

**COMMUNITY FOUNDATION FOR  
SOUTHERN ARIZONA AND AFFILIATES**

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION**  
Years ended June 30, 2006 and 2005

## INDEPENDENT AUDITORS' REPORT

Board of Trustees  
Community Foundation for Southern Arizona and Affiliates  
Tucson, Arizona

We have audited the accompanying consolidated statements of financial position of Community Foundation for Southern Arizona and Affiliates (Foundation) as of June 30, 2006 and 2005 and the related consolidated statements of activities and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We did not audit the financial statements of the Worth & Dot Howard Foundation, a supporting organization of Community Foundation for Southern Arizona, which statements reflect total assets of \$2,304,357 and \$2,297,025 as of June 30, 2006 and 2005, respectively, and total revenues of \$79,218 and \$81,728 for the years then ended, respectively. Those statements were audited by another auditor whose reports have been furnished to us, and our opinion insofar as it relates to the amounts included for the Worth & Dot Howard Foundation is based solely on the reports of the other auditor.

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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, 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, 2006 and 2005, and the changes in their net assets and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The accompanying supplementary information is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, results of operations, and cash flows for individual entities. Such information has been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, is presented fairly, in all material respects, in relation to the basic consolidated financial statements taken as a whole.

*Devries CPAs of Arizona, P.C.*

DEVRIES CPAS OF ARIZONA, P.C.

January 26, 2007

*Integrity is the highest form of service.*

MARIANNE E. DEVRIES, CPA

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**COMMUNITY FOUNDATION FOR SOUTHERN ARIZONA AND AFFILIATES**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
June 30, 2006 and 2005

	<u>2006</u>	<u>2005</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 16,117,393	\$ 7,842,888
Investments - Note 3	80,984,483	66,616,670
Pledges receivable - Note 4	55,451	42,047
Notes receivable - Note 5	0	55,719
Government contracts receivable	620,075	502,772
Interest and other receivables - Note 6	388,557	197,448
Charitable remainder annuity trusts - Note 7	535,089	200,367
Property and equipment - Note 8	779,047	1,044,016
Other assets - Note 9	299,195	287,722
	<u>\$ 99,779,290</u>	<u>\$ 76,789,649</u>

**LIABILITIES AND NET ASSETS**

Liabilities:

Accounts payable and accrued liabilities	\$ 83,016	\$ 111,156
Grants and distributions payable	1,500,363	1,007,979
Designated obligations - Note 10	3,293,479	3,806,344
Due to other agencies - Note 11	3,163,575	2,898,501
	<u>8,040,433</u>	<u>7,823,980</u>

Net assets:

Unrestricted:

Available for operations	4,151,565	1,356,481
Designated for endowment purposes	13,372,574	10,972,082
Designated for supporting organizations	47,900,899	35,063,533
Designated for donor advised purposes	13,395,360	13,191,498
	<u>78,820,398</u>	<u>60,583,594</u>
Temporarily restricted - Note 12	4,150,853	3,723,122
Permanently restricted - Note 14	8,767,606	4,658,953
	<u>91,738,857</u>	<u>68,965,669</u>
	<u>\$ 99,779,290</u>	<u>\$ 76,789,649</u>

See Accompanying Notes.

**COMMUNITY FOUNDATION FOR SOUTHERN ARIZONA AND AFFILIATES**  
**CONSOLIDATED STATEMENT OF ACTIVITIES**  
Year ended June 30, 2006

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Revenues and other support:				
Contributions and bequests	\$ 16,133,341	\$ 310,838	\$ 4,108,653	\$ 20,552,832
Interest, dividends and royalties	2,279,497	414,232		2,693,729
Governmental grant revenues	2,660,849			2,660,849
Programatic and administrative support	49,637			49,637
Fund management fees	27,521			27,521
Special event revenues	258,836			258,836
Other revenue	37,127			37,127
	<u>21,446,808</u>	<u>725,070</u>	<u>4,108,653</u>	<u>26,280,531</u>
Net assets released from restrictions	1,800,669	(1,800,669)		0
Total revenues and other support	<u>23,247,477</u>	<u>(1,075,599)</u>	<u>4,108,653</u>	<u>26,280,531</u>
Expenses - Note 13:				
Grants and distributions	5,526,047			5,526,047
Program sub-contracts	2,496,748			2,496,748
Salaries, wages and related expenses	1,123,866			1,123,866
Office expenses	535,559			535,559
Professional services	185,942			185,942
Promotion and development	109,213			109,213
Special event expenses	83,052			83,052
Other expenses	84,631			84,631
	<u>10,145,058</u>	<u>0</u>	<u>0</u>	<u>10,145,058</u>
Increase in net assets before net gain on investments	13,102,419	(1,075,599)	4,108,653	16,135,473
Net gain on investments:				
Realized gain on investments	761,810	681,876		1,443,686
Unrealized gain (loss) on investments	4,371,948	(24,484)		4,347,464
Change in value - split interest agreements	627	845,938		846,565
	<u>5,134,385</u>	<u>1,503,330</u>	<u>0</u>	<u>6,637,715</u>
Increase in net assets	18,236,804	427,731	4,108,653	22,773,188
Net assets, beginning of year, as restated - Note 18	<u>60,583,594</u>	<u>3,723,122</u>	<u>4,658,953</u>	<u>68,965,669</u>
Net assets, end of year	<u>\$ 78,820,398</u>	<u>\$ 4,150,853</u>	<u>\$ 8,767,606</u>	<u>\$ 91,738,857</u>

See Accompanying Notes.

