BE TREATED EQUALLY, WITHOUT PREJUDICE AND WITH RESPECT.

ARC-SD WILL PROVIDE QUALITY SERVICES AND SUPPORTS WITH:

A WELL TRAINED AND CARING STAFF.

POSITIVE EXPERIENCES FOR PERSONS SERVED, IN A SAFE ENVIRONMENT THAT ALLOWS SOME RISK TAKING WITH NO PRE-CONCEIVED LIMITS ON ACHIEVEMENTS.

STATE-OF-THE-ART EQUIPMENT AND METHODS.

A WILLINGNESS TO INNOVATE AND COLLABORATE.

ARC-SD WILL BE PEOPLE FIRST ORIENTED, COMMITTED TO MEET THE NEEDS AND DESIRES OF ITS PERSONS SERVED, FAMILIES, CUSTOMERS, AND THE COMMUNITY.

ARC-SD IS COMMITTED TO THE LONGEVITY OF THE ORGANIZATION AND ITS SERVICES. ARC-SD HAS A HISTORY OF PROVIDING SERVICES AND SUPPORTS FOR OVER 50 YEARS, AND WILL CONTINUE TO PROVIDE SERVICES FOR MANY YEARS TO COME, REGARDLESS OF FUTURE CIRCUMSTANCES.

**STATEMENT 4  
FORM 990, PART III, LINE A  
STATEMENT OF PROGRAM SERVICE ACCOMPLISHMENTS**

DESCRIPTION	GRANTS AND ALLOCATIONS	PROGRAM SERVICE EXPENSES
<p>COMMUNITY LIVING SERVICES: THE ARC OF SAN DIEGO'S COMMUNITY LIVING SERVICES ADMINISTERS 13 HOMES SPECIFICALLY DESIGNED TO MEET THE HOUSING NEEDS OF PEOPLE WITH DEVELOPMENTAL DISABILITIES. THE ARC OF SAN DIEGO COMMUNITY LIVING SERVICES SUPPORTS PEOPLE WITH DEVELOPMENTAL DISABILITIES IN THEIR DESIRE TO LIVE ON THEIR OWN AND BE PART OF THEIR LOCAL COMMUNITIES. OUR STAFF WORK ONE-ON-ONE WITH EACH INDIVIDUAL, MAINTAINING A CLOSE AND CONTINUING RELATIONSHIP. OUR STAFF PROVIDE DIRECTION AND GUIDANCE BASED ON EACH PERSON'S NEED. TOGETHER, WE IDENTIFY RESOURCES ESSENTIAL TO IMPROVING THE QUALITY OF ONE'S LIFE. THIS INCLUDES PAYING THE RENT AND BILLS, COOKING HEALTHY MEALS, AND USING PUBLIC TRANSPORTATION TO WORK, THE SUPERMARKET OR RECREATIONAL OUTINGS.</p> <p style="text-align: right;">INCLUDES FOREIGN GRANTS: NO</p>		5,548,474.
