



January 18, 2006

The Honorable Arnold Schwarzenegger
Governor of California
State Capitol Building
Sacramento, CA 95814

Dear Governor Schwarzenegger:

I am writing to express my strong support for the non-profit agency called "Second Chance" in San Diego, California. As President and CEO of The California Endowment, I have been very interested in monitoring Second Chance's progress in implementing a unique and powerful foundation-funded project called Prisoner Reentry Employment Program (PREP). The Second Chance PREP program offers the ideal set of services for assisting former prisoners to avoid homelessness and attain a positive, self-sufficient life path.

The Endowment made a three year grant to Second Chance, representing a total of \$439,000 in project funds to launch this initiative. The focus of this grant has been on a county-level initiative that features orientation prior to inmate release, a "gate meeting" and transfer to housing, and access to the nationally-recognized STRIVE job readiness program, job placement, case management, mental health assessment/counseling and permanent affordable housing placement. When provided together, these elements maximize the probability of successful reentry into the community.

I recently spent time at Second Chance to review the results of our three year partnership and I saw first hand how the Second Chance Prisoner Reentry Employment Program is achieving extraordinary employment outcomes with this vulnerable population, at a highly efficient cost per client. Their results appear to be unmatched, they are gaining third party validity with impressive outcome statistics by an independent evaluation, and their program is working to improve the administration of justice in the court system.

Second Chance has met and exceeded all stated grant objectives, and has leveraged its resources through partnerships with other organizations and cultivated relationships with local, state and federal correctional facilities. The Warden of R.J. Donovan Correctional Facility joined the Second Chance Board of Directors in 2004.

I hope you will take the time to look at the work of Second Chance. Your potential involvement with this agency offers a great opportunity to help further strengthen their important work of offering a pathway to independence for former prisoners reentering the community, as well as improve the administration of justice, reduce criminal justice costs and most importantly end the cycle of incarceration, homelessness, violence and re-incarceration that cuts short the promise of so many lives.

Please call me at 213-928-8702 if you would like to speak with me more about The Endowment's relationship with Second Chance.

Sincerely,

ROBERT K. ROSS, M.D.
President and CEO
The California Endowment

RKR:jw

STRENGTHENING COMMUNITIES. INSPIRING LIVES.

Ben & Jerry's Second Chance
PartnerShop®
1254 University Avenue
San Diego, California 92103
619 294 4212 TELEPHONE

Second Chance
Sober Living Homes
46th Street House
Alumni House
Bancroft House
Central House
Flicker House
Hartley House

6145 Imperial Avenue
San Diego, California 92114
619 234 8888 TELEPHONE
619 234 7787 FACSIMILE

www.secondchanceprogram.org
*Electronic Second Chance
Annual Report is available

Celebrating 13 Years of Success
1993 – 2006



Second Chance™



FISCAL YEAR 2005 HIGHLIGHTS:

- We provided employment & housing services to 9,000 clients
- 437 economically disadvantaged individuals graduated from our nationally recognized STRIVE job readiness training program with record-breaking monthly class sizes
- Six Second Chance sober living facilities provided a safe alcohol- & drug-free environment for adults in recovery transitioning into our community workforce
- Ben & Jerry's Second Chance PartnerShop® completed its second year of supporting at-risk youth in our community
- 142 Second Chance Prisoner Reentry Employment Program participants graduated—80% have found and kept jobs—breaking the cycle of re-offending
- Completed first year of ownership in 18,000 square foot headquarters in Southeastern San Diego

BOARD OF DIRECTORS 2006

Second Chance continues to cultivate a diverse Board representing the San Diego community including the warden of our state correctional facility and a STRIVE graduate.

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BUSINESS CONSULTANT

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SOURCE BOOKS USA, LLC

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R.J. DONOVAN CORRECTIONAL FACILITY

Robert Ito
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Cecil Steppe
SAN DIEGO URBAN LEAGUE

Positive Growth. Inspiring Results.

STATEMENT OF OPERATIONS*

Comparative Financial Statements for Years Ended December 31

	2005	2004	2003
SUPPORT AND REVENUE			
Contributions	958,776	1,611,547	1,080,824
Contracts	322,679	231,928	804,354
Program services (Enterprises)	680,323	655,551	399,171
Interest and other	19,479	33,293	9,583
Total support and revenue	\$1,981,257	\$2,532,319	\$2,293,932
EXPENSES			
Program services	1,681,336	1,948,083	1,568,648
Management and general	244,061	166,893	107,650
Development	420,578	280,258	261,024
Total expenses	\$2,345,975	\$2,395,234	\$1,937,322
CHANGE IN NET ASSETS	\$(364,718)	\$137,085	\$356,610
NET ASSETS AT BEGINNING OF YEAR	\$1,635,541	\$1,498,456	\$1,141,846
NET ASSETS AT END OF YEAR	\$1,270,823	\$1,635,541	\$1,498,456

