

COMMUNITY FOUNDATION FOR
SOUTHERN ARIZONA AND AFFILIATES

Audited Consolidated Financial Statements
and Supplementary Information

For the years ended June 30, 2015 and 2014

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

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, 2015 and 2014, 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 \$2,083,829 as of June 30, 2015, and total revenue and support of \$(108,925) 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 \$8,012,515 as of June 30, 2015, and total revenue and support of \$2,323,439 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, 2015 and 2014, 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

December 7, 2015

COMMUNITY FOUNDATION FOR SOUTHERN ARIZONA AND AFFILIATES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
June 30, 2015 and 2014

ASSETS

	2015	2014
Current assets:		
Cash and cash equivalents	\$ 10,611,943	\$ 10,021,144
Unconditional promises to give, net, current portion	102,632	112,064
Contributions and bequests receivable	9,829,994	564,078
Government contracts receivable	19,565	-
Notes receivable, net, current portion	138,944	80,750
Interest and other receivables	5,664	5,664
Prepaid expenses	15,336	5,439
Total current assets	20,724,078	10,789,139
Unconditional promises to give, net, non-current portion	7,526	50,966
Notes receivable, non-current portion	45,000	-
Investments	103,609,457	103,479,201
Property and equipment, net	586,579	680,350
Other assets	56,552	51,035
Total assets	<u>\$ 125,029,192</u>	<u>\$ 115,050,691</u>

LIABILITIES AND NET ASSETS

Current liabilities:		
Accounts payable and accrued expenses	\$ 156,300	\$ 110,109
Grants and distributions payable	672,679	478,194
Designated obligations	3,232,803	3,219,075
Due to other agencies	2,083,159	2,367,747
Notes payable, current portion	50,000	-
Total current liabilities	6,194,941	6,175,125
Notes payable, non-current portion	150,000	150,000
Total liabilities	6,344,941	6,325,125
Net assets:		
Unrestricted:		
Available for operations	3,782,102	190,922
Designated for supporting organizations	22,061,089	20,418,315
Designated for donor advised purposes	37,401,080	38,527,194
	63,244,271	59,136,431
Temporarily restricted	8,203,902	10,136,832
Permanently restricted	47,236,078	39,452,303
Total net assets	118,684,251	108,725,566
Total liabilities and net assets	<u>\$ 125,029,192</u>	<u>\$ 115,050,691</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, 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenue and support:				
Support:				
Contributions and bequests	\$ 10,774,397	\$ 278,441	\$ 7,783,775	\$ 18,836,613
Special events, net	232,788	-	-	232,788
Total support	11,007,185	278,441	7,783,775	19,069,401
Revenue, investment and other income:				
Investment income, net	78,504	630,568	-	709,072
Other revenue	73,430	-	-	73,430
Fund management fees	2,658	-	-	2,658
Change in fair value	50,243	(87,441)	-	(37,198)
Total revenue, investment and other income	204,835	543,127	-	747,962
Net assets released from restrictions	3,317,102	(3,317,102)	-	-
Total revenue and support	14,529,122	(2,495,534)	7,783,775	19,817,363
Expenses:				
Grants and distributions	7,528,434	-	-	7,528,434
Salaries, wages and related expense	1,523,336	-	-	1,523,336
Office expense	257,077	-	-	257,077
Professional services	227,756	-	-	227,756
Other expense	167,202	-	-	167,202
Promotion and development	137,906	-	-	137,906
Program subcontracts	16,967	-	-	16,967
Total expenses	9,858,678	-	-	9,858,678
Change in net assets	4,670,444	(2,495,534)	7,783,775	9,958,685
Net assets, beginning of year	59,136,431	10,136,832	39,452,303	108,725,566
Reclassification for fund deficiencies increased	(562,604)	562,604	-	-
Net assets, end of year	<u>\$ 63,244,271</u>	<u>\$ 8,203,902</u>	<u>\$ 47,236,078</u>	<u>\$ 118,684,251</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, net	188,997	-	-	188,997
Total support	7,137,902	868,498	1,478,039	9,484,439
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	15,185,344	4,871,594	1,478,039	21,534,977
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
Program subcontracts	1,363	-	-	1,363
Total expenses	14,185,130	-	-	14,185,130
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 CASH FLOWS
For the years ended June 30, 2015 and 2014