<p>WORK ACTIVITY VOCATIONAL SERVICES: THIS PROGRAM IS AN OPPORTUNITY TO LEARN A VARIETY OF SKILLS THAT WILL PREPARE PARTICIPANTS FOR THE TYPE OF WORK THEY WANT. THEY GAIN VALUABLE EXPERIENCE WORKING ON A VARIETY OF LIGHT INDUSTRIAL CONTRACTS, JANITORIAL, GROUNDS MAINTENANCE, AND RECYCLING JOBS.</p> <p style="text-align: right;">INCLUDES FOREIGN GRANTS: NO</p>		15,932,019.
<p>ADULT ACTIVITY: THE ARC OF SAN DIEGO'S DAY TRAINING PROGRAMS COMBINE CLASSROOM INSTRUCTION WITH COMMUNITY INTEGRATION AND VOCATIONAL DEVELOPMENT</p> <p>TOGETHER WITH YOUR FAMILY AND SAN DIEGO REGIONAL CENTER SOCIAL WORKER, OUR STAFF HELPS YOU DEVELOP GOALS AND OBJECTIVES THAT LEAD TO A BETTER FUTURE. WE PAY SPECIAL ATTENTION TO YOUR PERSONAL NEEDS AND PREFERENCES.</p> <p>EVERY WEEK A SCHEDULE, STRUCTURED AROUND YOUR INTERESTS AND OBJECTIVES, IS PREPARED. WE STRESS SELF-ADVOCACY AND COMMUNICATION IN ORDER TO MAXIMIZE INDEPENDENCE. ADAPTIVE TECHNOLOGY IS ALSO USED TO FACILITATE DAILY LEARNING, IN ADDITION, YOU MAY BENEFIT FROM THE SERVICES OF SPEECH THERAPISTS AND BEHAVIOR SPECIALISTS.</p> <p style="text-align: right;">INCLUDES FOREIGN GRANTS: NO</p>		6,171,806.
<p>RESPIRE SERVICES: THE ARC OF SAN DIEGO OFFERS TWO RESPIRE PROGRAMS, THE TRADITIONAL IN-HOME SERVICE AND RESPIRE HOUSE.</p> <p>IN-HOME RESPIRE: PEOPLE WITH DEVELOPMENTAL DISABILITIES OFTEN REQUIRE EXTRA ATTENTION AT HOME. THE ARC'S RESPIRE PROGRAM GIVES FAMILIES SHORT-TERM RELIEF FROM THE CONTINUAL CARE OF THEIR SON OR DAUGHTER OR FAMILY MEMBER. MOST FAMILIES USE THIS TIME TO SHOP, RUN ERRANDS, SCHEDULE APPOINTMENTS, SPEND QUALITY TIME WITH THEIR OTHER CHILDREN, GO OUT FOR THE EVENING, OR HAVE PRIVATE TIME ALONE. THROUGH THIS PROGRAM, ARC HELPS TO MAINTAIN FAMILY STABILITY AND PREVENT OR DELAY THE NEED FOR OUT-OF-HOME PLACEMENT. CHILDREN OR ADULTS WHO ARE DEVELOPMENTALLY DISABLED RECEIVE</p>		