**COMMUNITY FOUNDATION FOR SOUTHERN ARIZONA AND AFFILIATES**  
**CONSOLIDATED STATEMENT OF ACTIVITIES**  
Year ended June 30, 2005

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Revenues and other support:				
Contributions and bequests	\$ 3,897,309	\$ 497,485	\$ 546,715	\$ 4,941,509
Interest, dividends and royalties	1,224,924	212,970		1,437,894
Governmental grant revenues	2,252,884			2,252,884
Programatic and administrative support	61,208			61,208
Fund management fees	24,202			24,202
Special event revenues	130,878			130,878
Other revenue	43,470			43,470
	<u>7,634,875</u>	<u>710,455</u>	<u>546,715</u>	<u>8,892,045</u>
Net assets released from restrictions	<u>312,100</u>	<u>(312,100)</u>		<u>0</u>
Total revenues and other support	<u>7,946,975</u>	<u>398,355</u>	<u>546,715</u>	<u>8,892,045</u>
Expenses - Note 13:				
Grants and distributions	2,891,154			2,891,154
Program sub-contracts	2,057,370			2,057,370
Salaries, wages and related expenses	1,009,501			1,009,501
Office expenses	410,087			410,087
Professional services	141,270			141,270
Promotion and development	63,605			63,605
Special event expenses	54,867			54,867
Other expenses	58,794			58,794
	<u>6,686,648</u>	<u>0</u>	<u>0</u>	<u>6,686,648</u>
Increase in net assets before net gain on investments	1,260,327	398,355	546,715	2,205,397
Net gain (loss) on investments:				
Realized gain on investments	30,613	50,731		81,344
Unrealized gain on investments	3,918,326	267,259		4,185,585
Change in value - split interest agreements	6	12,711		12,717
	<u>3,948,945</u>	<u>330,701</u>	<u>0</u>	<u>4,279,646</u>
Increase in net assets	5,209,272	729,056	546,715	6,485,043
Change in accounting estimate - Note 16	500,000			500,000
Net assets, beginning of year, as restated - Note 18	<u>54,874,322</u>	<u>2,994,066</u>	<u>4,112,238</u>	<u>61,980,626</u>
Net assets, end of year, as restated - Note 18	<u>\$ 60,583,594</u>	<u>\$ 3,723,122</u>	<u>\$ 4,658,953</u>	<u>\$ 68,965,669</u>

See Accompanying Notes.

**COMMUNITY FOUNDATION FOR SOUTHERN ARIZONA AND AFFILIATES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
Years ended June 30, 2006 and 2005

	<u>2006</u>	<u>2005</u>
Cash flows from operating activities:		
Increase in net assets	\$ 22,773,188	\$ 6,485,043
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Loss on disposal of property and equipment	39,330	375
Donation of stock	(5,275,065)	(2,167,737)
Net realized (gain) on investments	(4,347,588)	(81,481)
Unrealized (gain) on investments	(1,444,202)	(4,185,585)
Depreciation	37,452	41,478
(Increase) decrease in operating assets:		
Pledges receivable	(13,404)	(311,502)
Government contracts receivable	(117,303)	(88,045)
Interest and other receivables	(191,109)	(2,292)
Charitable remainder annuity trusts	(334,722)	(50,214)
Other assets	(11,473)	2,264
Increase (decrease) in operating liabilities:		
Accounts payable and accrued liabilities	(28,140)	(237,599)
Grants and distributions payable	492,384	(906,386)
Designated obligations	(512,865)	664,337
Contributions restricted for long-term purposes	(4,108,653)	(546,715)
Net cash provided by (used in) operating activities	<u>6,957,830</u>	<u>(1,384,059)</u>
Cash flows from investing activities:		
Proceeds from sales of investments	23,632,132	7,340,407
Purchases of investments	(26,933,090)	(12,584,381)
Collections of notes receivables	55,719	8,488
Purchases of property and equipment	(26,406)	(3,579)
Proceeds from sale of property and equipment	214,593	0
Net cash (used in) investing activities	<u>(3,057,052)</u>	<u>(5,239,065)</u>
Cash flows provided by financing activities -		
Contributions restricted for long-term purposes	4,108,653	546,715
Cash flows provided by custodial activities -		
Increase in agency funds	<u>264,307</u>	<u>1,033,249</u>
Increase (decrease) in cash and cash equivalents	8,273,738	(5,043,160)
Cash and cash equivalents, beginning of year	<u>7,842,888</u>	<u>12,886,048</u>
Cash and cash equivalents, end of year	<u>\$ 16,116,626</u>	<u>\$ 7,842,888</u>

Supplemental cash flow information:

No cash paid for interest or income taxes in 2006 or 2005.

See Accompanying Notes.

**COMMUNITY FOUNDATION FOR SOUTHERN ARIZONA AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
June 30, 2006 and 2005

**NOTE 1 – Organization**

The consolidated entity, Community Foundation for Southern Arizona (CFSA or the Foundation), 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 Foundation accepts, creates and manages donations, endowments and other charitable gifts for the purpose of providing grants and scholarships in the community. Donors frequently advise CFSA on the selection of projects and grantees. The Foundation also serves as trustee for charitable trusts and as fiscal agent for public monies targeting health issues, job training and community development.

The consolidated financial statements include the following:

The CFSA Pooled Income Fund - 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 the Foundation.

The CFSA Charitable Remainder Trust Fund – a fund that includes trusts whereby the individuals receive income from the trusts 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 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 Directors are also members of the Foundation's Board of Directors, the Foundation appoints the supporting organization's Board of Directors and the supporting organization and the Foundation have common charitable purposes and goals.