	2015	2014
Cash flows from operating activities:		
Change in net assets	\$ 9,958,685	\$ 7,349,847
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Donation of land	(566,342)	-
Realized loss (gain) on sale of investments, net	237,983	(1,372,120)
Unrealized loss (gain) on investments, net	1,876,128	(8,417,828)
Loss on disposal of property and equipment	-	16,024
Provision for losses on notes receivable	9,413	4,250
Depreciation	41,393	39,250
Change in operating assets and liabilities:		
Unconditional promises to give	52,872	(71,572)
Contributions and bequests receivable	(9,265,916)	(246,148)
Government contracts receivable	(19,565)	39,291
Interest and other receivables	-	364
Prepaid expenses	(9,897)	(4,963)
Other assets	(5,517)	3,017
Accounts payable and accrued expenses	46,191	(26,991)
Grants and distributions payable	194,485	(88,558)
Designated obligations	13,728	213,804
Contributions restricted for long-term purposes	7,783,775	1,478,039
Change in agency funds, including investment gains	(284,588)	172,430
Total adjustments	104,143	(8,261,711)
Net cash provided by (used in) operating activities	10,062,828	(911,864)
Cash flows from investing activities:		
Advances on notes receivable	(170,000)	(85,000)
Repayments on notes receivable	57,393	-
Proceeds from sale of investments	27,138,689	28,886,417
Purchases of investments	(28,762,994)	(30,238,094)
Proceeds from sale of property and equipment	-	28,290
Purchases of property and equipment	(1,342)	(33,953)
Net cash used in investing activities	(1,738,254)	(1,442,340)
Cash flows from financing activities:		
Advances on notes payable	50,000	150,000
Repayments on notes payable	-	(31,699)
Contributions restricted for long-term purposes	(7,783,775)	(1,478,039)
Net cash used in financing activities	(7,733,775)	(1,359,738)
Net change in cash and cash equivalents	590,799	(3,713,942)
Cash and cash equivalents, beginning of year	10,021,144	13,735,086
Cash and cash equivalents, end of year	\$ 10,611,943	\$ 10,021,144
Supplemental cash flow information:		
Cash paid during the year for interest	\$ 6,256	\$ 12,478
Supplemental schedule of non-cash investing and financing activities:		
Donation of land	\$ 566,342	\$ -
Land reclassified from property and equipment to investments	\$ 53,720	\$ -

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, 2015 and 2014

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:

CFSA, LLC (LLC) – a limited liability company established to accept unique gifts such as for profit businesses. CFSA is the sole member.

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, and the supporting organization and CFSA have common charitable purposes and goals.

Supporting organizations include:

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) supports the community through grants to organizations that promote health and wellness on local and national levels, as well as creative and artistic endeavors that positively impact the human experience.

The Howard V. Moore Foundation makes qualifying distributions to CFSA in support of philanthropic purposes.

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.

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. SYCAM restores habitats, utilizing natural open space as buffer zones; provides educational and research opportunities, utilizing natural open space; and increases public awareness and appreciation of the land.

See independent auditors' report.

COMMUNITY FOUNDATION FOR SOUTHERN ARIZONA AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the years ended June 30, 2015 and 2014

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, 2015 and 2014 was \$8,203,902 and \$10,136,832, respectively.

Permanently restricted net assets carry a donor-imposed restriction that they be maintained in perpetuity to provide a permanent source of income. 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, 2015 and 2014 was \$47,236,078 and \$39,452,303, 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.

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.

See independent auditors' report.

COMMUNITY FOUNDATION FOR SOUTHERN ARIZONA AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the years ended June 30, 2015 and 2014

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 \$7,241,677 and \$5,760,405 in cash in excess of the FDIC limit at June 30, 2015 and 2014, 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 had \$89,466,945 and \$94,230,331 in investments in excess of the SIPC limit at June 30, 2015 and 2014, respectively. 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 the average of five years' earnings based on 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, 2015 and 2014, 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.

See independent auditors' report.

COMMUNITY FOUNDATION FOR SOUTHERN ARIZONA AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the years ended June 30, 2015 and 2014

2. Summary of Significant Accounting Policies, Continued

Property and Equipment, continued

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. 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, 2015 and 2014, 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 has 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 and 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.

See independent auditors' report.

COMMUNITY FOUNDATION FOR SOUTHERN ARIZONA AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the years ended June 30, 2015 and 2014

2. Summary of Significant Accounting Policies, Continued

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

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.

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. There were no income taxes paid during the years ended June 30, 2015 and 2014.

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, 2015, 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*, are generally subject to examination by the IRS for three years and the Arizona Department of Revenue for four years, respectively, after the date the returns were 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, 2015 and 2014, unconditional promises to give consists of balances to be paid in future years as follows:

	2015	2014
2015	\$ -	\$ 112,064
2016	102,632	51,983
2017	4,250	1,225
2018	1,650	675
2019	1,100	175
2020	1,100	350
Thereafter	100	-
Total unconditional promises to give	110,832	166,472
Less interest component	(674)	(3,442)
Unconditional promises to give, net	110,158	163,030
Less current portion	(102,632)	(112,064)
Non-current portion	\$ 7,526	\$ 50,966

See independent auditors' report.

