2013 ANNUAL REPORT

EMPOWERING INDIVIDUALS.
Strengthening Communities.

The Arc of San Diego
DEAR FRIENDS,

Found at the heart of our mission statement, supporting and empowering people with disabilities to achieve their life goals remains the focus of our efforts. It is an investment that we make every day.

From assisting toddlers in reaching developmental milestones, to helping young adults transition into the workforce, to lending a hand to senior citizens in their golden years, The Arc of San Diego supports people with disabilities throughout the entire lifespan. It is a great honor to provide quality, life-changing services to so many throughout our county.

We are proud to partner with other local nonprofits to give back. From delivering meals to those less fortunate, to providing companionship to homeless animals, to cleaning up local parks and much more, our consumers are afforded many enriching opportunities to invest back in their community. It is through this fervent service that The Arc of San Diego and our consumers strengthen our community. The continued success of our organization, our consumers, and our community depends on this shared interest.

Throughout our 2012-2013 Annual Report, “Empowering Individuals. Strengthening Communities.”, you will find consolidated financial statements for The Arc of San Diego, including all Arc Chapters, and the Arc San Diego Foundation. This information will provide you with an in-depth look at how our funding is allocated to provide the best possible services to 2,500 children and adults with disabilities.

Thank you for your unwavering support.
ABOUT THE ARC OF SAN DIEGO

The Arc of San Diego is one of the largest, most comprehensive providers of services to children and adults with disabilities in San Diego County. The Arc provides assistance to 2,500 people with disabilities at more than 20 locations throughout the county. Through our programs, we are able to offer support to people with disabilities in living independent and fulfilling lives.

OUR PROGRAMS

Day Training Services:
• Combines classroom instruction with community integration and vocational development.
• Provides support with essential life skills such as grooming, communication, and socialization as well as vocational training and self-advocacy.
• Offers volunteer and paid work experiences in fully integrated community environments.
• Provides opportunities for seniors with disabilities to participate in recreational activities as well as enjoy part-time paid work and volunteer opportunities.

Production Centers (Arc Enterprises):
• Offers people with disabilities the opportunity to learn essential work skills while earning a paycheck.
• Enhances work and social skills to assist with transitioning to community employment.
• Supports the collating, assembly, and packaging needs of local businesses while providing jobs for people with disabilities.
Arc Community Employment Services (ACES):
• Puts people with disabilities to work in a variety of industries throughout the community.
• Assists with minimizing the barriers to community employment and offers job placement sites where a group of individuals work at local businesses and receive wages as trainees.
• Provides individual job placement within the local labor force with on-the-job training and ongoing support.

Respite Services:
• Gives families short-term relief by providing care for a loved one with a disability in-home or in our weekend, overnight Respite House.

Residential Living Services:
• Offers a warm and supportive environment to instill confidence and responsibility while meeting the housing needs of people with disabilities.
• Residents are supported by professionally trained staff who provide 24/7 care.

Independent Living Services (ILS):
• Supports people with disabilities’ desire to live on their own and be part of local communities.
• Training includes household and money management, health and personal safety, accessing community resources, and recreational activities.

Personal and Leisure Services (PALS):
• Offers local recreational activities and worldwide vacations. Activities help participants build relationships with peers through relaxation, entertainment, and new experiences.
• Trips are available to various locations, including Hawaii, Alaska, and Disney World.
• Offers a relaxing week at a traditional residential summer camp through the Camp-A-Little and Camp-A-Lot programs. Activities include hiking, swimming, and campfire sing-a-longs.

Parent/Infant Program:
• Provides family-centered early educational services for children from birth to three years old with developmental delays or who are “at risk” for delay.
• Early intervention often leads to mainstreaming and helps eliminate the need for future services.
The Arc of San Diego is equally honored and inspired to report that those we serve choose to give back to their community through significant and inspirational contributions. Our consumers make this choice every day by volunteering to clean San Diego’s parks, support its libraries, feed its senior citizens, and participate in many other exceptional causes.

Twice a week, consumers at The Arc of San Diego’s North Shores Vocational Center volunteer to prepare meals for San Diegans who rely on Special Delivery, a local nonprofit that provides meals for critically ill San Diegans. Since 2010, The Arc of San Diego has been an enthusiastic supporter in assisting Special Delivery with the preparation and packaging of more than 300 meals each day.
Given its shared investment in serving often underserved San Diegans, The Arc of San Diego is thrilled to work in partnership with Special Delivery in carrying out their important work. This opportunity not only serves as a chance for people with disabilities to give back to San Diego, but it is also an opportunity to develop vocational and social skills and increase physical activity—all contributing to greater confidence and improved quality of life.

This past year, almost 11,000 hours were donated by Arc’s consumers. That is an average of over 30 hours a day, 200 hours a week, and 900 hours a month. More importantly, it is an extraordinary testament to the ability of persons with disabilities to not just participate in their community but to actively improve it.
Mission:

THE ARC OF SAN DIEGO SUPPORTS AND EMPOWERS PERSONS WITH DISABILITIES TO ACHIEVE THEIR LIFE GOALS.
EMPOWERING INDIVIDUALS. Strengthening Communities.

