

COMMUNITY FOUNDATION FOR  
SOUTHERN ARIZONA AND AFFILIATES

Audited Consolidated Financial Statements  
and Supplementary Information

For the years ended June 30, 2014 and 2013

---

COMMUNITY FOUNDATION FOR SOUTHERN ARIZONA AND AFFILIATES

---

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditors' Report	1 - 2
Consolidated Financial Statements:	
Consolidated Statements of Financial Position	3
Consolidated Statements of Activities	4 - 5
Consolidated Statements of Cash Flows	6
Notes to Consolidated Financial Statements	7 - 21
Supplementary Information:	
Consolidating Statement of Financial Position	23
Consolidating Statement of Activities	24
Consolidating Statement of Financial Position – Supporting Organizations	25 - 26
Consolidating Statement of Activities – Supporting Organizations	27 - 28



## INDEPENDENT AUDITORS' REPORT

To the Board of Trustees  
Community Foundation for Southern Arizona and Affiliates

We have audited the accompanying consolidated financial statements of Community Foundation for Southern Arizona and Affiliates (nonprofit organizations) which comprise the consolidated statements of financial position as of June 30, 2014 and 2013, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We did not audit the financial statements of Worth & Dot Howard Foundation, a supporting organization of Community Foundation for Southern Arizona, which statements reflect total assets of \$2,392,595 as of June 30, 2014, and total revenue and support of \$254,676 for the year then ended. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amount included for Worth & Dot Howard Foundation is based solely on the report of the other auditors. We did not audit the financial statements of Thomas R. Brown Family Foundation, a supporting organization of Community Foundation for Southern Arizona, which statements reflect total assets of \$6,474,688 as of June 30, 2014, and total revenue and support of \$3,247,087 for the year then ended. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amount included for Thomas R. Brown Family Foundation is based solely on the report of the other auditors. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## INDEPENDENT AUDITORS' REPORT, Continued

### Opinion

In our opinion, based on our audits and the report of other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Community Foundation for Southern Arizona and Affiliates as of June 30, 2014 and 2013, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### Other Matter

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplemental information on pages 23 through 28 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

LUDWIG KLEWER & CO. PLLC

November 4, 2014

COMMUNITY FOUNDATION FOR SOUTHERN ARIZONA AND AFFILIATES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
June 30, 2014 and 2013

ASSETS

	2014	2013
Current assets:		
Cash and cash equivalents	\$ 10,021,144	\$ 13,735,086
Unconditional promises to give, net, current portion	112,064	67,119
Contributions and bequests receivable	564,078	317,930
Government contracts receivable	-	39,291
Notes receivable, net	80,750	-
Interest and other receivables	5,664	6,028
Prepaid expenses	5,439	476
Total current assets	10,789,139	14,165,930
Unconditional promises to give, net, non-current portion	50,966	24,339
Investments	103,479,201	92,337,576
Property and equipment, net	680,350	729,961
Other assets	51,035	54,052
Total assets	<u>\$ 115,050,691</u>	<u>\$ 107,311,858</u>

LIABILITIES AND NET ASSETS

Current liabilities:		
Accounts payable and accrued expenses	\$ 110,109	\$ 137,100
Grants and distributions payable	478,194	566,752
Designated obligations	3,219,075	3,005,271
Due to other agencies	2,367,747	2,195,317
Notes payable, current portion	-	31,699
Total current liabilities	6,175,125	5,936,139
Notes payable, non-current portion	150,000	-
Total liabilities	6,325,125	5,936,139
Net assets:		
Unrestricted:		
Available for operations	190,922	779,343
Designated for supporting organizations	20,418,315	38,734,508
Designated for donor advised purposes	38,527,194	17,690,265
	59,136,431	57,204,116
Temporarily restricted	10,136,832	6,197,339
Permanently restricted	39,452,303	37,974,264
Total net assets	108,725,566	101,375,719
Total liabilities and net assets	<u>\$ 115,050,691</u>	<u>\$ 107,311,858</u>

See independent auditors' report and accompanying notes.

COMMUNITY FOUNDATION FOR SOUTHERN ARIZONA AND AFFILIATES

CONSOLIDATED STATEMENT OF ACTIVITIES

For the year ended June 30, 2014

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenue and support:				
Support:				
Contributions and bequests	\$ 6,948,905	\$ 868,498	\$ 1,478,039	\$ 9,295,442
Special events	247,702	-	-	247,702
Total support	7,196,607	868,498	1,478,039	9,543,144
Revenue, investment and other income:				
Investment income, net	4,984,338	7,057,575	-	12,041,913
Other revenue	38,032	-	-	38,032
Fund management fees	13,343	-	-	13,343
Loss on disposal of property and equipment	(16,024)	-	-	(16,024)
Change in fair value	225,893	(252,619)	-	(26,726)
Total revenue, investment and other income	5,245,582	6,804,956	-	12,050,538
Net assets released from restrictions	2,801,860	(2,801,860)	-	-
Total revenue and support	15,244,049	4,871,594	1,478,039	21,593,682
Expenses:				
Grants and distributions	11,909,081	-	-	11,909,081
Salaries, wages and related expense	1,266,886	-	-	1,266,886
Professional services	500,544	-	-	500,544
Office expense	244,379	-	-	244,379
Promotion and development	153,355	-	-	153,355
Other expense	109,522	-	-	109,522
Special events	58,705	-	-	58,705
Program subcontracts	1,363	-	-	1,363
Total expenses	14,243,835	-	-	14,243,835
Change in net assets	1,000,214	4,871,594	1,478,039	7,349,847
Net assets, beginning of year	57,204,116	6,197,339	37,974,264	101,375,719
Reclassification for fund deficiencies reduced	932,101	(932,101)	-	-
Net assets, end of year	\$ 59,136,431	\$ 10,136,832	\$ 39,452,303	\$ 108,725,566

See independent auditors' report and accompanying notes.