COMMUNITY FOUNDATION FOR SOUTHERN ARIZONA AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the years ended June 30, 2015 and 2014

4. Notes Receivable

Notes receivable consist of the following at June 30,:

	<u>2015</u>	<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 November 2015. The nonprofit organization was advanced another \$25,000 during January 2015. The note receivable is secured by personal guarantees.	\$ 75,000	\$ 50,000
Note receivable from a nonprofit organization with monthly interest only payments at 7.75%. A total of \$110,000 is available to be advanced. The principal balance plus any unpaid interest is due December 2017. The note receivable is secured by charitable donations to the nonprofit organization.	45,000	-
Note receivable from a nonprofit organization with monthly payments of \$1,000, plus interest at 7.75%. The principal balance plus any unpaid interest is due November 2015. The note receivable is secured by a deed of trust on real property.	44,000	-
Note receivable from a nonprofit organization with monthly payments of \$4,344, including interest at 7.75%. The principal balance plus any unpaid interest is due February 2016. The note receivable is unsecured.	33,607	35,000
Total notes receivable	197,607	85,000
Less allowance for uncollectible notes receivable	(13,663)	(4,250)
Notes receivable, net	183,944	80,750
Current portion	(138,944)	(80,750)
Non-current portion	<u>\$ 45,000</u>	<u>\$ -</u>

Future maturities at June 30, 2015 are:

Year ended	
<u>June 30,</u>	
2016	\$ 152,607
2017	-
2018	45,000
	<u>\$ 197,607</u>

See independent auditors' report.

COMMUNITY FOUNDATION FOR SOUTHERN ARIZONA AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the years ended June 30, 2015 and 2014

5. Property and Equipment

Property and equipment consists of the following at June 30,:

	2015	2014
Land	\$ 249,680	\$ 303,400
Building and improvements	578,470	578,470
Equipment and furniture	106,307	103,925
Computers and software	88,265	85,757
Total property and equipment	1,022,722	1,071,552
Less accumulated depreciation	(436,143)	(391,202)
Property and equipment, net	\$ 586,579	\$ 680,350

6. Investments

Investments consist of the following at June 30,:

	2015	2014
Mutual funds	\$ 84,523,451	\$ 88,827,846
Stocks	9,719,554	8,657,387
Fixed income	4,952,635	3,834,709
Pooled equity funds	1,607,529	-
Limited and offshore partnerships	1,099,685	1,073,018
Oil and gas interests	910,884	856,864
Investment in land	566,342	-
Interest in trust	229,377	229,377
Total investments	\$ 103,609,457	\$ 103,479,201

Investment income for the years ended June 30, 2015 and 2014 consists of:

	CFSA, CRTF and PIF	Supporting Organizations	2015 Total	2014
Interest and dividends	\$ 2,382,566	\$ 552,804	\$ 2,935,370	\$ 2,227,903
Unrealized (losses) gains, net	(1,471,059)	(405,069)	(1,876,128)	8,417,828
Realized (losses) gains, net	103,408	(341,391)	(237,983)	1,372,120
Royalties	-	209,600	209,600	328,847
Foreign taxes	-	(37)	(37)	(14)
Administrative charges	(234,777)	(86,973)	(321,750)	(304,771)
Investment income, net	\$ 780,138	\$ (71,066)	\$ 709,072	\$ 12,041,913

See independent auditors' report.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the years ended June 30, 2015 and 2014

6. Investments, Continued

At June 30, 2015 and 2014, \$18,669,351 and \$17,671,637, 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, 2015 and 2014, \$1,099,685 and \$1,073,018, respectively, of limited and offshore partnerships are held and managed by one supporting organization.

At June 30, 2015 and 2014, \$47,220,512 and \$39,426,609, 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. There have been no changes in the methodologies used at June 30, 2015 and 2014.

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.

Pooled equity funds: Valued at the fair value of the underlying investments as reported by the third parties.

Other investments: Other investments include limited offshore partnerships, oil and gas interests and land. Limited offshore partnerships are valued at fair value as reported by the fund managers or general partners and may differ significantly from the values reported on an active market. Oil and gas interests are valued at a multiple of the average of five years' earnings based on estate valuation guidance issued by the IRS. Land is valued at the offer price of a third party.

See independent auditors' report.