Supporting organizations include:

The Melody S. Robidoux Foundation allocates its resources towards grants to qualified religious, charitable, scientific and educational organizations.

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

The I Have a Dream Foundation of Tucson provides scholarships to students of economically disadvantaged families for college and vocational schools.

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

The Thomas R. Brown Family Foundation (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 supports the purposes of CFSA through grants to organizations and projects supportive of women's issues.

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

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

## COMMUNITY FOUNDATION FOR SOUTHERN ARIZONA AND AFFILIATES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued

June 30, 2006 and 2005

#### NOTE 1 – Organization - continued

The John W. Madden and Barbara Joann Darrall Foundation promotes the preserving and restoring of wildlife habitats primarily in and around the Sonoran desert, and includes educational activities.

The Zuckerman Community Outreach Foundation (Zuckerman Foundation) 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. The Zuckerman Foundation seeks to fund traditional and innovate 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 the Southern Arizona Community Foundation.

The Sycamore Canyon Conservation Foundation 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.

#### NOTE 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. Each of the entities maintains their own net assets. Inter-organization transactions and balances have been eliminated in consolidation.

##### *Use of estimates in preparing consolidated financial statements*

The preparation of consolidated financial statements in conformity with generally accepted accounting principles 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

##### *Cash and cash equivalents*

For purposes of the statement of cash flows, the Foundation considers all highly liquid instruments purchased with a maturity of three months or less at the date of purchase to be cash equivalents. Certain entities maintain cash in bank deposit or brokerage accounts which may exceed federally insured limits or be uninsured.

##### *Investments*

All investments are stated at fair value in the consolidated statement of financial position. Unrealized gains and losses are included in the change in net assets section in the accompanying consolidated statement of activities.

The Foundation 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 Internal Revenue Service.

**COMMUNITY FOUNDATION FOR SOUTHERN ARIZONA AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued**  
June 30, 2006 and 2005

**NOTE 2 – Summary of significant accounting policies – continued**

Certain investments exceed 5% of total investments, representing a credit risk at June 30, 2006. Those investments follow:

Community Foundation for Southern Arizona:	
SEI Investments large cap fund	\$ 14,207,719
SEI Investments core fixed income fund	11,519,411
SEI Investments international equity fund	7,393,301
SEI investments small cap fund	5,065,738
Melody S. Robidoux Foundation:	
Spindrift Limited Partnership	4,927,152
	<u>\$ 43,113,321</u>

*Receivables*

Pledges (or 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 pledges are recorded at their present value calculated over the time period of the commitment and recognized as contribution revenue as the present value increases. An allowance for doubtful pledges is not maintained as management considers all pledges to be fully collectible. Conditional pledges are recognized when the conditions on which they depend are substantially met. The Foundation has been notified of numerous conditional pledges which could not be reasonably valued at year-end.

*Other assets*

Other assets consist of life insurance policies, prepaid expenses and art objects which were valued at the fair value on the date of donation and adjusted annually to reflect current valuations.

*Property and equipment*

Property and equipment are stated at cost, if purchased, or if donated, at fair value at the date of donation. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets. Land improvements are depreciated over five to ten years, buildings over ten to forty years, equipment over five to eight years and furniture over five to ten years. Capitalization policies vary among CFSA, affiliates and supporting organizations but the general policy is to capitalize any property or equipment with a useful life of greater than one year and a cost greater than \$2,500.

*Accounts payable and accrued liabilities*

Accounts payable and accrued liabilities represent amounts owed by CFSA that are not yet disbursed.

*Grants and distributions payable*

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

*Designated obligations*

The Foundation or trustees manage assets contributed to the Pooled Income Fund and the Charitable Remainder Trust Fund under which the Foundation 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 the Foundation, as dictated by the corresponding agreement. The present value of the expected obligations has been recorded as a designated obligation, and any year-to-year changes in that obligation are reflected as a change in value.

**COMMUNITY FOUNDATION FOR SOUTHERN ARIZONA AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued**  
June 30, 2006 and 2005

**NOTE 2 – Summary of significant accounting policies – continued**

*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 the Foundation, the Pooled Income Fund, 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 financial statements at fair market value if the following criteria are met:

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

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

*Administrative allocation*

Charges for administrative and overhead expenses of CFSA are allocated against the resources of CFSA and its affiliates 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*

The Foundation is a nonprofit organization exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC). Income from certain activities not directly related to the Foundation's tax-exempt purpose, however, may be subject to taxation as unrelated business income. The Foundation 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.

*Net assets*

Net assets are classified into one of three classes of net assets based on the existence or absence of donor-imposed restrictions. that may be unrestricted, temporarily restricted and permanently restricted.

*Reclassifications*

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform to the presentation in the current-year financial statements.

**COMMUNITY FOUNDATION FOR SOUTHERN ARIZONA AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued**  
June 30, 2006 and 2005

**NOTE 3 – Investments**

Investments at June 30, 2006 and 2005 follow:

	2006	2005
Equity securities	\$ 45,251,494	\$ 44,163,702
Fixed income investments	21,797,764	4,367,554
Corporate bonds	1,038,208	7,434,058
Oil and gas interests	301,130	222,568
Investments in limited partnerships	11,626,583	10,169,230
Certificates of deposit	244,615	259,558
Other	724,689	0
	<u>\$ 80,984,483</u>	<u>\$ 66,616,670</u>

Investment fees are reported in office expenses on the statement of activities. For the fiscal years ended June 30, 2006 and 2005, investment fees charged by outside investment managers was \$214,342 and \$151,980, respectively.