STATEMENT 4 (CONTINUED)  
FORM 990, PART III, LINE A  
STATEMENT OF PROGRAM SERVICE ACCOMPLISHMENTS

DESCRIPTION	GRANTS AND ALLOCATIONS	PROGRAM SERVICE EXPENSES
<p>RESPIRE CARE IN THE PRIVACY AND COMFORT OF THEIR HOME. ARC OFFERS RESPIRE CARE ANY HOUR OF THE DAY OR NIGHT, 365 DAYS OF THE YEAR. SIBLING CARE IS ALSO AVAILABLE AT THE SAME TIME FOR A NOMINAL FEE.</p> <p>RESPIRE HOUSE: RESPIRE HOUSE IS A ONE-OF-A-KIND WEEKEND HOME FOR UP TO FOUR AMBULATORY DEVELOPMENTALLY DISABLED ADULTS AGE 18-59. FAMILIES WHO ARE PART OF THIS VERY SPECIAL PROGRAM DROP OFF THEIR FAMILY MEMBER AT 6PM ON FRIDAYS AND RETURN AT 6PM SUNDAY. THE HOME OFFERS WEEKEND ACTIVITIES FOR THE CONSUMER TO ENJOY BOTH IN THE HOUSE AND OUT IN THE COMMUNITY. RESPIRE HOUSE PROVIDES A BREAK FOR FAMILIES AS WELL AS AN ENJOYABLE WEEKEND FOR THE CONSUMERS.</p> <p style="text-align: right;">INCLUDES FOREIGN GRANTS: NO</p>		1,045,392.
<p>INFANT PROGRAMS: THE CHILD/FAMILY SERVICES DEPARTMENT OPERATES SERVICES FOR THE YOUNG CHILD, FROM BIRTH TO THREE YEARS, WHO IS "AT RISK" OR WHOSE DEVELOPMENT HAS BEEN DETERMINED TO BE DELAYED. THE GOAL OF THE SERVICE IS TO ENABLE EACH CHILD TO REACH HIS OR HER FULLEST POTENTIAL. THE PARENT/INFANT PROGRAM FOCUSES ON THE WHOLE CHILD RECOGNIZING BOTH STRENGTHS AND NEEDS. EVERY ACTIVITY IS PRESENTED WITHIN A PLAY ENVIRONMENT OF DAILY ROUTINES FOCUSING ON VARIOUS AREAS OF DEVELOPMENT; FINE AND GROSS MOTOR SKILLS, PERSONAL AND SOCIAL INTERACTION, SELF-HELP, COGNITION, AND LANGUAGE. THE PARENT/INFANT PROGRAM OFFERS BOTH HOME AND CENTER-BASED SERVICES. IF FAMILIES SELECT A HOME-BASED LEARNING PROGRAM, STAFF WILL MAKE REGULARLY SCHEDULED VISITS TO THE HOME TO WORK WITH THE CHILD AND FAMILY. IF FAMILIES CHOOSE A CLASSROOM LEARNING PROGRAM, THE CHILD IS BROUGHT TO AN ARC FACILITY, COMMUNITY PRE-SCHOOL, OR OTHER APPROPRIATE TODDLER PROGRAMS TO PARTICIPATE IN SMALL, GROUP ACTIVITIES WITH OTHER CHILDREN. FAMILIES CAN ALSO CHOOSE A COMBINATION OF BOTH PROGRAMS. ADDITIONALLY, IF A CHILD NEEDS HELP WITH A SPECIFIC AREA SUCH AS LANGUAGE, MOTOR, OR SELF-HELP SKILLS, THE PARENT/INFANT PROGRAM UTILIZES THE SERVICES OF PHYSICAL, OCCUPATIONAL, AND SPEECH THERAPISTS. THE THERAPIST WORKS WITH THE CHILD AND SHARES LEARNING STRATEGIES THAT CAN BE USED AT HOME.</p> <p style="text-align: right;">INCLUDES FOREIGN GRANTS: NO</p>		748,476.
<p>SPECIAL PROGRAMS: A VARIETY OF PROGRAMS THAT PROVIDE FOR THE SPECIAL NEEDS OF THE PARTICIPANTS</p> <p style="text-align: right;">INCLUDES FOREIGN GRANTS: NO</p>		284,219.
	\$ 0.	\$ 29730386.

**STATEMENT 5  
FORM 990, PART IV, LINE 54A  
INVESTMENTS - PUBLICLY TRADED SECURITIES**

<u>CORPORATE STOCKS</u>	<u>VALUATION METHOD</u>	<u>AMOUNT</u>
COMMON STOCK	MARKET VALUE	\$ 16,476.
	TOTAL	\$ 16,476.
	PUBLICLY TRADED SECURITIES	\$ 16,476.

**STATEMENT 6  
FORM 990, PART IV, LINE 54B  
INVESTMENTS - OTHER SECURITIES**

<u>OTHER SECURITIES</u>	<u>VALUATION METHOD</u>	<u>AMOUNT</u>
MUTUAL FUNDS	MARKET VALUE	\$ 5,814,411.
CD	MARKET VALUE	750,347.
BOND FUNDS	MARKET VALUE	976,873.
	TOTAL	\$ 7,541,631.

**STATEMENT 7  
FORM 990, PART IV, LINE 57  
LAND, BUILDINGS, AND EQUIPMENT**

<u>CATEGORY</u>	<u>BASIS</u>	<u>ACCUM. DEPREC.</u>	<u>BOOK VALUE</u>
AUTOMOBILES / TRANSPORTATION EQUIPMENT	\$ 1,266,323.	\$ 929,022.	\$ 337,301.
MACHINERY AND EQUIPMENT	661,640.	586,691.	74,949.
BUILDINGS	14,453,735.	5,005,236.	9,448,499.
LAND	3,934,373.		3,934,373.
TOTAL	\$ 20,316,071.	\$ 6,520,949.	\$ 13,795,122.