COMMUNITY FOUNDATION FOR SOUTHERN ARIZONA AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the years ended June 30, 2015 and 2014

7. Fair Value Measurements, Continued

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, 2015:

	Level 1	Level 2	Level 3	Total
Mutual funds:				
Equity funds	\$ 50,221,470	\$ -	\$ -	\$ 50,221,470
Bond funds	28,155,456	-	-	28,155,456
Specialty funds	6,146,525	-	-	6,146,525
Total mutual funds	84,523,451	-	-	84,523,451
Stocks	9,719,554	-	-	9,719,554
Bonds:				
Corporate bonds	3,088,870	-	-	3,088,870
Treasury bonds	1,812,931	-	-	1,812,931
Municipal bonds	50,834	-	-	50,834
Total bonds	4,952,635	-	-	4,952,635
Pooled equity funds	-	1,607,529	-	1,607,529
Other investments	-	229,377	2,576,911	2,806,288
Total investments	\$ 99,195,640	\$ 1,836,906	\$ 2,576,911	\$ 103,609,457

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

See independent auditors' report.

COMMUNITY FOUNDATION FOR SOUTHERN ARIZONA AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the years ended June 30, 2015 and 2014

7. Fair Value Measurements, Continued

The table below sets forth a summary of changes in level 3 investments for the year ended June 30, 2015:

	Other Investments
Balance, beginning of year	\$ 1,929,882
Unrealized gain, net	80,687
Acquisitions	566,342
Balance, end of year	<u>\$ 2,576,911</u>

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	<u>\$ 1,929,882</u>

8. Due to Other Agencies

Amounts due to other agencies consist of the following at June 30,:

	2015	2014
Tohono O'Odham Community College Endowment	\$ 314,747	\$ 313,212
Handi-Dogs Endowment Fund	276,977	270,609
Green Valley Assistance Services Endowment	244,840	498,025
Sarah P. Hausman Endowment Fund	197,122	204,586
Tucson Audubon Endowment Fund	189,313	189,181
Holmes Tuttle Memorial Fund	131,655	136,686
B-26 Marauder Historical Society Endowment	110,982	115,006
Youth On Their Own Endowment Fund	90,122	87,903
Holsclaw Family Endowment for Goodwill Industries of Tucson	85,467	85,358
Alice Y. Holsclaw YWCA Fund	60,245	62,538
Other funds	381,689	404,643
Total due to other agencies	<u>\$ 2,083,159</u>	<u>\$ 2,367,747</u>

See independent auditors' report.

COMMUNITY FOUNDATION FOR SOUTHERN ARIZONA AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the years ended June 30, 2015 and 2014

9. Designated Obligations

Designated obligations consist of the following at June 30,:

	2015	2014
Lead trusts	\$ 1,708,817	\$ 1,639,936
Charitable gift annuities	1,216,082	1,255,766
Unitrusts	183,742	188,770
Pooled income fund	124,162	134,603
Total designated obligations	<u>\$ 3,232,803</u>	<u>\$ 3,219,075</u>

10. Notes Payable

Notes payable consist of the following at June 30,:

	2015	2014
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.	\$ 100,000	\$ 50,000
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	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	50,000
Total notes payable	200,000	150,000
Current portion	(50,000)	-
Non-current portion	<u>\$ 150,000</u>	<u>\$ 150,000</u>

Future maturities at June 30, 2015 are:

Year ended

June 30,

2016	\$ 50,000
2017	-
2018	-
2019	100,000
2020	-
Thereafter	50,000
	<u>\$ 200,000</u>

See independent auditors' report.

COMMUNITY FOUNDATION FOR SOUTHERN ARIZONA AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the years ended June 30, 2015 and 2014

11. Temporarily Restricted Net Assets

Temporarily restricted net asset activity for the year ended June 30, 2015 consists of:

	Time and Purpose	Endowment Earnings	CRTF	PIF	Total
Beginning balance	\$ 3,703,716	\$ 5,435,880	\$ 921,997	\$ 75,239	\$ 10,136,832
Contributions	262,585	-	15,856	-	278,441
Investment income, net	38,603	655,231	(62,303)	(963)	630,568
Change in value of split interest investments	-	-	(79,795)	(7,646)	(87,441)
Releases and appropriations	(266,608)	(2,927,555)	(113,024)	(9,915)	(3,317,102)
Reclassifications:					
Increased fund deficiency	-	562,604	-	-	562,604
Ending balance	<u>\$ 3,738,296</u>	<u>\$ 3,726,160</u>	<u>\$ 682,731</u>	<u>\$ 56,715</u>	<u>\$ 8,203,902</u>

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>

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.

See independent auditors' report.