COMMUNITY FOUNDATION FOR SOUTHERN ARIZONA AND AFFILIATES

CONSOLIDATED STATEMENT OF ACTIVITIES  
For the year ended June 30, 2013

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenue and support:				
Support:				
Contributions and bequests	\$ 4,780,205	\$ 597,526	\$ 760,410	\$ 6,138,141
Special events	271,974	-	-	271,974
Total support	5,052,179	597,526	760,410	6,410,115
Revenue, investment and other income:				
Investment income, net	4,151,985	4,262,390	-	8,414,375
Other revenue	66,614	-	-	66,614
Loss on disposal of property and equipment	(14,471)	-	-	(14,471)
Change in fair value	117,022	(166,329)	-	(49,307)
Total revenue, investment and other income	4,321,150	4,096,061	-	8,417,211
Net assets released from restrictions	3,563,767	(3,563,767)	-	-
Total revenue and support	12,937,096	1,129,820	760,410	14,827,326
Expenses:				
Grants and distributions	6,582,078	-	-	6,582,078
Salaries, wages and related expense	1,237,598	-	-	1,237,598
Professional services	419,832	-	-	419,832
Office expense	286,535	-	-	286,535
Other expense	181,611	-	-	181,611
Promotion and development	161,673	-	-	161,673
Special events	89,460	-	-	89,460
Program subcontracts	4,000	-	-	4,000
Total expenses	8,962,787	-	-	8,962,787
Change in net assets	3,974,309	1,129,820	760,410	5,864,539
Net assets, beginning of year	52,719,618	5,577,708	37,213,854	95,511,180
Reclassification for fund deficiencies reduced	510,189	(510,189)	-	-
Net assets, end of year	\$ 57,204,116	\$ 6,197,339	\$ 37,974,264	\$ 101,375,719

See independent auditors' report and accompanying notes.

COMMUNITY FOUNDATION FOR SOUTHERN ARIZONA AND AFFILIATES

CONSOLIDATED STATEMENT OF CASH FLOWS

For the years ended June 30, 2014 and 2013

	2014	2013
Cash flows from operating activities:		
Change in net assets	\$ 7,349,847	\$ 5,864,539
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Donation of land	-	(71,314)
Realized gain on sale of investments, net	(1,372,120)	(4,565,305)
Unrealized gain on investments, net	(8,417,828)	(1,210,948)
Loss on disposal of property and equipment	16,024	14,471
Provision for losses on notes receivable	4,250	-
Depreciation	39,250	54,681
Change in operating assets and liabilities:		
Unconditional promises to give	(71,572)	30,561
Contributions and bequests receivable	(246,148)	1,937,644
Government contracts receivable	39,291	710
Interest and other receivables	364	11,786
Prepaid expenses	(4,963)	15,907
Other assets	3,017	1,206
Accounts payable and accrued expenses	(26,991)	(25,896)
Grants and distributions payable	(88,558)	29,488
Designated obligations	213,804	154,112
Contributions restricted for long-term purposes	1,478,039	(760,410)
Change in agency funds, including investment gains	172,430	(131,068)
Total adjustments	(8,261,711)	(4,514,375)
Net cash (used in) provided by operating activities	(911,864)	1,350,164
Cash flows from investing activities:		
Redemption of investments - other	-	25,069
Advances on notes receivable	(85,000)	-
Proceeds from sale of investments	28,886,417	46,730,202
Purchases of investments	(30,238,094)	(47,009,633)
Proceeds from sale of property and equipment	28,290	-
Purchases of property and equipment	(33,953)	-
Net cash used in investing activities	(1,442,340)	(254,362)
Cash flows from financing activities:		
Advances on notes payable	150,000	-
Repayments on notes payable	(31,699)	(24,131)
Contributions restricted for long-term purposes	(1,478,039)	760,410
Net cash (used in) provided by financing activities	(1,359,738)	736,279
Net change in cash and cash equivalents	(3,713,942)	1,832,081
Cash and cash equivalents, beginning of year	13,735,086	11,903,005
Cash and cash equivalents, end of year	\$ 10,021,144	\$ 13,735,086
Supplemental cash flow information:		
Cash paid during the year for interest	\$ 12,478	\$ 12,478
Supplemental schedule of non-cash investing and financing activities:		
Donation of land	\$ -	\$ 71,314
Purchase of property and equipment with notes payable	\$ -	\$ 55,830

See independent auditors' report and accompanying notes.



COMMUNITY FOUNDATION FOR SOUTHERN ARIZONA AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
For the years ended June 30, 2014 and 2013

---

1. Organization

Community Foundation for Southern Arizona (CFSA), was established in 1980 in the State of Arizona as a nonprofit corporation that promotes the work of civic, cultural and educational organizations in Southern Arizona by stimulating philanthropic resources. The mission of CFSA is to inspire and support donors in making a difference now and forever. As a public charity, we accomplish our mission by building permanent charitable funds, connecting donors to organizations and programs they care about, making effective grants and providing leadership on community issues.

The consolidated financial statements include the following:

The CFSA Pooled Income Fund (PIF) – a fund established to maintain collective investments and reinvestment of property transferred to the fund. The donor creates a life income interest for one or more beneficiaries and contributes an irrevocable remainder interest to, or for, the use of CFSA.

The CFSA Charitable Remainder Trust Fund (CRTF) – a fund that includes trusts and charitable gift annuities whereby the individuals receive income during their lifetime. Upon the donor's death, the assets will be transferred to CFSA's unrestricted fund unless further restricted by the donor.

Section 509(a)(3) Supporting Organizations – an Internal Revenue Code (IRC) Section 509(a)(3) support organization is an entity which achieves tax-exempt charitable organization status by having a close relationship with a public charity. In order to establish a close relationship, a majority of the supporting organization's Board of Trustees are elected by CFSA's Board of Trustees, CFSA appoints the supporting organization's Board of Trustees and the supporting organization and CFSA have common charitable purposes and goals.

Supporting organizations include:

The Melody S. Robidoux Foundation (MSRF) allocates its resources towards grants to qualified religious, charitable, scientific and educational organizations. During the year ended June 30, 2014, MSRF became a fund of CFSA.

The William E. Hall Foundation supports grants to programs for children.

The Worth & Dot Howard Foundation supports grants to qualified high school students to pursue higher education.

CFSA Properties, Inc. supports the purposes of CFSA by providing management of CFSA's real property.

The Thomas R. Brown Family Foundation supports the purposes of CFSA through grants to qualified religious, charitable, scientific and educational organizations.

The Women's Foundation of Southern Arizona (WFSA) supports the purposes of CFSA through grants to organizations and projects supportive of women's issues.

The Zuckerman Community Outreach Foundation (ZCOF) engages in charitable giving and support for charitable organizations and endeavors whose mission is to reach out to support organizations for the promotion of health and wellness on a local and national level, as well as extending generosity to necessary, creative and artistic endeavors that positively impact the human experience. ZCOF seeks to fund traditional and innovative projects and programs that exist to support this mission.

The Howard V. Moore Foundation is organized and operated exclusively for the support and benefit of, to perform the functions of or to carry out the mission and purposes of CFSA.

The Nonprofit Loan Fund of Tucson and Southern Arizona (NPLF) provides loans to nonprofit organizations and educates nonprofit organizations on the prudent use of loan capital.

See independent auditors' report.