*Complete audited financial statements are available upon request

STATEMENT OF FINANCIAL POSITION*

As of December 31

	2005	2004	2003
ASSETS			
Cash and cash equivalents	1,040,107	911,741	734,000
Certificates of deposit	-	-	108,999
Accounts receivable	87,276	206,598	287,789
Deposits and other assets	32,540	14,779	19,475
Endowment Funds	33,243	26,141	24,123
Property and equipment, net	5,223,434	5,252,070	1,727,301
Total assets	\$6,416,600	\$6,411,329	\$2,901,687
LIABILITIES AND NET ASSETS			
Liabilities			
Accounts payable and accrued expenses	149,921	185,502	142,475
Lines of credit	300,000	225,000	-
Notes payable	4,695,856	4,365,286	1,260,756
Total liabilities	\$5,145,777	\$4,775,788	\$1,403,231
Net assets			
Unrestricted:			
Designated for property and equipment	527,578	886,784	466,545
Undesignated	536,297	442,690	622,875
Total	1,063,875	1,329,474	1,089,420
Temporarily restricted	206,948	306,067	409,036
Total net assets	\$1,270,823	\$1,635,541	\$1,498,456
Total liabilities and net assets	\$6,416,600	\$6,411,329	\$2,901,687

2005 SECOND CHANCE DONORS

Second Chance wishes to express our continuing gratitude for the support that has been provided by philanthropic funders for our programs for economically disadvantaged adults and young people. Second Chance works with many of the most "difficult-to-serve" populations in San Diego, including the homeless, ex-offenders, recovering drug addicts and former gang members. With the support of private and public investors, Second Chance helps these individuals to find a job, secure affordable housing, obtain personal dignity and establish a self-sufficient life pathway.

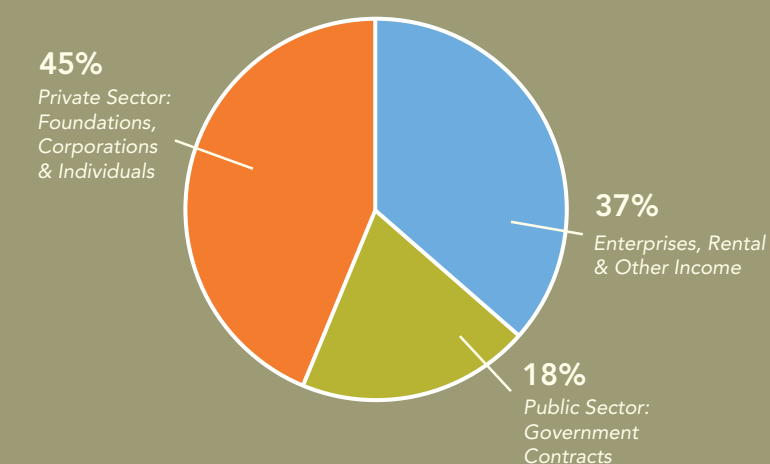
CORPORATIONS

10,000 RV
Anderson Direct Marketing
Bank of America
Bank of the West
Christopher Weil & Co., Inc.
Cubic Corporation
Data Solutions Direct
Home Depot Supply
In-N-Out Burgers
KPMG
La Jolla Insurance Services
Lee Hecht Harrison
Loftin Web Graphics
National Air & Energy
Nordstrom
Progressive Envelope & Printing
Protocol Marketing
QUALCOMM, Inc.
SAIC
San Diego Equal Employment Opportunity Council
San Diego National Bank
San Diego Union Tribune
SeaWorld
Sid's Carpet Barn
Type G Design
Union Bank of California
Wal-Mart
WD-40
Wells Fargo Bank

FOUNDATIONS

Allgauer Foundation
The Legler Benbough Foundation
The Bravo Foundation
The California Endowment
The California Wellness Foundation
Country Friends
Dalebrook Charitable Fund
Ellis Family Foundation
Rueben H. Fleet Foundation Fund
Eugene & Joan Foster Fund
Francis Hamilton White Fund
Gold Diggers
Hervey Family Fund
James W. Hughes Foundation
Jewish Community Foundation
Las Primeras
Leichtag Family Foundation
Lions Club of San Diego
McCarthy Family Foundation
Maurice Masserini Charitable Trust
Potiker Family Foundation
Pratt Memorial Fund
Rancho Santa Fe Foundation
Rotary Club of San Diego
Rotary Club of Del Mar
San Diego County Bar Foundation
San Diego Foundation
San Diego Social Venture Partners
Synetic Foundation
Viterbi Family Foundation
Weinberg Foundation

Second Chance Funding – fiscal year 2005



GOVERNMENT

City of San Diego - CDBG
City Schools of San Diego - CSA
Congress of the United States House of Representatives
County of San Diego - CEP
County Board of Supervisors, Ron Roberts
San Diego Housing Commission
US Department of Health & Human Services
US Department of Labor
US Department of Housing & Urban Development