COMMUNITY FOUNDATION FOR SOUTHERN ARIZONA AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the years ended June 30, 2015 and 2014

12. Permanently Restricted Net Assets, Continued

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, 2015 consist of:

	CFSA	WFSA	SYCAM	Total
Beginning balance	\$ 37,902,116	\$ 1,548,687	\$ 1,500	\$ 39,452,303
Contributions	7,782,339	1,436	-	7,783,775
Ending balance	<u>\$ 45,684,455</u>	<u>\$ 1,550,123</u>	<u>\$ 1,500</u>	<u>\$ 47,236,078</u>

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>

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 \$2,092,257 and \$1,529,654, at June 30, 2015 and 2014, respectively.

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.

See independent auditors' report.

COMMUNITY FOUNDATION FOR SOUTHERN ARIZONA AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the years ended June 30, 2015 and 2014

13. Endowments, Continued

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, 2015 consist of:

	Fund Deficiencies	Temporarily Restricted	Permanently Restricted	Total
Beginning balance	\$ (1,529,654)	\$ 5,435,880	\$ 39,452,303	\$ 43,358,529
Contributions	-	-	7,783,775	7,783,775
Investment loss, net	-	655,231	-	655,231
Appropriated for expenditure	-	(2,927,555)	-	(2,927,555)
Fund deficiency reclassifications	(562,604)	562,604	-	-
Ending balance	<u>\$ (2,092,258)</u>	<u>\$ 3,726,160</u>	<u>\$ 47,236,078</u>	<u>\$ 48,869,980</u>

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>

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, 2015 and 2014 was \$35,438 and \$21,713, respectively.

See independent auditors' report.

COMMUNITY FOUNDATION FOR SOUTHERN ARIZONA AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the years ended June 30, 2015 and 2014

15. Functional Expenses

Functional expenses for the year ended June 30, 2015 for the consolidated entities follows:

	CFSA, CRTF and PIF	Supporting Organizations	Eliminations	Total
Program services	\$ 6,965,271	\$ 2,201,029	\$ (758,642)	\$ 8,407,658
Management and general	722,811	303,979	(64,829)	961,961
Development and public relations	521,529	24,255	(56,725)	489,059
Total functional expenses	<u>\$ 8,209,611</u>	<u>\$ 2,529,263</u>	<u>\$ (880,196)</u>	<u>\$ 9,858,678</u>

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	311,730	27,603	(51,355)	287,978
Total functional expenses	<u>\$ 6,526,368</u>	<u>\$ 8,294,269</u>	<u>\$ (635,507)</u>	<u>\$ 14,185,130</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, 2015 and 2014 was \$5,761 and \$14,458, respectively.

Minimum annual future rental expense as of June 30, 2015, due under the agreement is:

Year ended	
<u>June 30,</u>	
2016	\$ 1,861
2017	1,861
2018	447
	<u>\$ 4,169</u>

17. Subsequent Events

The Foundation was unaware of any subsequent events as of December 7, 2015, 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, 2015