COMMUNITY FOUNDATION FOR SOUTHERN ARIZONA AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the years ended June 30, 2014 and 2013

1. Organization, Continued

The Sycamore Canyon Conservation Foundation (SYCAM) guides the conservation, protection and appreciation of the dedicated Sycamore Canyon Preserve natural open space by preserving natural habitats, geographic features and scenic views including plants, washes and wildlife corridors; restoring habitats; utilizing natural open space as buffer zones; providing educational and research opportunities utilizing natural open space and increased public awareness and appreciation of the land.

2. Summary of Significant Accounting Policies

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of the Community Foundation for Southern Arizona and its Affiliates (collectively referred to as the Foundation). Each of the entities maintains their own net assets. All significant inter-organization transactions have been eliminated in consolidation.

Basis of Accounting

The consolidated financial statements are prepared using the accrual method of accounting and are presented on the basis of unrestricted, temporarily restricted and permanently restricted net assets in accordance with accounting principles generally accepted in the United States of America applicable to nonprofit organizations.

Following is a summary of the net asset categories included in the accompanying consolidated financial statements:

*Unrestricted net assets* represent those assets available to the Foundation for normal operations, support of community activities and charitable endeavors as designated by the Board of Trustees.

*Temporarily restricted net assets* are subject to donor-imposed stipulations that may or will be met either by actions of the Foundation and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statement of activities as net assets released from restrictions. This category of net assets also includes earnings on permanently restricted endowments that have not yet been appropriated for expenditure by the Board of Trustees. The balance of temporarily restricted net assets at June 30, 2014 and 2013 was \$10,136,832 and \$6,197,339, respectively.

*Permanently restricted net assets* carry a donor-imposed restriction that they be maintained in perpetuity to provide a permanent source of income for Foundation's operations. In accordance with Internal Revenue Service (IRS) regulations for community foundations, the Foundation's bylaws provide for variance power. Under certain unanticipated circumstances, this variance power allows for the modification of restrictions; however, management believes that such variance power is not intended to apply to endowment restrictions made by the donor. Accordingly, these amounts are included as a component of permanently restricted net assets.

It is the Foundation's policy that permanently restricted assets are reported at their original value at the time of the gift. Realized and unrealized gains and losses on those assets are recorded as temporarily restricted assets until appropriated for expenditure. The balance of permanently restricted net assets at June 30, 2014 and 2013 was \$39,452,303 and \$37,974,264, respectively.

Accounting Estimates

The preparation of consolidated 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 consolidated financial statements and the reported amounts of revenue and expense during the reporting period. Actual results could differ from those estimates.

See independent auditors' report.

COMMUNITY FOUNDATION FOR SOUTHERN ARIZONA AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
For the years ended June 30, 2014 and 2013

---

2. Summary of Significant Accounting Policies, Continued

Cash and Cash Equivalents

For purposes of the consolidated statement of cash flows, the Foundation considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Cash and cash equivalents are maintained at various financial institutions. The Federal Deposit Insurance Corporation (FDIC) insures cash accounts up to \$250,000 per institution. The Foundation had \$5,760,405 and \$1,205,034 in cash in excess of the FDIC limit at June 30, 2014 and 2013, respectively. Investments held by brokerage institutions are covered up to \$500,000 under insurance provided by the Securities Investor Protection Corporation (SIPC). However, the SIPC does not protect against losses in market value. The Foundation's investments on deposit with brokerage institutions are also insured under additional insurance in varying amounts based on the brokerage institution. This additional protection becomes available in the event that SIPC limits are exhausted. It is the opinion of management that the solvency of the referenced financial institutions is not of concern at this time.

Investments

In accordance with accounting principles generally accepted in the United States of America applicable to nonprofit organizations, investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the consolidated statements of financial position. Unrealized gains and losses are included in the change in net assets section in the accompanying consolidated statements of activities. CFSA maintains pooled investment accounts. Realized and unrealized gains and losses from investments in the pooled accounts are allocated to the individual funds based on the relationship of the fair value of each fund to the total fair value of the pooled investment accounts, as adjusted for additions to or deductions from those accounts. Oil and gas interests are valued at a multiple of prior year earnings based upon estate valuation guidance issued by the IRS.

Unconditional Promises to Give

Unconditional promises to give are recognized as revenues in the period received and as assets, decrease of liabilities or expenses depending on the form of the benefits received. Such unconditional promises to give are recorded at their present value calculated over the time period of the commitment and recognized as contribution revenue as the present value increases. Management evaluates unconditional promises to give and establishes an allowance for doubtful unconditional promises to give based on an estimate of uncollectible amounts.

Contributions and Bequests Receivable

Bequests are recognized as contribution revenue in the period in which the Foundation receives notification the court has deemed the will valid and all conditions have been substantially met. The revenue and related receivable are recorded at the amount which management estimates it will collect. At June 30, 2014 and 2013, management believes all bequests receivable are fully collectible and, therefore, no allowance has been provided.

Property and Equipment

Property and equipment is stated at cost if purchased or fair market value if donated. The costs of maintenance, repairs and minor renewals are charged to expense in the year incurred. The Foundation's policy is to capitalize expenditures for property and equipment that exceed \$2,500 and have a useful life that extends beyond one year. When items are retired or disposed of, the cost and accumulated depreciation are removed from the accounts and any gain or loss is included in the consolidated statements of activities. Property and equipment is reported as unrestricted revenue and support unless the granting agency or donor has restricted the asset to a specific purpose. Property and equipment purchased with restricted funds or donated with explicit restrictions regarding their use are reported as restricted revenue and support.

See independent auditors' report.

COMMUNITY FOUNDATION FOR SOUTHERN ARIZONA AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the years ended June 30, 2014 and 2013

2. Summary of Significant Accounting Policies, Continued

Property and Equipment, continued

Depreciation is calculated using the straight-line method over the following estimated useful lives of the assets:

Buildings and improvements	10 - 40 years
Equipment and furniture	5 - 8 years
Computers and software	3 - 5 years

Grants and Distributions Payable

Grants and distributions payable represent support grants pledged by the Foundation to recipient organizations that are not yet disbursed.

Land Held for Conservation/Permanent Collections – Conservation Easements

SYCAM is a conservation organization having among its purposes the protection on behalf of the public of open space, scenic, historic and recreational lands. As a qualified holder of conservation easements, SYCAM is generally responsible for ensuring that the terms of the easements are not violated. As of June 30, 2014 and 2013, SYCAM held one conservation easement. SYCAM has opted to expense purchased conservation easements and donated easements are not recorded.