At June 30, 2006 and 2005, \$35,797,911 and \$29,922,893, respectively, of the total investments are invested and valued by each supporting organization's own investment policies and guidelines. \$150,000 of the certificates of deposit are held as collateral for a guarantee of a school loan. Of the supporting organizations' total investments at June 30, 2006 and 2005, \$11,619,125 and \$10,161,721, respectively, of limited partnerships are held and managed by one supporting organization.

At June 30, 2006 and 2005, \$8,767,606 and \$4,658,953, respectively, of the above investments were permanently restricted for the endowment net assets and, as such, were unavailable for operations.

**NOTE 4 – Pledges receivable**

CFSA and its affiliates have received unconditional promises to give or pledges that are due in less than one year. The consolidated balances at June 30, 2006 and 2005 were \$55,451 and \$42,047, respectively.

**NOTE 5 – Notes receivable**

Notes receivable at June 30, 2005 follow:

Note receivable, bearing interest at 8% per annum, due in monthly installments of \$621, including interest through February 2012.	\$ 42,632
Note receivable, bearing interest at 9% per annum, due in annual installments of \$6,500, including interest through January 2007.	13,087
	<u>\$ 55,719</u>

Both notes were received in full during the year ended June 30, 2006.

**COMMUNITY FOUNDATION FOR SOUTHERN ARIZONA AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued**  
June 30, 2006 and 2005

**NOTE 6 – Interest and other receivables**

Interest and other receivables at June 30, 2006 and 2005 follow:

	2006	2005
Interest receivable	\$ 178,883	\$ 181,560
Due from investment brokerage on investment sale	200,000	0
Other	9,674	15,888
	<u>\$ 388,557</u>	<u>\$ 197,448</u>

**NOTE 7 – Charitable remainder annuity trusts**

The Foundation is the beneficiary of two irrevocable charitable remainder trusts administered by third party trustees. In addition, the Women's Foundation of Southern Arizona is the remainder interest in an irrevocable charitable remainder trust that is administered by CFSA. The value of the remainder interest is calculated using a discount rate and actuarial tables to show a receivable from the trust. The estimated value of the remainder interest in the three trusts was \$535,089 and \$200,367 at June 30, 2006 and 2005, respectively.

**NOTE 8 – Property and equipment**

Property and equipment at June 30, 2006 and 2005 follow:

	2006	2005
Equipment and furniture	\$ 218,846	\$ 194,162
Buildings and improvements	595,824	857,884
Land	276,400	336,400
	1,091,070	1,388,446
Less accumulated depreciation	(312,023)	(344,430)
	<u>\$ 779,047</u>	<u>\$ 1,044,016</u>

**NOTE 9 – Other assets**

Other assets at June 30, 2006 and 2005 follow:

	2006	2005
Prepaid and miscellaneous assets	\$ 22,098	\$ 5,887
Land held for sale	31,220	31,220
Artwork	206,271	211,522
Split dollar life insurance policies	39,606	39,093
	<u>\$ 299,195</u>	<u>\$ 287,722</u>

**COMMUNITY FOUNDATION FOR SOUTHERN ARIZONA AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued**  
June 30, 2006 and 2005

**NOTE 10 – Designated obligations**

Designated obligations at June 30, 2006 and 2005 follow:

	2006	2005
Charitable gift annuities	\$ 1,140,685	\$ 1,026,890
Unitrusts	518,158	282,835
Annuity trusts	0	715,459
Lead trusts	1,339,923	1,556,369
Pooled income fund	294,713	224,791
	<u>\$ 3,293,479</u>	<u>\$ 3,806,344</u>

**NOTE 11 – Due to other agencies**

Due to other agencies at June 30, 2006 and 2005 follows:

	2006	2005
Casa de Esperanza Endowment	\$ 86,537	\$ 79,950
Community Food Bank	24,665	22,968
Eighty-Eight Crime fund	71,717	66,536
Gerald Ferro memorial fund for Big Brothers	20,581	20,121
Green Valley Assistance Services Endowment	798,853	674,830
Guardianships of Southern Arizona	20,551	19,996
Sarah P. Hausman Endowment fund	204,960	199,877
Holsclaw family fund	92,388	89,995
Holmes Tuttle memorial fund	137,005	133,589
Alice Y. Holsclaw YWCA fund	62,683	61,129
Junior League of Tucson	27,612	58,874
Northwest Interfaith Center	26,703	25,951
Irish Famine Commemorative fund	175,257	167,520
One Hundred Club	127,999	120,052
St. Andrew's Crippled Children	153,630	151,709
Tanque Verde Schools education enrichment	95,960	88,946
Tanque Verde education fine arts	47,570	54,414
Tohono O'odham Community College endowment	145,778	66,425
Tucson Audubon Society	126,353	119,722
Tucson Audubon Endowment fund	185,448	174,627
Tucson Botanical Gardens	116,697	108,442
Tucson Music Teachers Association	38,678	27,736
Up with People	219,511	208,048
Volunteer Center	24,808	23,979
Other funds	131,631	133,065
	<u>\$ 3,163,575</u>	<u>\$ 2,898,501</u>

**COMMUNITY FOUNDATION FOR SOUTHERN ARIZONA AND AFFILIATES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued**

June 30, 2006 and 2005

**NOTE 12 – Temporarily restricted net assets**

Temporarily restricted net assets activity for the year ended June 30, 2006 follows:

	Beginning balance	Contributions/ investment income	Releases	Ending balance
Darling Scholarship Fund	\$ 331,209	\$ 30,043	\$ (25,248)	\$ 336,004
Hopkins & Vail Fund	106,452	60,045	(54,199)	112,298
Shaaron Kent fund	204,924	324,119	(93,922)	435,121
Endowment for the Arts of Tucson Fund	83,474	30,625	(24,822)	89,277
Wolfe Music Scholarship Fund	41,731	4,086	(959)	44,858
Mary Jane McIntosh Atwood scholarship	20,786	22,243	(3,442)	39,587
Tennis for Tucson Fund	22,596	6,151	(651)	28,096
Gift annuities/charitable remainder trusts	2,126,341	1,526,787	(1,497,555)	2,155,573
Pooled income funds	590,201	(66,639)	(19,154)	504,408
Women's Foundation funds	0	210,574	(33,792)	176,782
Other funds	195,408	80,366	(46,925)	228,849
	<u>\$ 3,723,122</u>	<u>\$ 2,228,400</u>	<u>\$ (1,800,669)</u>	<u>\$ 4,150,853</u>

**NOTE 13 – Functional expenses**

Functional expenses for the year ended June 30, 2006 for the consolidated entities follows:

	CFSA with trusts and pooled income	Supporting organizations	Eliminations	Total
Program services	\$ 5,619,915	\$ 4,083,461	\$ (658,846)	\$ 9,044,530
Development and public relations	104,615	63,784	(29,158)	139,241
Management and general	962,268	267,277	(268,258)	961,287
	<u>\$ 6,686,798</u>	<u>\$ 4,414,522</u>	<u>\$ (956,262)</u>	<u>\$ 10,145,058</u>

Functional expenses for the year ended June 30, 2005 for the consolidated entities follows:

	CFSA with trusts and pooled income	Supporting organizations	Eliminations	Total
Program services	\$ 4,485,852	\$ 1,941,291	\$ (634,092)	\$ 5,793,051
Development and public relations	88,785	22,510	(23,688)	87,607
Management and general	816,824	207,095	(217,929)	805,990
	<u>\$ 5,391,461</u>	<u>\$ 2,170,896</u>	<u>\$ (875,709)</u>	<u>\$ 6,686,648</u>

**COMMUNITY FOUNDATION FOR SOUTHERN ARIZONA AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued**  
June 30, 2006 and 2005

**NOTE 14 – Permanently restricted net assets**

Permanently restricted net assets at June 30, 2006 and 2005 follows:

	2006	2005
Endowment for the Arts fund	\$ 266,462	\$ 266,462
Lucille A & Matthias P Lowman Family fund	631,127	419,161
Alden fund	51,423	51,423
Buehrer fund	50,102	50,102
Mary Jane McIntosh Atwood scholarship fund	215,000	215,000
Roger & Mary Baxter scholarship fund	130,166	130,335
DeGrazia Art & Cultural Foundation fund	50,228	50,228
Holsclaw first family fund	50,241	50,241
Miller Endowment fund	50,220	50,220
Margaret T. Morris children's fund	50,241	50,241
William G. & Kathleen Rector trust fund	64,463	64,463
Rosa Parks scholarship fund	83,488	83,488
The Stocker Foundation fund	258,130	258,130
Sundt First Family fund	50,271	50,271
Hopkins & Vail fund	534,905	534,905
Walley Fund	62,496	62,496
Women's Foundation of Southern Arizona fund	152,246	144,514
Holsclaw advisory endowment fund	301,270	301,270
Shaaron Kent endowment fund	4,890,744	1,035,392
Other funds	824,383	790,611
	<u>\$ 8,767,606</u>	<u>\$ 4,658,953</u>

**NOTE 15 - Pension plan**

The Foundation has a Simplified Employee Pension Plan (SEP) covering substantially all employees. Employees become participants in the plan after being employed across two fiscal periods and earning at least \$400 in wages. Participants are immediately vested in the employer contribution. Employer contributions are discretionary based on board approval. Subsequent to June 30, 2006, the Board of Directors approved a contribution to the plan attributable to compensation earned during the year ended June 30, 2006. The contribution was accrued as a liability at June 30, 2006. Pension plan expense was \$21,189 and \$12,813 for June 30, 2006 and 2005, respectively.

**NOTE 16 – Change in accounting estimate**

During 2005, the Thomas R. Brown Foundation's Board of Directors rescinded \$500,000 of the grant payable to Massachusetts Institute of Technology that was awarded in the year ended June 30, 2004. This action was recorded as a change in estimate in the 2005 consolidated statement of activities.

**NOTE 17 – Lease commitments**

CFSA had various operating leases which expired during the year ended June 30, 2006 or were month-to-month agreements. In addition, the Robidoux Foundation leases office space under the terms of a lease expiring September 30, 2010.