ASSETS	Community Foundation for Southern Arizona, Inc.	CFSA, LLC	CFSA Pooled Income Fund	CFSA Charitable Remainder Trust Fund	Total without Supporting Organizations	Supporting Organizations	Consolidating Entries	Total	2014
Current assets:									
Cash and cash equivalents	\$ 6,543,510	\$ -	\$ 4,709	\$ 23,303	\$ 6,571,522	\$ 4,040,421	\$ -	\$ 10,611,943	\$ 10,021,144
Unconditional promises to give, net, current portion	43,184	-	-	-	43,184	59,448	-	102,632	112,064
Contributions and bequests receivable	5,658,365	4,171,629	-	-	9,829,994	-	-	9,829,994	564,078
Government contracts receivable	19,565	-	-	-	19,565	-	-	19,565	-
Notes receivable, net, current portion	-	-	-	-	-	138,944	-	138,944	80,750
Interest and other receivables	-	-	-	-	-	5,664	-	5,664	5,664
Prepaid expenses	15,336	-	-	-	15,336	-	-	15,336	5,439
Total current assets	12,279,960	4,171,629	4,709	23,303	16,479,601	4,244,477	-	20,724,078	10,789,139
Unconditional promises to give, net, non-current portion	-	-	-	-	-	7,526	-	7,526	50,966
Notes receivable, non-current portion	-	-	-	-	-	45,000	-	45,000	-
Investments	80,296,132	-	185,806	3,777,559	84,259,497	19,349,960	-	103,609,457	103,479,201
Property and equipment, net	50,839	-	-	-	50,839	535,740	-	586,579	680,350
Other assets	29,690	-	-	-	29,690	26,862	-	56,552	51,035
Total assets	\$ 92,656,621	\$ 4,171,629	\$ 190,515	\$ 3,800,862	\$ 100,819,627	\$ 24,209,565	\$ -	\$ 125,029,192	\$ 115,050,691
LIABILITIES AND NET ASSETS									
Current liabilities:									
Accounts payable and accrued expenses	\$ 97,012	\$ -	\$ 73	\$ 9,490	\$ 106,575	\$ 49,725	\$ -	\$ 156,300	\$ 110,109
Grants and distributions payable	334,286	-	9,565	-	343,851	328,828	-	672,679	478,194
Designated obligations	-	-	124,162	3,108,641	3,232,803	-	-	3,232,803	3,219,075
Due to other agencies	2,083,159	-	-	-	2,083,159	-	-	2,083,159	2,367,747
Notes payable, current portion	-	-	-	-	-	50,000	-	50,000	-
Total current liabilities	2,514,457	-	133,800	3,118,131	5,766,388	428,553	-	6,194,941	6,175,125
Notes payable, non-current portion	-	-	-	-	-	150,000	-	150,000	150,000
Total liabilities	2,514,457	-	133,800	3,118,131	5,766,388	578,553	-	6,344,941	6,325,125
Net assets:									
Unrestricted	37,011,553	4,171,629	-	-	41,183,182	22,061,089	-	63,244,271	59,136,431
Temporarily restricted	7,446,156	-	56,715	682,731	8,185,602	18,300	-	8,203,902	10,136,832
Permanently restricted	45,684,455	-	-	-	45,684,455	1,551,523	-	47,236,078	39,452,303
Total net assets	90,142,164	4,171,629	56,715	682,731	95,053,239	23,631,012	-	118,684,251	108,725,566
Total liabilities and net assets	\$ 92,656,621	\$ 4,171,629	\$ 190,515	\$ 3,800,862	\$ 100,819,627	\$ 24,209,565	\$ -	\$ 125,029,192	\$ 115,050,691

Supplementary Information
See independent auditors' report.

COMMUNITY FOUNDATION FOR SOUTHERN ARIZONA AND AFFILIATES

CONSOLIDATING STATEMENT OF ACTIVITIES
For the year ended June 30, 2015

	Community Foundation for Southern Arizona, Inc.	CFSA, LLC	CFSA Pooled Income Fund	CFSA Charitable Remainder Trust Fund	Total without Supporting Organizations	Supporting Organizations	Consolidating Entries	Total	2014
Revenue and support:									
Support:									
Contributions and bequests	\$ 11,650,911	\$ 4,171,629	\$ -	\$ 15,856	\$ 15,838,396	\$ 3,716,341	\$ (718,124)	\$ 18,836,613	\$ 9,295,442
Special events, net	129,012	-	-	-	129,012	103,776	-	232,788	188,997
Total support	11,779,923	4,171,629	-	15,856	15,967,408	3,820,117	(718,124)	19,069,401	9,484,439
Revenue, investment and other income:									
Investment income (loss), net	843,404	-	(963)	(62,303)	780,138	(71,066)	-	709,072	12,041,913
Other revenue	42,766	-	-	-	42,766	42,712	(12,048)	73,430	38,032
Fund management fees	152,682	-	-	-	152,682	-	(150,024)	2,658	13,343
Loss on disposal of property and equipment	-	-	-	-	-	-	-	-	(16,024)
Change in fair value	13,410	-	(7,646)	(79,795)	(74,031)	36,833	-	(37,198)	(26,726)
Total revenue, investment and other income	1,052,262	-	(8,609)	(142,098)	901,555	8,479	(162,072)	747,962	12,050,538
Total revenue and support	12,832,185	4,171,629	(8,609)	(126,242)	16,868,963	3,828,596	(880,196)	19,817,363	21,534,977
Expenses:									
Grants and distributions	6,253,783	-	9,565	74,074	6,337,422	1,909,136	(718,124)	7,528,434	11,909,081
Salaries, wages and related expense	1,229,935	-	-	-	1,229,935	293,401	-	1,523,336	1,266,886
Office expense	195,787	-	-	-	195,787	73,338	(12,048)	257,077	244,379
Professional services	174,212	-	350	38,950	213,512	164,268	(150,024)	227,756	500,544
Other expense	87,733	-	-	-	87,733	79,469	-	167,202	109,522
Promotion and development	128,255	-	-	-	128,255	9,651	-	137,906	153,355
Program subcontracts	16,967	-	-	-	16,967	-	-	16,967	1,363
Total expenses	8,086,672	-	9,915	113,024	8,209,611	2,529,263	(880,196)	9,858,678	14,185,130
Change in net assets	4,745,513	4,171,629	(18,524)	(239,266)	8,659,352	1,299,333	-	9,958,685	7,349,847
Net assets, beginning of year	85,396,651	-	75,239	921,997	86,393,887	22,331,679	-	108,725,566	101,375,719
Net assets, end of year	\$ 90,142,164	\$ 4,171,629	\$ 56,715	\$ 682,731	\$ 95,053,239	\$ 23,631,012	\$ -	\$ 118,684,251	\$ 108,725,566

Supplementary Information
See independent auditors' report.