Designated Obligations

CFSA's trustees manage assets contributed to the PIF and the CRTF under which CFSA is the irrevocable remainder interest. Such assets are restricted as to use until the death of the designated income beneficiaries. Upon the death of the income beneficiaries, the assets of each of these entities will be distributed to certain charities or to CFSA, as dictated by the corresponding agreement. The present value of the expected obligations has been recorded as a designated obligation, and any annual changes in that obligation are reflected as a change in value.

Due to Other Agencies

CFSA manages funds for other nonprofit agencies in southern Arizona on a fee basis. The nonprofit agencies have the right to withdraw the funds and, therefore, a corresponding liability has been recorded.

Interest Income

Interest income is allocated monthly within CFSA, the PIF and several trusts and supporting organizations participating in the CFSA investment pools. These allocations are based on the fair market value balances of the respective funds invested during the month.

Contributions/Restricted Revenue

Contributions that are restricted by the donor are reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Donated Services

Donated goods and space are valued at fair market value. Donated services are recognized in the consolidated financial statements at fair market value if the following criteria are met:

- The services require specialized skills and are provided by individuals possessing those skills
- The services would typically need to be purchased if not donated

See independent auditors' report.

COMMUNITY FOUNDATION FOR SOUTHERN ARIZONA AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the years ended June 30, 2014 and 2013

2. Summary of Significant Accounting Policies, Continued

Donated Services, continued

Although the Foundation utilizes the services of many outside volunteers, the fair value of these services is not recognized in the accompanying consolidated financial statements since they do not meet the criteria for recognition under accounting principles generally accepted in the United States of America.

Administrative Allocation

Charges for administrative and overhead expenses of the Foundation are allocated against the resources of the Foundation based on rates determined by the Board of Trustees or individual fund agreements. Management believes such rates do not exceed what is normally charged to funds by community foundations nationwide.

Income Taxes

CFSA is a nonprofit organization exempt from income taxes under Section 501(c)(3) of the IRC. Income from certain activities not directly related to CFSA's tax-exempt purpose may be subject to taxation as unrelated business income. CFSA also qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(1). Supporting organizations are classified under Section 509(a)(3) of the IRC.

The Foundation's policy is to disclose or recognize income tax positions based on management's estimate of whether it is reasonably possible or probable, respectively, that a liability has been incurred for unrecognized income tax positions. As of June 30, 2014, management is not aware of any uncertain tax positions that are potentially material. The Foundation's Federal Form 990, *Return of Organization Exempt from Income Tax*, and Arizona Form 99, *Arizona Exempt Organization Annual Information Return*, is generally subject to examination for three years after it is filed.

3. Unconditional Promises to Give

Unconditional promises to give due after one year are discounted at rates ranging from 3% to 3.25%. At June 30, 2014 and 2013, unconditional promises to give consists of balances to be paid in future years as follows:

	2014	2013
2014	\$ -	\$ 67,119
2015	112,064	21,900
2016	51,983	3,738
2017	1,225	550
2018	675	-
2019	175	-
Thereafter	350	-
Total unconditional promises to give	166,472	93,307
Less interest component	(3,442)	(1,849)
Unconditional promises to give, net	163,030	91,458
Less current portion	(112,064)	(67,119)
Non-current portion	\$ 50,966	\$ 24,339

See independent auditors' report.

COMMUNITY FOUNDATION FOR SOUTHERN ARIZONA AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the years ended June 30, 2014 and 2013

4. Notes Receivable

Notes receivable at June 30, 2014 consist of:

	<u>2014</u>
Note receivable from a nonprofit organization with monthly interest only payments at 7.75%. The principal balance plus any unpaid interest is due October 2014.	\$ 50,000
Note receivable from a nonprofit organization with monthly interest only payments at 7.75%. The principal balance plus any unpaid interest is due February 2015.	<u>35,000</u>
Total notes receivable	85,000
Less allowance for uncollectible notes receivable	<u>(4,250)</u>
Notes receivable, net	80,750
Current portion	<u>(80,750)</u>
Non-current portion	<u>\$ -</u>

5. Property and Equipment

Property and equipment at June 30, 2014 and 2013 consists of:

	<u>2014</u>	<u>2013</u>
Land	\$ 303,400	\$ 347,714
Building and improvements	578,470	582,073
Equipment and furniture	103,925	88,270
Computers and software	<u>85,757</u>	<u>85,270</u>
Total property and equipment	1,071,552	1,103,327
Less accumulated depreciation	<u>(391,202)</u>	<u>(373,366)</u>
Property and equipment, net	<u>\$ 680,350</u>	<u>\$ 729,961</u>

6. Investments

Investments at June 30, 2014 and 2013 consist of:

	<u>2014</u>	<u>2013</u>
Mutual funds	\$ 88,827,846	\$ 78,783,741
Stocks	8,657,387	7,816,064
Fixed income	3,834,709	3,371,785
Limited and offshore partnerships	1,073,018	1,420,431
Oil and gas interests	856,864	716,178
Interest in trust	<u>229,377</u>	<u>229,377</u>
Total investments	<u>\$ 103,479,201</u>	<u>\$ 92,337,576</u>

See independent auditors' report.

COMMUNITY FOUNDATION FOR SOUTHERN ARIZONA AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the years ended June 30, 2014 and 2013

6. Investments, Continued

Investment income for the years ended June 30, 2014 and 2013 consists of:

	CFSA, CRTF and PIF	Supporting Organizations	Total	2013
Unrealized gains, net	\$ 7,325,200	\$ 1,092,628	\$ 8,417,828	\$ 1,210,948
Interest and dividends	1,700,239	527,664	2,227,903	2,678,246
Realized gains, net	1,030,631	341,489	1,372,120	4,565,305
Royalties	-	328,847	328,847	275,607
Foreign taxes	-	(14)	(14)	(113)
Administrative charges	(217,968)	(86,803)	(304,771)	(315,618)
Investment income, net	\$ 9,838,102	\$ 2,203,811	\$ 12,041,913	\$ 8,414,375

At June 30, 2014 and 2013, \$17,671,637 and \$31,510,254, respectively, of the total investments are invested and valued by each supporting organization's own investment policies and guidelines. Of the supporting organization's total investments at June 30, 2014 and 2013, \$1,073,018 and \$1,420,431, respectively, of limited and offshore partnerships are held and managed by one supporting organization.

At June 30, 2014 and 2013, \$39,426,609 and \$37,927,958, respectively, of the investments were permanently restricted for endowment net assets and, as such, were unavailable for operations.

7. Fair Value Measurements

The Financial Accounting Standards Board has established a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.

Level 2: Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. The following is a description of the valuation methodologies used for assets measured at fair value.