**STATEMENT 8  
FORM 990, PART IV, LINE 58  
OTHER ASSETS**

BOND ISSUANCE COSTS (NET)	\$ 121,567.
CHARITABLE REMAINDER TRUST	816,848.
CONSTRUCTION IN PROGRESS	26,457.
DEPOSITS	80,292.
INTERCOMPANY	217,200.
INVESTMENTS IN SAN DIEGO FOUNDATION	1,137,192.
LOAN FEES (NET)	6,883.
TOTAL	\$ 2,406,439.

CLIENT 04-116

THE ARC OF SAN DIEGO

95-1863913

**STATEMENT 9  
FORM 990, PART IV, LINE 64B  
MORTGAGES AND OTHER NOTES PAYABLE**

<u>MORTGAGES PAYABLE</u>	<u>BALANCE DUE</u>
CA STATEWIDE COMMUNITIES DEV.	\$ 6,528,923.
<b>TOTAL MORTGAGES</b>	<b>\$ 6,528,923.</b>

OTHER NOTES PAYABLE

LENDER'S NAME:	U.S. SMALL BUSINESS ADMIN	
MATURITY DATE:	10/30/2012	
REPAYMENT TERMS:	FULL	
INTEREST RATE:	3.00%	
ORIGINAL AMOUNT:	350,000.	
BALANCE DUE:		\$ 106,018.

LENDER'S NAME:	U.S. BANK	
MATURITY DATE:	11/30/2032	
REPAYMENT TERMS:	FULL	
INTEREST RATE:	6.50%	
ORIGINAL AMOUNT:	196,000.	
BALANCE DUE:		\$ 184,772.

LENDER'S NAME:	US BANK	
DATE OF NOTE:	1/17/2006	
MATURITY DATE:	6/18/2007	
INTEREST RATE:	6.53%	
PURPOSE OF LOAN:	BRIDGE LOAN	
DESC. OF CONSIDERATION:	1336 RANCHEROS DR. SAN MARCOS	
ORIGINAL AMOUNT:	2,100,000.	
BALANCE DUE:		\$ 2,100,000.

**TOTAL OTHER NOTES PAYABLE** \$ 2,390,790.

**TOTAL** \$ 8,919,713.

**STATEMENT 10  
FORM 990, PART IV, LINE 65  
OTHER LIABILITIES**

CAPITAL LEASE	\$ 5,104.
SECURITY DEPOSIT	6,604.
<b>TOTAL</b>	<b>\$ <u>11,708.</u></b>

STATEMENT 11  
FORM 990, PART V-A  
LIST OF OFFICERS, DIRECTORS, TRUSTEES, AND KEY EMPLOYEES

NAME AND ADDRESS	TITLE AND AVERAGE HOURS PER WEEK DEVOTED	COMPEN- SATION	CONTRI- BUTION TO EBP & DC	EXPENSE ACCOUNT/ OTHER
ED RILEY, PHD ORGANIZATION ADDRESS ,	MEMBER 0	\$ 0.	\$ 0.	\$ 0.
HARLAND DE BOER, PH.D. ORGANIZATION ADDRESS ,	MEMBER 0	0.	0.	0.
TOM HARMON ORGANIZATION ADDRESS ,	BOARD CHAIR 0	0.	0.	0.
AVIS M. HUNTLEY ORGANIZATION ADDRESS ,	MEMBER 0	0.	0.	0.
DWIGHT STRATTON ORGANIZATION ADDRESS ,	MEMBER 0	0.	0.	0.
BOB GUTHRIE ORGANIZATION ADDRESS ,	MEMBER 0	0.	0.	0.
GERALD HANSEN ORGANIZATION ADDRESS ,	MEMBER 0	0.	0.	0.
PATTY CODY ORGANIZATION ADDRESS ,	E COUNTY REP AL 0	0.	0.	0.
JERRY WECHSLER ORGANIZATION ADDRESS ,	TREASURER 0	0.	0.	0.
MARLENE WHITESIDE ORGANIZATION ADDRESS ,	SECRETARY 0	0.	0.	0.
MARY BARTHOLOMEW ORGANIZATION ADDRESS ,	REPRESENTATIVE 0	0.	0.	0.
JOHNNIE MILLER ORGANIZATION ADDRESS ,	CITY REP 0	0.	0.	0.