**COMMUNITY FOUNDATION FOR SOUTHERN ARIZONA AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued**  
June 30, 2006 and 2005

**NOTE 17 – Lease commitments – continued**

Rental expense for the years ended June 30, 2006 and 2005 follows:

	2006	2005
Robidoux Foundation	\$ 14,850	\$ 14,850
Community Foundation of Southern Arizona	15,437	14,326
	<u>\$ 30,287</u>	<u>\$ 29,176</u>

Future minimum lease payments for the Robidoux Foundation lease at June 30, 2006 follow:

Year ending June 30, 2007	\$ 28,839
2008	29,700
2009	30,591
2010	31,509
2011	7,935
	<u>\$ 128,574</u>

**NOTE 18 – Prior period adjustments**

During the year ended June 30, 2006, the following corrections were made to net assets at June 30, 2004 and 2005:

	Unrestricted net assets	Temporarily restricted net assets	Permanently restricted net assets	Total net assets
Balance at June 30, 2004, as previously reported	\$ 46,865,076	\$ 2,231,912	\$ 12,949,776	\$ 62,046,764
Overstatement of custodial liabilities	203,862			203,862
Reclassification of net assets	8,075,384	762,154	(8,837,538)	0
Understatement of grants expense	<u>(270,000)</u>			<u>(270,000)</u>
Balance at June 30, 2004, as restated	54,874,322	2,994,066	4,112,238	61,980,626
Originally reported increase in net assets for the year ended June 30, 2005	6,385,253	532,174	80,156	6,997,583
Net understatement of expenses	(2,403)			(2,403)
Understatement of due to other agencies	(10,137)			(10,137)
Reclassification of net assets	(663,441)	196,882	466,559	0
Balance at June 30, 2005, as restated	<u>\$ 60,583,594</u>	<u>\$ 3,723,122</u>	<u>\$ 4,658,953</u>	<u>\$ 68,965,669</u>

**COMMUNITY FOUNDATION FOR SOUTHERN ARIZONA AND AFFILIATES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued**

June 30, 2006 and 2005

**NOTE 19 – Subsequent event**

Subsequent to June 30, 2006, a donor contributed property with an appraised value of \$4,300,000 to Sycamore Canyon Conservation Foundation (Sycamore Canyon). Sycamore Canyon intends to hold the property in perpetuity for conservation purposes.

**NOTE 20 – Related party transactions**

During the years ended June 30, 2006 and 2005, the Brown Family Foundation purchased oil and gas interests from family trusts in the amount of \$23,728 and \$222,568, respectively. The bank trustee in control of the family trusts valued the interests at an amount approximating the value that the Internal Revenue Service uses in valuing such interests for estate tax purposes. The members of the Brown Family who serve on the Brown Family Foundation's board of directors abstained from voting on the acquisition of the oil and gas interests.

The offices of the Brown Family Foundation are located in the office of a Brown Family entity. No in-kind rent has been recorded for the estimated value of this transaction as the fair market value of the donated space is not readily determinable.

## **SUPPLEMENTARY INFORMATION**

**COMMUNITY FOUNDATION FOR SOUTHERN ARIZONA AND AFFILIATES**  
**CONSOLIDATING STATEMENT OF FINANCIAL POSITION**

June 30, 2006

(with comparative totals for June 30, 2005)

	Community Foundation for Southern Arizona, Inc.	Gift Annuities/					Supporting organizations	Consolidating entries	Total with supporting organizations	
		Pooled Income Fund	Charitable Remainder Trusts		Total without supporting organizations	2006			2005	
ASSETS										
Cash and cash equivalents	\$ 5,597,272	\$ 3,876	\$ 31,208	\$ 5,632,356	\$ 10,485,037	\$ 16,117,393	\$ 7,842,888			
Investments	38,527,341	800,582	4,796,040	44,123,963	36,969,744	\$ (109,224)	66,616,670			
Pledges receivable	114,190			114,190	41,261	(100,000)	42,047			
Notes receivable						0	55,719			
Government contracts receivable	620,075			620,075		620,075	502,772			
Interest and other receivables	132,951	2,877	17,800	153,628	285,873	(50,944)	197,448			
Charitable remainder annuity trusts			425,865	425,865	109,224		200,367			
Property and equipment	25,764			25,764	753,283		1,044,016			
Other assets	72,445			72,445	226,750		287,722			
	<u>\$ 45,090,038</u>	<u>\$ 807,335</u>	<u>\$ 5,270,913</u>	<u>\$ 51,168,286</u>	<u>\$ 48,871,172</u>	<u>\$ (260,168)</u>	<u>\$ 99,779,290</u>	<u>\$ 76,789,649</u>		

**LIABILITIES AND NET ASSETS**

Liabilities:

Accounts payable and accrued liabilities	\$ 72,845	\$ 1,020	\$ 7,350	\$ 81,215	\$ 52,745	\$ (50,944)	\$ 83,016	\$ 111,156
Grants and distributions payable	1,004,669	7,194		1,011,863	588,500	(100,000)	1,500,363	1,007,979
Designated obligations		294,713	3,107,990	3,402,703		(109,224)	3,293,479	3,806,344
Due to other agencies	3,163,575			3,163,575			3,163,575	2,898,501
	<u>4,241,089</u>	<u>302,927</u>	<u>3,115,340</u>	<u>7,659,356</u>	<u>641,245</u>	<u>(260,168)</u>	<u>8,040,433</u>	<u>7,823,980</u>
Net assets:								
Unrestricted	30,919,499			30,919,499	47,900,899		78,820,398	60,583,594
Temporarily restricted	1,314,090	504,408	2,155,573	3,974,071	176,782		4,150,853	3,723,122
Permanently restricted	8,615,360			8,615,360	152,246		8,767,606	4,658,953
	<u>40,848,949</u>	<u>504,408</u>	<u>2,155,573</u>	<u>43,508,930</u>	<u>48,229,927</u>		<u>91,738,857</u>	<u>68,965,669</u>
	<u>\$ 45,090,038</u>	<u>\$ 807,335</u>	<u>\$ 5,270,913</u>	<u>\$ 51,168,286</u>	<u>\$ 48,871,172</u>	<u>\$ (260,168)</u>	<u>\$ 99,779,290</u>	<u>\$ 76,789,649</u>