See independent auditors' report.

COMMUNITY FOUNDATION FOR SOUTHERN ARIZONA AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the years ended June 30, 2014 and 2013

7. Fair Value Measurements, Continued

*Mutual funds:* Valued at the net asset value of shares held by the Foundation at year end.

*Stocks and Bonds:* Valued at the closing price reported on the active market on which the individual securities are traded.

*Other investments:* Valued at cost, which approximates fair value.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although management believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The table below sets forth by level, within the fair value hierarchy, investments at fair value as of June 30, 2014:

	Level 1	Level 2	Level 3	Total
Mutual funds:				
Equity funds	\$ 57,272,669	\$ -	\$ -	\$ 57,272,669
Bond funds	26,106,242	-	-	26,106,242
Specialty funds	5,448,935	-	-	5,448,935
Total mutual funds	88,827,846	-	-	88,827,846
Stocks	8,657,387	-	-	8,657,387
Bonds:				
Corporate bonds	2,406,492	-	-	2,406,492
Treasury bonds	1,428,217	-	-	1,428,217
Total bonds	3,834,709	-	-	3,834,709
Other investments	-	229,377	1,929,882	2,159,259
Total investments	\$ 101,319,942	\$ 229,377	\$ 1,929,882	\$ 103,479,201

The table below sets forth a summary of changes in level 3 investments for the year ended June 30, 2014:

	Other Investments
Balance, beginning of year	\$ 2,136,609
Unrealized gain, net	228,472
Realized loss, net	(6,946)
Sales	(428,253)
Balance, end of year	\$ 1,929,882

See independent auditors' report.



COMMUNITY FOUNDATION FOR SOUTHERN ARIZONA AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the years ended June 30, 2014 and 2013

7. Fair Value Measurements, Continued

The table below sets forth by level, within the fair value hierarchy, investments at fair value as of June 30, 2013:

	Level 1	Level 2	Level 3	Total
Mutual funds:				
Equity funds	\$ 48,269,441	\$ -	\$ -	\$ 48,269,441
Bond funds	24,065,183	-	-	24,065,183
Specialty funds	6,449,117	-	-	6,449,117
Total mutual funds	78,783,741	-	-	78,783,741
Stocks	7,816,064	-	-	7,816,064
Bonds:				
Corporate bonds	2,330,399	-	-	2,330,399
Treasury bonds	1,041,386	-	-	1,041,386
Total bonds	3,371,785	-	-	3,371,785
Other investments	-	229,377	2,136,609	2,365,986
Total investments	\$ 89,971,590	\$ 229,377	\$ 2,136,609	\$ 92,337,576

The table below sets forth a summary of changes in level 3 investments for the year ended June 30, 2013:

	Other Investments
Balance, beginning of year	\$ 2,159,726
Unrealized gain, net	118,667
Realized loss, net	(3,800)
Sales	(137,984)
Balance, end of year	\$ 2,136,609

8. Designated Obligations

Designated obligations at June 30, 2014 and 2013 consist of:

	2014	2013
Lead trusts	\$ 1,639,936	\$ 1,416,980
Charitable gift annuities	1,255,766	1,275,366
Unitrusts	188,770	173,587
Pooled income fund	134,603	139,338
Total designated obligations	\$ 3,219,075	\$ 3,005,271

See independent auditors' report.

COMMUNITY FOUNDATION FOR SOUTHERN ARIZONA AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the years ended June 30, 2014 and 2013

9. Due to Other Agencies

Amounts due to other agencies at June 30, 2014 and 2013 consist of:

	2014	2013
Green Valley Assistance Services Endowment	\$ 498,025	\$ 457,675
Tohono O'odham Community College Endowment	313,212	272,661
Handi-Dogs Endowment Fund	270,609	269,504
Sarah P. Hausman Endowment Fund	204,586	185,030
Tucson Audubon Endowment Fund	189,181	177,248
Holmes Tuttle Memorial Fund	136,686	123,726
B-26 Marauder Historical Society Endowment	115,006	103,162
Holsclaw Family Endowment for Goodwill Industries of Tucson	85,358	73,602
Alice Y. Holsclaw YWCA Fund	62,538	56,588
Tucson Botanical Gardens Fund	16,619	89,807
Other funds	475,927	386,314
Total due to other agencies	<u>\$ 2,367,747</u>	<u>\$ 2,195,317</u>

10. Notes Payable

Notes payable at June 30, 2014 and 2013 consist of:

	2014	2013
Note payable to a nonprofit organization with quarterly interest only payments at 2%. The principal balance plus any unpaid interest is due December 2015. The note payable is unsecured.	\$ 50,000	\$ -
Note payable to a City of Tucson agency with semi-annual interest only payments at 2%. The principal balance plus any unpaid interest is due November 2018. Total principal amount of \$150,000 is available for draw at \$50,000 increments. The note payable is unsecured.	50,000	-
Note payable to a Pima County agency with semi-annual interest only payments at 2%. The principal balance plus any unpaid interest is due November 2023. Total principal amount of \$250,000 is available for draw at \$50,000 increments. The note payable is unsecured.	50,000	-
Note payable to a software vendor with monthly payments of \$2,829, including interest at 5% through August 2014. The note payable is secured by computer software.	-	31,699
Total notes payable	150,000	31,699
Current portion	-	(31,699)
Non-current portion	<u>\$ 150,000</u>	<u>\$ -</u>

See independent auditors' report.

COMMUNITY FOUNDATION FOR SOUTHERN ARIZONA AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
For the years ended June 30, 2014 and 2013

10. Notes Payable, Continued

Future maturities at June 30, 2014 are:

Year ended June 30,	
2015	\$ -
2016	50,000
2017	-
2018	-
2019	50,000
Therafter	50,000
	<u>\$ 150,000</u>

11. Temporarily Restricted Net Assets

Temporarily restricted net asset activity for the year ended June 30, 2014 consists of:

	Time and Purpose	Endowment Earnings	CRTF	PIF	Total
Beginning balance	\$ 2,760,873	\$ 2,519,508	\$ 850,962	\$ 65,996	\$ 6,197,339
Contributions	789,617	-	78,881	-	868,498
Investment income, net	449,328	6,148,760	450,898	8,589	7,057,575
Change in value of split interest investments	-	-	(254,133)	1,514	(252,619)
Releases and appropriations	(296,102)	(2,300,287)	(204,611)	(860)	(2,801,860)
Reclassifications:					
Reduced fund deficiency	-	(932,101)	-	-	(932,101)
Ending balance	<u>\$ 3,703,716</u>	<u>\$ 5,435,880</u>	<u>\$ 921,997</u>	<u>\$ 75,239</u>	<u>\$ 10,136,832</u>