STATEMENT 11 (CONTINUED)  
FORM 990, PART V-A  
LIST OF OFFICERS, DIRECTORS, TRUSTEES, AND KEY EMPLOYEES

NAME AND ADDRESS	TITLE AND AVERAGE HOURS PER WEEK DEVOTED	COMPEN- SATION	CONTRI- BUTION TO EBP & DC	EXPENSE ACCOUNT/ OTHER
DOUG HOEHN ORGANIZATION ADDRESS ,	N SHORES REP 0	\$ 0.	\$ 0.	\$ 0.
MARTHA BRAULT ORGANIZATION ADDRESS ,	S BAY REP 0	0.	0.	0.
VINCENT PARTIDA, M.S.W, ORGANIZATION ADDRESS ,	S BAY REP ALT 0	0.	0.	0.
CYNTHIA PARKS ORGANIZATION ADDRESS ,	CITY REP ALT 0	0.	0.	0.
CAROL BYERS ORGANIZATION ADDRESS ,	N SHORES REP AL 0	0.	0.	0.
JUDY ADAMS ORGANIZATION ADDRESS ,	NORTH CTY REP 0	0.	0.	0.
CATHLEEN STEVENS ORGANIZATION ADDRESS ,	N CTY REP ALT 0	0.	0.	0.
	TOTAL	\$ 0.	\$ 0.	\$ 0.

STATEMENT 12  
FORM 990, PART VIII  
RELATIONSHIP OF ACTIVITIES TO THE ACCOMPLISHMENT OF EXEMPT PURPOSES

LINE #	EXPLANATION OF ACTIVITIES
93A	INDIVIDUALS SHARE OF DISCOUNTED RENT.
93B-C	REVENUE FROM PROGRAMS FOR THE DEVELOPMENTALLY DISABLED ADULTS. PROGRAMS INCLUDE VOCATIONAL TRAINING IN THE COMMUNITY, ADULT ACTIVITIES, RESIDENTIAL SERVICES AND INFANT SERVICES.
94	MEMBERS DUES
103B	OTHER REVENUE CONSISTS OF INCOME FROM VENTING MACHINES, MISCELLANEOUS CAMPING STORE SALES, LAUNDRY AND MISCELLANEOUS INCOME.
93G	GOVERNMENT ASSISTANCE FOR PROGRAMS FOR DEVELOPMENTALLY DISABLED ADULTS

STATEMENT 13  
SCHEDULE A, PART I  
COMPENSATION OF FIVE HIGHEST PAID EMPLOYEES

NAME AND ADDRESS	TITLE & AVERAGE HOURS WORKED	COMPEN- SATION	CONTRIBUT. EBP & DC	EXPENSE ACCOUNT
A. DESALIS 9575 AERO DRIVE, SD, CA 92123 SAN DIEGO, CA 92123	COO 40	139,050.	1,435.	0.
V. CENDREDA 9575 AERO DRIVE, SD, CA 92123 SAN DIEGO, CA 92123	CFO 40	115,214.	1,525.	0.
GLORIA VANCE 9575 AERO DRIVE, SD, CA 92123 SAN DIEGO, CA 92123	DIRECTOR OF HR 40	103,120.	813.	0.
R. COPPA 9575 AERO DRIVE, SD, CA 92123 SAN DIEGO, CA 92123	IT SPECIALIST 40	106,000.	454.	0.
C.E.S COVELL 9575 AERO DRIVE, SD, CA 92123 SAN DIEGO, 92123 92123	CEO 40	160,000.	509.	0.
		TOTAL \$ 623,384.	\$ 4,736.	\$ 0.