**COMMUNITY FOUNDATION FOR SOUTHERN ARIZONA AND AFFILIATES**  
**CONSOLIDATING STATEMENT OF ACTIVITIES**

Year ended June 30, 2006

(with comparative totals for the year ended June 30, 2005)

	Community Foundation for Southern Arizona, Inc.	Pooled Income Fund	Gift Annuities/ Charitable Remainder Trusts			Total without supporting organizations	Supporting organizations	Consolidating entries	supporting organizations 2006	Total with supporting organizations 2005
Revenues and other support:										
Contributions and bequests	\$ 8,813,937		\$ 48,500	\$		\$ 8,862,437	\$ 12,063,488	\$ (373,093)	\$ 20,552,832	\$ 4,941,509
Interest, dividends and royalties	1,061,950	\$ 36,058	158,713			1,256,721	1,437,008		2,693,729	1,437,894
Governmental grant revenues	2,660,849					2,660,849			2,660,849	2,252,884
Programatic and administrative support	49,637					49,637			49,637	61,208
Fund management fees	606,790					606,790		(579,269)	27,521	24,202
Special event revenues	159,031					159,031	99,805		258,836	130,878
Other revenue	15,267					15,267	25,760	(3,900)	37,127	43,470
Total revenues and other support	13,367,461	36,058	207,213			13,610,732	13,626,061	(956,262)	26,280,531	8,892,045
Expenses:										
Grants and distributions	2,104,588					2,104,588	3,794,552	(373,093)	5,526,047	2,891,154
Program sub-contracts	2,490,100					2,490,100	6,648		2,496,748	2,057,370
Salaries, wages and related expenses	927,131					927,131	196,735		1,123,866	1,009,501
Office expenses	318,203	6,371	35,441			360,015	179,444	(3,900)	535,559	410,087
Professional services	586,294	1,868	43,104			631,266	133,945	(579,269)	185,942	141,270
Promotion and development	104,734					104,734	4,479		109,213	63,605
Special event expenses	55,220					55,220	27,832		83,052	54,867
Other expenses	13,744					13,744	70,887		84,631	58,794
	6,600,014	8,239	78,545			6,686,798	4,414,522	(956,262)	10,145,058	6,686,648
Increase (decrease) in net assets before net gain (loss) on investments	6,767,447	27,819	128,668			6,923,934	9,211,539		16,135,473	2,205,397
Net gain (loss) on investments:										
Realized gain on investments	605,352	1,402	124,439			731,193	712,493		1,443,686	81,344
Unrealized gain (loss) on investments	1,066,211	(2,203)	185,608			1,249,616	3,097,848		4,347,464	4,185,585
Change in value-split interest	609	(101,896)	947,852			846,565			846,565	12,717
Transfers in (out)	1,378,250	(10,915)	(1,367,335)						0	0
	3,050,422	(113,612)	(109,436)			2,827,374	3,810,341	0	6,637,715	4,279,646
Increase (decrease) in net assets	9,817,869	(85,793)	19,232			9,751,308	13,021,880	0	22,773,188	6,485,043
Change in accounting estimate										500,000
Net assets, beginning of year	31,031,080	590,201	2,136,341			33,757,622	35,208,047	0	68,965,669	61,980,626
Net assets, end of year	\$ 40,848,949	\$ 504,408	\$ 2,155,573			\$ 43,508,930	\$ 48,229,927	\$ 0	\$ 91,738,857	\$ 68,965,669

**COMMUNITY FOUNDATION FOR SOUTHERN ARIZONA AND AFFILIATES**  
**CONSOLIDATING STATEMENT OF FINANCIAL POSITION - SUPPORTING ORGANIZATIONS**

Year ended June 30, 2006

(with comparative totals for June 30, 2005)

**ASSETS**

	Melody S. Robidoux Foundation	William E. Hall Foundation	I Have A Dream Foundation of Tucson	CFSA Properties Inc.	Thomas R. Brown Family Foundation	Women's Foundation of Southern Arizona	Knisely Family Foundation
Cash and cash equivalents	\$ 722,518	\$ 2,665	\$ 18,892		\$ 7,692,921	\$ 97,014	\$ 146,472
Investments	18,005,200	816,446	116,173		5,456,876	333,829	3,323,265
Pledges receivable						41,261	
Interest and other receivables	200,000		1,377		26,446	9,949	14,707
Charitable remainder annuity trust						109,224	
Property and equipment	14,976			\$ 738,078		229	
Other assets	181,052			31,220	6,478	8,000	
	<u>\$ 19,123,746</u>	<u>\$ 819,111</u>	<u>\$ 136,442</u>	<u>\$ 769,298</u>	<u>\$ 13,182,721</u>	<u>\$ 599,506</u>	<u>\$ 3,484,444</u>

**LIABILITIES AND NET ASSETS**

**Liabilities:**

Accounts payable and accrued liabilities	\$	1,714	\$ 1,224	\$ 2,019	\$ 63	\$ 9,804	\$ 14,796
Grants and distributions payable	\$	2,000			70,000		
		<u>3,714</u>	<u>1,224</u>	<u>2,019</u>	<u>70,063</u>	<u>9,804</u>	<u>14,796</u>

**Net assets:**

Unrestricted	18,693,746	815,397	135,218	767,279	13,112,658	260,674	3,469,648
Temporarily restricted						176,782	
Permanently restricted						152,246	
	<u>18,693,746</u>	<u>815,397</u>	<u>135,218</u>	<u>767,279</u>	<u>13,112,658</u>	<u>589,702</u>	<u>3,469,648</u>
	<u>\$ 19,123,746</u>	<u>\$ 819,111</u>	<u>\$ 136,442</u>	<u>\$ 769,298</u>	<u>\$ 13,182,721</u>	<u>\$ 599,506</u>	<u>\$ 3,484,444</u>