Temporarily restricted net asset activity for the year ended June 30, 2013 consists of:

	Time and Purpose	Endowment Earnings	CRTF	PIF	Total
Beginning balance	\$ 2,187,743	\$ 2,373,709	\$ 885,185	\$ 131,071	\$ 5,577,708
Contributions	523,042	-	64,611	9,873	597,526
Investment income, net	200,975	3,870,622	190,764	29	4,262,390
Change in value of split interest investments	-	-	(140,141)	(26,188)	(166,329)
Releases and appropriations	(150,887)	(3,214,634)	(149,457)	(48,789)	(3,563,767)
Reclassifications:					
Reduced fund deficiency	-	(510,189)	-	-	(510,189)
Ending balance	<u>\$ 2,760,873</u>	<u>\$ 2,519,508</u>	<u>\$ 850,962</u>	<u>\$ 65,996</u>	<u>\$ 6,197,339</u>

See independent auditors' report.

COMMUNITY FOUNDATION FOR SOUTHERN ARIZONA AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
For the years ended June 30, 2014 and 2013

12. Permanently Restricted Net Assets

The Foundation's endowments consist of several individual funds established under donor restriction for a variety of purposes. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds (including funds designated by the Board of Trustees to function as endowments) are classified and reported based on the existence or absence of donor-imposed restrictions. The Board of Trustees of the Foundation has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as adopted by the state of Arizona as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary.

As a result of this interpretation, the Foundation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The remaining portion, if any, of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Foundation and (7) the Foundation's investment policies.

Permanently restricted net assets at June 30, 2014 consist of:

	CFSA	WFSA	SYCAM	Total
Beginning balance	\$ 36,450,693	\$ 1,522,071	\$ 1,500	\$ 37,974,264
Contributions	1,451,423	26,616	-	1,478,039
Ending balance	<u>\$ 37,902,116</u>	<u>\$ 1,548,687</u>	<u>\$ 1,500</u>	<u>\$ 39,452,303</u>

Permanently restricted net assets at June 30, 2013 consist of:

	CFSA	WFSA	SYCAM	Total
Beginning balance	\$ 35,721,283	\$ 1,491,071	\$ 1,500	\$ 37,213,854
Contributions	729,410	31,000	-	760,410
Ending balance	<u>\$ 36,450,693</u>	<u>\$ 1,522,071</u>	<u>\$ 1,500</u>	<u>\$ 37,974,264</u>

13. Endowments

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or the UPMIFA requires the Foundation to retain as a fund of perpetual duration. In accordance with accounting principles generally accepted in the United States of America, accumulated deficiencies of this nature that are reported as reclassification from unrestricted net assets to temporarily restricted net assets were \$1,529,654 and \$2,461,755 at June 30, 2014 and 2013, respectively.

See independent auditors' report.

COMMUNITY FOUNDATION FOR SOUTHERN ARIZONA AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
For the years ended June 30, 2014 and 2013

13. Endowments. Continued

Return Objectives and Risk Parameters

The Foundation has adopted investment policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds. Under this policy, as approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of the S&P 500 index while assuming a moderate level of investment risk.

Investment Strategies

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policies

CFSA has a formally adopted spending policy, which reads as follows: CFSA's spending policy governs the rate at which annual distributions are made from each of its individual endowment funds. The rate is used to calculate the amount "available to grant" from each separate endowment fund. CFSA's spending policy was developed to be compatible with CFSA's investment policy. The spending policy rate will be 4% of a 20-quarter rolling average of the fund's total market value at the end of each quarter. If the fund is in existence for less than 20 quarters, the calculation will use the average of the existing historical quarters. The current year's spending amount, plus each prior year's unspent "available to grant" balance, becomes the "available to grant" amount for the new fiscal year. The formula shall be applied to the 20 quarters at the end of CFSA's fiscal year. CFSA operates under the total return concept, meaning that the distributions will be made from the income and, if necessary, the realized and unrealized capital appreciation of the fund. Notwithstanding the preceding, pursuant to Arizona Revised Statute §10-11802, the historical value of the fund will not be used to fund any amount of the "available to grant" in excess of the income and capital appreciation of the fund, unless the gift instrument provides otherwise.

The "historical dollar value" means the aggregate fair market value in dollars of an endowment fund at the time it became an endowment fund, each subsequent donation to the fund at the time it is made and each accumulation made pursuant to a direction in the applicable gift instrument at the time the accumulation is added to the fund.

Endowment Fund Net Assets

Net assets in the endowment funds at June 30, 2014 consist of:

	Fund Deficiencies	Temporarily Restricted	Permanently Restricted	Total
Beginning balance	\$ (2,461,755)	\$ 2,519,508	\$ 37,974,264	\$ 38,032,017
Contributions	-	-	1,478,039	1,478,039
Investment loss, net	-	6,148,760	-	6,148,760
Appropriated for expenditure	-	(2,300,287)	-	(2,300,287)
Fund deficiency reclassifications	932,101	(932,101)	-	-
Ending balance	<u>\$ (1,529,654)</u>	<u>\$ 5,435,880</u>	<u>\$ 39,452,303</u>	<u>\$ 43,358,529</u>

See independent auditors' report.

COMMUNITY FOUNDATION FOR SOUTHERN ARIZONA AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the years ended June 30, 2014 and 2013

13. Endowments, Continued

Endowment Fund Net Assets, continued

Net assets in the endowment funds at June 30, 2013 consist of:

	Fund Deficiencies	Temporarily Restricted	Permanently Restricted	Total
Beginning balance	\$ (2,971,944)	\$ 2,373,709	\$ 37,213,854	\$ 36,615,619
Contributions	-	-	760,410	760,410
Investment loss, net	-	3,870,622	-	3,870,622
Appropriated for expenditure	-	(3,214,634)	-	(3,214,634)
Fund deficiency reclassifications	510,189	(510,189)	-	-
Ending balance	<u>\$ (2,461,755)</u>	<u>\$ 2,519,508</u>	<u>\$ 37,974,264</u>	<u>\$ 38,032,017</u>

14. Pension Plan

CFSA has a 403(b) employee benefit plan (Plan) that allows eligible employees to defer a portion of their salaries, not to exceed IRC limitations. CFSA may make discretionary contributions to the Plan. The employer contribution for the years ended June 30, 2014 and 2013 was \$21,713 and \$18,593, respectively.