COMMUNITY FOUNDATION FOR SOUTHERN ARIZONA AND AFFILIATES

CONSOLIDATING STATEMENT OF FINANCIAL POSITION – SUPPORTING ORGANIZATIONS

June 30, 2015

	William E. Hall Foundation	Worth & Dot Howard Foundation	CFSA Properties, Inc.	Thomas R. Brown Family Foundation	Women's Foundation of Southern Arizona
<u>ASSETS</u>					
Current assets:					
Cash and cash equivalents	\$ -	\$ 35,676	\$ -	\$ 539,191	\$ 691,372
Unconditional promises to give, net, current portion	-	-	-	-	49,448
Notes receivable, net, current portion	-	-	-	-	-
Interest and other receivables	-	5,664	-	-	-
Prepaid expenses	-	-	-	-	-
Total current assets	-	41,340	-	539,191	740,820
Unconditional promises to give, net, non-current portion	-	-	-	-	7,526
Notes receivable, non-current portion	-	-	-	-	-
Investments	680,609	2,041,236	566,342	7,459,220	2,415,547
Property and equipment, net	-	1,253	523,530	9,001	1,956
Other assets	-	-	14,600	5,103	5,550
Total assets	\$ 680,609	\$ 2,083,829	\$ 1,104,472	\$ 8,012,515	\$ 3,171,399
<u>LIABILITIES AND NET ASSETS</u>					
Current liabilities:					
Accounts payable and accrued expenses	\$ -	\$ 6,003	\$ 5,319	\$ 7,608	\$ 19,524
Grants and distributions payable	2,500	114,500	-	203,428	-
Notes payable, current portion	-	-	-	-	-
Total current liabilities	2,500	120,503	5,319	211,036	19,524
Notes payable, non-current portion	-	-	-	-	-
Total liabilities	2,500	120,503	5,319	211,036	19,524
Net assets:					
Unrestricted	678,109	1,963,326	1,099,153	7,801,479	1,593,452
Temporarily restricted	-	-	-	-	8,300
Permanently restricted	-	-	-	-	1,550,123
Total net assets	678,109	1,963,326	1,099,153	7,801,479	3,151,875
Total liabilities and net assets	\$ 680,609	\$ 2,083,829	\$ 1,104,472	\$ 8,012,515	\$ 3,171,399

Supplementary Information

See independent auditors' report.

COMMUNITY FOUNDATION FOR SOUTHERN ARIZONA AND AFFILIATES

CONSOLIDATING STATEMENT OF FINANCIAL POSITION – SUPPORTING ORGANIZATIONS, Continued
June 30, 2015

ASSETS	The Zuckerman Community Outreach Foundation	Howard V. Moore Foundation	Nonprofit Loan Fund of Tucson and Southern Arizona	Sycamore Canyon Conservation Foundation	Total	2014
Current assets:						
Cash and cash equivalents	\$ 423,845	\$ 2,241,780	\$ 49,879	\$ 58,678	\$ 4,040,421	\$ 3,466,074
Unconditional promises to give, net, current portion	-	-	10,000	-	59,448	57,862
Notes receivable, net, current portion	-	-	138,944	-	138,944	80,750
Interest and other receivables	-	-	-	-	5,664	5,664
Prepaid expenses	-	-	-	-	-	3,225
Total current assets	423,845	2,241,780	198,823	58,678	4,244,477	3,613,575
Unconditional promises to give, net, non-current portion	-	-	-	-	7,526	4,920
Notes receivable, non-current portion	-	-	45,000	-	45,000	-
Investments	6,184,886	2,120	-	-	19,349,960	18,386,886
Property and equipment, net	-	-	-	-	535,740	612,868
Other assets	-	-	109	1,500	26,862	21,203
Total assets	\$ 6,608,731	\$ 2,243,900	\$ 243,932	\$ 60,178	\$ 24,209,565	\$ 22,639,452
<u>LIABILITIES AND NET ASSETS</u>						
Current liabilities:						
Accounts payable and accrued expenses	\$ 9,728	\$ -	\$ 1,543	\$ -	\$ 49,725	\$ 37,773
Grants and distributions payable	-	8,400	-	-	328,828	120,000
Notes payable, current portion	-	-	50,000	-	50,000	-
Total current liabilities	9,728	8,400	51,543	-	428,553	157,773
Notes payable, non-current portion	-	-	150,000	-	150,000	150,000
Total liabilities	9,728	8,400	201,543	-	578,553	307,773
Net assets:						
Unrestricted	6,599,003	2,235,500	32,389	58,678	22,061,089	20,418,315
Temporarily restricted	-	-	10,000	-	18,300	363,177
Permanently restricted	-	-	-	1,500	1,551,623	1,550,187
Total net assets	6,599,003	2,235,500	42,389	60,178	23,631,012	22,331,679
Total liabilities and net assets	\$ 6,608,731	\$ 2,243,900	\$ 243,932	\$ 60,178	\$ 24,209,565	\$ 22,639,452