STATEMENT 14  
SCHEDULE A, PART IV-A, LINE 22  
OTHER INCOME

DESCRIPTION	(A) 2005	(B) 2004	(C) 2003	(D) 2002	(E) TOTAL
OTHER REVENUE	\$ 0.	\$ 63,293.	\$ 77,467.	\$ 400,076.	\$ 540,836.
TOTAL	\$ 0.	\$ 63,293.	\$ 77,467.	\$ 400,076.	\$ 540,836.

# Application for Extension of Time To File an Exempt Organization Return

**COPY**  
OMB No. 1545-1709

Department of the Treasury  
Internal Revenue Service

▶ File a separate application for each return

- If you are filing for an **Automatic 3-Month Extension**, complete only **Part I** and check this box.
- If you are filing for an **Additional (not automatic) 3-Month Extension**, complete only **Part II** (on page 2 of this form)

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

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

Section 501(c) corporations required to file Form 990-T and requesting an automatic 6-month extension — check this box and complete Part I only

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

**Electronic Filing (e-file).** Generally, you can electronically file Form 8868 if you want a 3-month automatic extension of time to file one of the returns noted below (6 months for section 501(c) corporations required to file Form 990-T). However, you cannot file Form 8868 electronically if (1) you want the additional (not automatic) 3-month extension or (2) you file Forms 990-BL, 6069, or 8870, group returns, or a composite or consolidated Form 990-T. Instead, you must submit the fully completed and signed page 2 (Part II) of Form 8868. For more details on the electronic filing of this form, visit [www.irs.gov/efile](http://www.irs.gov/efile) and click on *e-file for Charities & Nonprofits*

<b>Type or print</b>  <small>File by the due date for filing your return. See instructions</small>	Name of Exempt Organization <b>THE ARC OF SAN DIEGO</b>	Employer identification number <b>95-1863913</b>
	Number, street, and room or suite number. If a P.O. box, see instructions <b>9575 AERO DRIVE</b>	
	City, town or post office, state, and ZIP code. For a foreign address, see instructions <b>SAN DIEGO, CA 92123-1803</b>	

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

- |  |  |                                    |
|--|--|------------------------------------|
| <input checked="" type="checkbox"/> Form 990 | <input type="checkbox"/> Form 990-T (corporation)                    | <input type="checkbox"/> Form 4720 |
| <input type="checkbox"/> Form 990-BL         | <input type="checkbox"/> Form 990-T (section 401(a) or 408(a) trust) | <input type="checkbox"/> Form 5227 |
| <input type="checkbox"/> Form 990-EZ         | <input type="checkbox"/> Form 990-T (trust other than above)         | <input type="checkbox"/> Form 6069 |
| <input type="checkbox"/> Form 990-PF         | <input type="checkbox"/> Form 1041-A                                 | <input type="checkbox"/> Form 8870 |

• The books are in the care of ▶ VICTORIA CENDREDA

Telephone No. ▶ 858.715.3780 FAX No. ▶ \_\_\_\_\_

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

1 I request an automatic 3-month (6 months for a section 501(c) corporation required to file Form 990-T) extension of time until 2/15, 20 08, to file the exempt organization return for the organization named above.  
The extension is for the organization's return for:

- ▶  calendar year 20\_\_ or
- ▶  tax year beginning 7/01, 20 06, and ending 6/30, 20 07.

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

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

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

**BAA For Privacy Act and Paperwork Reduction Act Notice, see instructions.**

Form **8868** (Rev 4-2007)