15. Functional Expenses

Functional expenses for the year ended June 30, 2014 for the consolidated entities follows:

	CFSA, CRTF and PIF	Supporting Organizations	Eliminations	Total
Program services	\$ 5,458,089	\$ 7,925,181	\$ (525,462)	\$ 12,857,808
Management and general	756,549	341,485	(58,690)	1,039,344
Development and public relations	327,940	70,098	(51,355)	346,683
Total functional expenses	<u>\$ 6,542,578</u>	<u>\$ 8,336,764</u>	<u>\$ (635,507)</u>	<u>\$ 14,243,835</u>

Functional expenses for the year ended June 30, 2013 for the consolidated entities follows:

	CFSA, CRTF and PIF	Supporting Organizations	Eliminations	Total
Program services	\$ 5,124,193	\$ 2,701,091	\$ (259,571)	\$ 7,565,713
Management and general	824,001	272,184	(128,772)	967,413
Development and public relations	484,657	57,288	(112,284)	429,661
Total functional expenses	<u>\$ 6,432,851</u>	<u>\$ 3,030,563</u>	<u>\$ (500,627)</u>	<u>\$ 8,962,787</u>

16. Lease Commitments

CFSA leases office equipment under the terms of a lease that expires March 2018. Rental expense, which is included in office expense on the consolidated statement of activities, for the years ended June 30, 2014 and 2013 was \$14,458 and \$27,317, respectively.

See independent auditors' report.

COMMUNITY FOUNDATION FOR SOUTHERN ARIZONA AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
For the years ended June 30, 2014 and 2013

16. Lease Commitments. Continued

Minimum annual future rental expense as of June 30, 2014, due under the agreement is:

Year ended  
June 30,

2015	\$	893
2016		893
2017		893
2018		447
	\$	<u>3,126</u>

17. Subsequent Events

The Foundation was unaware of any subsequent events as of November 4, 2014, the date the consolidated financial statements were available to be issued.

See independent auditors' report.

## SUPPLEMENTARY INFORMATION



COMMUNITY FOUNDATION FOR SOUTHERN ARIZONA AND AFFILIATES

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

June 30, 2014

	Community Foundation for Southern Arizona, Inc.	CFSA Income Fund	CFSA Charitable Remainder Trust Fund	Total without Supporting Organizations	Supporting Organizations	Consolidating Entries	Total	2013
<b>ASSETS</b>								
Current assets:								
Cash and cash equivalents	\$ 6,395,526	\$ 12,275	\$ 147,269	\$ 6,555,070	\$ 3,466,074	\$ -	\$ 10,021,144	\$ 13,735,086
Unconditional promises to give, net, current portion	54,202	-	-	54,202	57,862	-	112,064	67,119
Contributions and bequests receivable	564,078	-	-	564,078	-	-	564,078	317,930
Government contracts receivable	-	-	-	-	-	-	-	39,291
Notes receivable, net	-	-	-	-	80,750	-	80,750	-
Interest and other receivables	-	-	-	-	5,664	-	5,664	6,028
Prepaid expenses	2,214	-	-	2,214	3,225	-	5,439	476
Total current assets	7,016,020	12,275	147,269	7,175,564	3,613,575	-	10,789,139	14,165,930
Unconditional promises to give, net, non-current portion	46,046	-	-	46,046	4,920	-	50,966	24,339
Investments	81,025,452	197,634	3,869,229	85,092,315	18,386,886	-	103,479,201	92,337,576
Property and equipment, net	67,482	-	-	67,482	612,868	-	680,350	729,961
Other assets	29,832	-	-	29,832	21,203	-	51,035	54,052
Total assets	\$ 88,184,832	\$ 209,909	\$ 4,016,498	\$ 92,411,239	\$ 22,639,452	\$ -	\$ 115,050,691	\$ 107,311,858
<b>LIABILITIES AND NET ASSETS</b>								
Current liabilities:								
Accounts payable and accrued expenses	\$ 62,240	\$ 67	\$ 10,029	\$ 72,336	\$ 37,773	\$ -	\$ 110,109	\$ 137,100
Grants and distributions payable	358,194	-	-	358,194	120,000	-	478,194	566,752
Designated obligations	-	134,603	3,084,472	3,219,075	-	-	3,219,075	3,005,271
Due to other agencies	2,367,747	-	-	2,367,747	-	-	2,367,747	2,195,317
Notes payable, current portion	-	-	-	-	-	-	-	31,699
Total current liabilities	2,788,181	134,670	3,094,501	6,017,352	157,773	-	6,175,125	5,936,139
Notes payable, non-current portion	-	-	-	-	150,000	-	150,000	-
Total liabilities	2,788,181	134,670	3,094,501	6,017,352	307,773	-	6,325,125	5,936,139
Net assets:								
Unrestricted	38,718,116	-	-	38,718,116	20,418,315	-	59,136,431	57,204,116
Temporarily restricted	8,776,419	75,239	921,997	9,773,655	363,177	-	10,136,832	6,197,339
Permanently restricted	37,902,116	-	-	37,902,116	1,550,187	-	39,452,303	37,974,264
Total net assets	85,396,651	75,239	921,997	86,393,887	22,331,679	-	108,725,566	101,375,719
Total liabilities and net assets	\$ 88,184,832	\$ 209,909	\$ 4,016,498	\$ 92,411,239	\$ 22,639,452	\$ -	\$ 115,050,691	\$ 107,311,858

Supplementary Information

See independent auditors' report.