Supplementary Information
See independent auditors' report.

COMMUNITY FOUNDATION FOR SOUTHERN ARIZONA AND AFFILIATES

CONSOLIDATING STATEMENT ACTIVITIES – SUPPORTING ORGANIZATIONS
For the year ended June 30, 2015

	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	\$ -	\$ -	\$ 556,832	\$ 2,100,000	\$ 1,017,750
Special events, net	-	-	-	-	103,776
Total support	-	-	556,832	2,100,000	1,121,526
Revenue, investment and other income:					
Investment income (loss), net	9,757	(108,925)	-	142,295	19,467
Change in fair value	-	-	(43,854)	80,687	-
Other revenue	-	-	-	457	17,774
Loss on disposal of property and equipment	-	-	-	-	-
Total revenue, investment and other income	9,757	(108,925)	(43,854)	223,439	37,241
Total revenue and support	9,757	(108,925)	512,978	2,323,439	1,158,767
Expenses:					
Grants and distributions	38,500	113,500	-	934,241	475,495
Salaries, wages and related expense	-	55,284	-	-	193,503
Professional services	8,387	24,067	1,025	23,671	7,550
Other expense	-	89	21,066	23,561	10,126
Office expense	10	1,117	564	7,222	61,540
Promotion and development	-	-	-	-	8,290
Total expenses	46,897	194,057	22,655	988,695	756,504
Change in net assets	(37,140)	(302,982)	490,323	1,334,744	402,263
Net assets, beginning of year	715,249	2,266,308	608,830	6,466,735	2,749,612
Transfers	-	-	-	-	-
Net assets, end of year	\$ 678,109	\$ 1,963,326	\$ 1,099,153	\$ 7,801,479	\$ 3,151,875

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, 2015

	The Zuckerman Community Outreach Foundation	Howard V. Moore Foundation	Nonprofit Loan Fund of Tucson and Southern Arizona	Sycamore Canyon Conservation Foundation	Total	2014
Revenue and support:						
Support:						
Contributions and bequests	\$ -	\$ -	\$ 41,759	\$ -	\$ 3,716,341	\$ 2,836,051
Special events, net	-	-	-	-	103,776	92,825
Total support	-	-	41,759	-	3,820,117	2,928,876
Revenue, investment and other income:						
Investment income (loss), net	(144,762)	3,382	7,634	86	(71,066)	2,203,811
Change in fair value	-	-	-	-	36,833	228,472
Other revenue	716	-	9,147	14,618	42,712	31,309
Loss on disposal of property and equipment	-	-	-	-	-	(16,024)
Total revenue, investment and other income	(144,046)	3,382	16,781	14,704	8,479	2,447,568
Total revenue and support	(144,046)	3,382	58,540	14,704	3,828,596	5,376,444
Expenses:						
Grants and distributions	214,000	133,400	-	-	1,909,136	22,878,972
Salaries, wages and related expense	-	-	44,614	-	293,401	227,783
Professional services	40,834	33,935	4,905	19,894	164,268	350,617
Other expense	3,667	-	19,841	1,119	79,469	62,800
Office expense	1,005	227	1,643	10	73,338	60,617
Promotion and development	-	-	1,361	-	9,651	21,965
Total expenses	259,506	167,562	72,364	21,023	2,529,263	23,602,754
Change in net assets	(403,552)	(164,180)	(13,824)	(6,319)	1,299,333	(18,226,310)
Net assets, beginning of year	7,002,555	2,399,680	56,213	66,497	22,331,679	40,511,314
Transfers	-	-	-	-	-	46,675
Net assets, end of year	\$ 6,599,003	\$ 2,235,500	\$ 42,389	\$ 60,178	\$ 23,631,012	\$ 22,331,679

Supplementary Information
See independent auditors' report.