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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
The Sempra Energy Foundation:

We have audited the accompanying statement of financial position of The Sempra Energy Foundation (the "Foundation") as of December 31, 2007, and the related statements of activities and cash flows for the period from October 29, 2007 (date of incorporation) through December 31, 2007. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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, such financial statements present fairly, in all material respects, the financial position of the Foundation at December 31, 2007, and the changes in its net assets and its cash flows for the period then ended in conformity with accounting principles generally accepted in the United States of America.

*Deloitte + Touche LLP*

June 13, 2008

# THE SEMPRA ENERGY FOUNDATION

## STATEMENT OF FINANCIAL POSITION AS OF DECEMBER 31, 2007

(In thousands)

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### ASSETS

CASH AND CASH EQUIVALENTS	\$ 20,058
PLEDGES RECEIVABLE	<u>42</u>
TOTAL	<u>\$ 20,100</u>

### NET ASSETS

NET ASSETS:	
Unrestricted	\$ 15,000
Temporarily restricted	<u>5,100</u>
TOTAL	<u>\$ 20,100</u>

See notes to financial statements.

# THE SEMPra ENERGY FOUNDATION

## STATEMENT OF ACTIVITIES FOR THE PERIOD FROM OCTOBER 29, 2007 (DATE OF INCORPORATION) THROUGH DECEMBER 31, 2007 (In thousands)

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	Unrestricted	Temporarily Restricted	Total
REVENUES — Contributions:			
Sempra Energy	\$ 15,000	\$ 5,000	\$ 20,000
Other contributions	<u>          </u>	<u>    100</u>	<u>    100</u>
Total revenues	<u>  15,000</u>	<u>   5,100</u>	<u>  20,100</u>
CHANGE IN NET ASSETS	15,000	5,100	20,100
NET ASSETS — Beginning of period	<u>          </u>	<u>          </u>	<u>          </u>
NET ASSETS — End of period	<u>\$ 15,000</u>	<u>\$ 5,100</u>	<u>\$ 20,100</u>

See notes to financial statements.

# THE SEMPRA ENERGY FOUNDATION

## STATEMENT OF CASH FLOWS FOR THE PERIOD FROM OCTOBER 29, 2007 (DATE OF INCORPORATION) THROUGH DECEMBER 31, 2007

(In thousands)

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CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in net assets	\$ 20,100
Adjustments to reconcile change in net assets to net cash used in operating activities — pledges receivable	<u>(42)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	20,058
CASH AND CASH EQUIVALENTS — Beginning of period	<u>          </u>
CASH AND CASH EQUIVALENTS — End of period	<u>\$ 20,058</u>

See notes to financial statements.

# THE SEMPRA ENERGY FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

AS OF AND FOR THE PERIOD FROM OCTOBER 29, 2007 (DATE OF INCORPORATION)  
THROUGH DECEMBER 31, 2007

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### 1. NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

**Nature of the Organization** — The Sempra Energy Foundation (the “Foundation”) is a Private Foundation created by Sempra Energy in October 2007 for the primary purpose of providing assistance to individuals affected by the 2007 California Wildfires. Once the Foundation has fulfilled its primary purpose, it will continue operations by making grants and carrying out programs in the areas of environmental sustainability, infrastructure improvement, and university research and development.

**Basis of Presentation** — The financial statements of the Foundation have been prepared in accordance with generally accepted accounting principles of the United States of America.

The Foundation follows Financial Accounting Standards Board (FASB) Statement No. 117, “*Financial Statements of Non-Profit Organizations*”, for presentation of its financial statements. FASB Statement No. 117 requires that net assets and revenue, gains, expenses, and losses be classified as unrestricted, temporarily restricted, and permanently restricted based upon the following criteria:

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

**Cash and Cash Equivalents** — Cash and cash equivalents include highly liquid investments with a maturity of three months or less when purchased. As of December 31, 2007, cash and cash equivalents represent funds held in a checking account.

**Concentration of Credit Risk** — The Foundation’s cash balances are placed with a high credit quality and federally insured institution. From time to time, the Foundation’s cash balance may exceed federally insured limits or may be invested in a nonfederally insured money market account. The Foundation has not experienced any losses in such accounts and believes it is not exposed to significant risk as a result of its cash investment policies.

**Contributions** — The Foundation records contributions when an unconditional promise to give is made or, if none is made, when cash is received.

**Income Tax Status** — The Foundation, a California not-for-profit corporation, is exempt from taxes under Section 501 (c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code.

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