COMMUNITY FOUNDATION FOR SOUTHERN ARIZONA AND AFFILIATES

CONSOLIDATING STATEMENT OF ACTIVITIES

For the year ended June 30, 2014

	Community Foundation for Southern Arizona, Inc.	CFSA Pooled Income Fund	CFSA Charitable Remainder Trust Fund	Total without Supporting Organizations	Supporting Organizations	Consolidating Entries	Total	2013
Revenue and support:								
Support:								
Contributions and bequests	\$ 22,177,776	\$ -	\$ 78,881	\$ 22,256,657	\$ 2,836,051	\$ (15,797,266)	\$ 9,295,442	\$ 6,138,141
Special events	112,382	-	-	112,382	135,320	-	247,702	271,974
Total support	22,290,158	-	78,881	22,369,039	2,971,371	(15,797,266)	9,543,144	6,410,115
Revenue, investment and other income:								
Investment income (loss), net	9,378,615	8,589	450,898	9,838,102	2,203,811	-	12,041,913	8,414,375
Other revenue	12,723	-	-	12,723	31,309	(6,000)	38,032	66,614
Fund management fees	154,071	-	-	154,071	-	(140,728)	13,343	-
Loss on disposal of property and equipment	-	-	-	-	(16,024)	-	(16,024)	(14,471)
Change in fair value	(2,578)	1,514	(254,134)	(255,198)	228,472	-	(26,726)	(49,307)
Total revenue, investment and other income	9,542,831	10,103	196,764	9,749,698	2,447,568	(146,728)	12,050,538	8,417,211
Total revenue and support	31,832,989	10,103	275,645	32,118,737	5,418,939	(15,943,994)	21,593,682	14,827,326
Expenses:								
Grants and distributions	4,719,095	-	108,280	4,827,375	22,878,972	(15,797,266)	11,909,081	6,582,078
Salaries, wages and related expense	1,039,103	-	-	1,039,103	227,783	-	1,266,886	1,237,598
Professional services	193,465	860	96,330	290,655	350,617	(140,728)	500,544	419,832
Office expense	187,579	-	-	187,579	62,800	(6,000)	244,379	286,535
Promotion and development	131,390	-	-	131,390	21,965	-	153,355	161,673
Other expense	48,905	-	-	48,905	60,617	-	109,522	181,611
Special events	16,210	-	-	16,210	42,495	-	58,705	89,460
Program subcontracts	1,363	-	-	1,363	-	-	1,363	4,000
Total expenses	6,337,110	860	204,610	6,542,580	23,645,249	(15,943,994)	14,243,835	8,962,787
Change in net assets	25,495,879	9,243	71,035	25,576,157	(18,226,310)	-	7,349,847	5,864,539
Net assets, beginning of year	59,947,447	65,996	850,962	60,864,405	40,511,314	-	101,375,719	95,511,180
Transfers	(46,675)	-	-	(46,675)	46,675	-	-	-
Net assets, end of year	\$ 85,396,651	\$ 75,239	\$ 921,997	\$ 86,393,887	\$ 22,331,679	\$ -	\$ 108,725,566	\$ 101,375,719

Supplementary Information  
See independent auditors' report.

## CONSOLIDATING STATEMENT OF FINANCIAL POSITION – SUPPORTING ORGANIZATIONS

June 30, 2014

Supplementary Information  
See independent auditors' report.

CONSOLIDATING STATEMENT OF FINANCIAL POSITION – SUPPORTING ORGANIZATIONS, Continued  
June 30, 2014

Supplementary Information  
See independent auditors' report.

COMMUNITY FOUNDATION FOR SOUTHERN ARIZONA AND AFFILIATES

CONSOLIDATING STATEMENT ACTIVITIES – SUPPORTING ORGANIZATIONS  
For the year ended June 30, 2014

	Melody S. Robidoux Foundation	William E. Hall Foundation	Worth & Dot Howard Foundation	CFSA Properties, Inc.	Thomas R. Brown Family Foundation	Women's Foundation of Southern Arizona
Revenue and support:						
Support:						
Contributions and bequests	\$ -	\$ -	\$ -	\$ 131	\$ 2,000,000	\$ 727,330
Special events	-	-	-	-	-	135,320
Total support	-	-	-	131	2,000,000	862,650
Revenue, investment and other income:						
Investment income (loss), net	-	109,860	254,676	-	1,018,615	268,886
Change in fair value	-	-	-	-	228,472	-
Other revenue	-	-	-	-	-	8,300
Loss on disposal of property and equipment	-	-	-	(16,024)	-	-
Total revenue, investment and other income	-	109,860	254,676	(16,024)	1,247,087	277,186
Total revenue and support	-	109,860	254,676	(15,893)	3,247,087	1,139,836
Expenses:						
Grants and distributions	15,308,486	37,000	120,000	-	6,657,736	305,000
Professional services	-	8,319	26,791	29,446	27,499	85,855
Salaries, wages and related expense	-	-	54,920	-	-	171,753
Other expense	-	-	-	20,890	32,283	3,117
Office expense	-	11	1,102	1,366	1,375	53,323
Special events	-	-	-	-	-	42,495
Promotion and development	-	-	-	-	-	21,713
Total expenses	15,308,486	45,330	202,813	51,702	6,718,893	683,256
Change in net assets	(15,308,486)	64,530	51,863	(67,595)	(3,471,806)	456,580
Net assets, beginning of year	15,308,486	650,719	2,214,445	676,425	9,938,541	2,293,032
Transfers	-	-	-	-	-	-
Net assets, end of year	\$ -	\$ 715,249	\$ 2,266,308	\$ 608,830	\$ 6,466,735	\$ 2,749,612

Supplementary Information  
See independent auditors' report.

COMMUNITY FOUNDATION FOR SOUTHERN ARIZONA AND AFFILIATES

CONSOLIDATING STATEMENT ACTIVITIES – SUPPORTING ORGANIZATIONS, Continued  
For the year ended June 30, 2014

	The Zuckerman Community Outreach Foundation	Howard V. Moore Foundation	Nonprofit Loan Fund of Tucson and Southern Arizona	Sycamore Canyon Conservation Foundation	Total	2013
Revenue and support:						
Support:						
Contributions and bequests	\$ -	\$ -	\$ 97,690	\$ 10,900	\$ 2,836,051	\$ 2,370,978
Special events	-	-	-	-	135,320	137,833
Total support	-	-	97,690	10,900	2,971,371	2,508,811
Revenue, investment and other income:						
Investment income (loss), net	544,650	4,176	2,840	108	2,203,811	2,884,825
Change in fair value	-	-	-	-	228,472	118,667
Other revenue	-	-	5,964	17,045	31,309	23,574
Loss on disposal of property and equipment	-	-	-	-	(16,024)	-
Total revenue, investment and other income	544,650	4,176	8,804	17,153	2,447,568	3,027,066
Total revenue and support	544,650	4,176	106,494	28,053	5,418,939	5,535,877
Expenses:						
Grants and distributions	300,750	150,000	-	-	22,878,972	2,450,131
Professional services	42,369	21,406	87,056	21,876	350,617	176,376
Salaries, wages and related expense	-	-	1,110	-	227,783	240,067
Other expense	-	-	6,510	-	62,800	54,203
Office expense	1,134	8	2,280	18	60,617	58,638
Special events	-	-	-	-	42,495	37,547
Promotion and development	-	-	-	252	21,965	13,601
Total expenses	344,253	171,414	96,956	22,146	23,645,249	3,030,563
Change in net assets	200,397	(167,238)	9,538	5,907	(18,226,310)	2,505,314
Net assets, beginning of year	6,802,158	2,566,918	-	60,590	40,511,314	38,006,000
Transfers	-	-	46,675	-	46,675	-
Net assets, end of year	\$ 7,002,555	\$ 2,399,680	\$ 56,213	\$ 66,497	\$ 22,331,679	\$ 40,511,314

Supplementary Information  
See independent auditors' report.