- Day Training Services
- Production Centers
- Arc Community Employment Services
- Respite Services
- Residential Living Services
- Independent Living Services
- Personal and Leisure Services
- Parent/Infant Program
<table>
<thead>
<tr>
<th>REVENUE AND SUPPORT</th>
<th>FY13 THE ARC OF SAN DIEGO</th>
<th>FY13 ARC SAN DIEGO FOUNDATION</th>
<th>FY13 CONSOLIDATED TOTAL</th>
<th>FY12 CONSOLIDATED TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>San Diego Regional Center</td>
<td>$14,585,315</td>
<td>$0</td>
<td>$14,585,315</td>
<td>$14,407,294</td>
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<td>Services to the public</td>
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<td>$11,033,684</td>
<td>$11,348,382</td>
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<td>Medi-Cal</td>
<td>$4,427,078</td>
<td>$0</td>
<td>$4,427,078</td>
<td>$4,197,953</td>
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<tr>
<td>Earned income</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
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<tr>
<td>Workshop sales</td>
<td>$1,100,326</td>
<td>$0</td>
<td>$1,100,326</td>
<td>$822,012</td>
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<tr>
<td>Investment (loss) income</td>
<td>$653,998</td>
<td>$48,132</td>
<td>$702,130</td>
<td>$124,336</td>
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<td>Other Revenue</td>
<td>$464,198</td>
<td>$4,000</td>
<td>$468,198</td>
<td>$324,358</td>
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<td>Other service contracts</td>
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<td>$308,634</td>
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<td>Department of Rehabilitation</td>
<td>$419,913</td>
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<td>$419,913</td>
<td>$340,794</td>
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<td>Contributions</td>
<td>$362,809</td>
<td>$3,216</td>
<td>$366,025</td>
<td>$2,466,722</td>
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<td>Rental Income</td>
<td>$359,229</td>
<td>$0</td>
<td>$359,229</td>
<td>$357,523</td>
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<tr>
<td>Gain (loss) on sale of property</td>
<td>$265,170</td>
<td>$0</td>
<td>$265,170</td>
<td>($33,651)</td>
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<td>Fundraising/Special Events</td>
<td>$136,113</td>
<td>$103,260</td>
<td>$239,373</td>
<td>$247,936</td>
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<tr>
<td>Memberships</td>
<td>$19,721</td>
<td>$20,800</td>
<td>$40,521</td>
<td>$38,768</td>
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<tr>
<td>Change in Value of Charitable Remainder Trust</td>
<td>$59,621</td>
<td>$0</td>
<td>$59,621</td>
<td>($26,004)</td>
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<tr>
<td>TOTAL REVENUE AND SUPPORT</td>
<td>$34,330,148</td>
<td>$179,408</td>
<td>$34,509,556</td>
<td>$34,905,057</td>
</tr>
</tbody>
</table>

| EXPENSES |
|---------------------------|---------------------------|
| Program Services |
| Work Activity Vocational Services | $15,494,256 | $0 | $15,494,256 | $15,514,384 |
| Adult Activity | $7,159,248 | $0 | $7,159,248 | $6,900,694 |
| Community Living Services | $5,231,973 | $0 | $5,231,973 | $5,146,838 |
| Respite Services | $1,166,700 | $0 | $1,166,700 | $1,286,478 |
| Parent/Infant Programs | $554,207 | $0 | $554,207 | $545,409 |
| Special Programs | $248,550 | $0 | $248,550 | $283,022 |
| TOTAL PROGRAM SERVICES | $29,854,934 | $0 | $29,854,934 | $29,678,825 |

| Supporting Services |
|------------------|------------------|
| Management and General | $4,114,328 | $0 | $4,114,328 | $4,347,298 |
| Fundraising and Chapters | $211,968 | $14,367 | $226,335 | $227,075 |
| Contributions to Arc SD from Arc Foundation (A) | ($392,640) | $392,640 | $0 | $0 |
| TOTAL SUPPORTING SERVICES | $4,233,656 | $187,007 | $4,420,663 | $4,574,373 |
| Special Events | $78,645 | $17,748 | $96,393 | $122,788 |
| TOTAL EXPENSES | $34,167,235 | $124,755 | $34,291,990 | $34,373,986 |
| LOSS ON RETIREMENT OF DEBT | $0 | $0 | $0 | $0 |
| NET ASSETS | $18,762,352 | $557,307 | $19,319,659 | $19,102,093 |

(A) = Designations to The Arc of San Diego ($47,578), Consumer Wish List Expenses ($33,862) & Arc Foundation Management Fees ($10, 800).
Government Funding - 19,432,306
(San Diego Regional Center, Medi-Cal, & Dept. of Rehabilitation)

Services to the Public & Workshop Sales - 12,134,010

Investment Income - 761,751

Private Donations & Special Events - 645,919

Other Revenue - 1,092,597

Other Funding - 442,973

TOTAL REVENUE AND SUPPORT - 34,509,556

Programs - 29,854,934

Management & General - 4,114,328

Fundraising, Chapters, & Special Events - 322,728

TOTAL EXPENSES - 34,291,990
THANK YOU TO OUR DONORS

The Arc of San Diego extends its most heartfelt thank you to our supporters. Supporters like you provide life-changing services for children and adults with disabilities in San Diego. Thank you for assisting our organization with empowering others to ultimately strengthen our community. When you support The Arc you send a clear message to the public that every member of our society has the right to live an independent and fulfilling life.

Please tell your friends and family about the important work taking place at The Arc of San Diego. We gratefully accept donations in the forms of monetary gifts, in-kind donations, charitable planned giving, stock, and real estate.

Please contact the Development Department with any questions regarding your support of The Arc of San Diego at (619) 685-1175 or visit our website at www.arc-sd.com.

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Jon and Linda Kurtin
The Legacy Society recognizes donors who have made a charitable planned gift to The Arc of San Diego. This group of individuals has made The Arc of San Diego a beneficiary of their estate and financial planning, and membership is extended by the Board of Directors as an expression of gratitude. Please consider joining today, and, by doing so you ensure that our organization will continue to provide services for many future generations.

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Dr. Stuart Karasik
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Julie Murch
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