**COMMUNITY FOUNDATION FOR SOUTHERN ARIZONA AND AFFILIATES**  
**CONSOLIDATING STATEMENT OF FINANCIAL POSITION - SUPPORTING ORGANIZATIONS - continued**

June 30, 2006

(with comparative totals for June 30, 2005)

	The Zuckerman			Howard V. Moore		Sycamore Canyon		Total
	Worth and Dot Howard Foundation	Madden/Darrall Foundation	Community Outreach Foundation	Foundation	Foundation	Conservation Foundation	Foundation	
ASSETS								
Cash and cash equivalents	\$ 66,345	\$ 1,068	\$ 1,267,965	\$ 451,057	\$ 18,120	\$ 10,485,037	\$ 4,712,436	
Investments	2,230,516		6,687,439			36,969,744	29,922,893	
Pledges receivable						41,261	54,100	
Interest and other receivables	7,496		25,898			285,873	43,590	
Charitable remainder annuity trust						109,224	0	
Property and equipment						753,283	1,035,039	
Other assets						226,750	212,272	
	<u>\$ 2,304,357</u>	<u>\$ 1,068</u>	<u>\$ 7,981,302</u>	<u>\$ 451,057</u>	<u>\$ 18,120</u>	<u>\$ 48,871,172</u>	<u>\$ 35,980,330</u>	
<b>LIABILITIES AND NET ASSETS</b>								
Liabilities:								
Accounts payable and accrued liabilities	\$ 9,158		\$ 11,749	\$ 1,124	\$ 1,094	\$ 52,745	\$ 30,335	
Grants and distributions payable	86,500					588,500	741,948	
	<u>95,658</u>		<u>11,749</u>	<u>1,124</u>	<u>1,094</u>	<u>641,245</u>	<u>772,283</u>	
Net assets:								
Unrestricted	2,208,699	\$ 1,068	7,969,553	449,933	17,026	47,900,899	35,063,533	
Temporarily restricted						176,782	0	
Permanently restricted						152,246	144,514	
	<u>2,208,699</u>	<u>1,068</u>	<u>7,969,553</u>	<u>449,933</u>	<u>17,026</u>	<u>48,229,927</u>	<u>35,208,047</u>	
	<u>\$ 2,304,357</u>	<u>\$ 1,068</u>	<u>\$ 7,981,302</u>	<u>\$ 451,057</u>	<u>\$ 18,120</u>	<u>\$ 48,871,172</u>	<u>\$ 35,980,330</u>	

**COMMUNITY FOUNDATION FOR SOUTHERN ARIZONA AND AFFILIATES**  
**CONSOLIDATING STATEMENT OF ACTIVITIES - SUPPORTING ORGANIZATIONS**  
Year ended June 30, 2006  
(with comparative totals for the year ended June 30, 2005)

	Melody S. Robidoux Foundation	William E. Hall Foundation	I Have A Dream Foundation of Tucson	CFSA Properties Inc.	Thomas R. Brown Family Foundation	Women's Foundation of Southern Arizona	Knisely Family Foundation
Revenue and other support:							
Contributions and bequests	\$	\$ 30,000	\$ 1,745		\$ 3,190,502	\$ 367,589	\$ 15,232
Interest, dividends and royalties		24,279	8,382		449,388	10,456	106,529
Special event revenues	496,619					99,805	
Other revenue						129	
Total revenues and other support	<u>496,619</u>	<u>54,279</u>	<u>10,127</u>		<u>3,639,890</u>	<u>477,979</u>	<u>121,761</u>
Expenses:							
Grants and distributions	585,066	55,000	43,464	\$ 214,593	2,459,184	112,245	75,000
Program sub-contracts						6,648	
Salaries, wages and related expenses	66,173					77,341	
Office expenses	50,043	3,067	14	10	34,986	26,609	23,204
Professional services	5,989	13,235	2,026	600		4,552	22,759
Promotion and development						4,479	
Special event expenses						27,832	
Other expenses	<u>1,425</u>			<u>65,771</u>		<u>3,691</u>	
	<u>708,696</u>	<u>71,302</u>	<u>45,504</u>	<u>280,974</u>	<u>2,494,170</u>	<u>263,397</u>	<u>120,963</u>
Increase (decrease) in net assets before net gain on investments	(212,077)	(17,023)	(35,377)	(280,974)	1,145,720	214,582	798
Net gain on investments							
Realized gain on investments	166,516	40,071	(482)		423,845	11,215	61,832
Unrealized gain on investments	2,507,666	10,246	14,929		313,336	2,487	203,060
Transfers in (out)							
	<u>2,674,182</u>	<u>50,317</u>	<u>14,447</u>	<u>0</u>	<u>737,181</u>	<u>13,702</u>	<u>264,892</u>
	<u>2,462,105</u>	<u>33,294</u>	<u>(20,930)</u>	<u>(280,974)</u>	<u>1,882,901</u>	<u>228,284</u>	<u>265,690</u>
Increase (decrease) in net assets							
Change in accounting estimate							
Net assets, beginning of year	<u>16,231,641</u>	<u>782,103</u>	<u>156,148</u>	<u>1,048,253</u>	<u>11,229,757</u>	<u>361,418</u>	<u>3,203,958</u>
Net assets, end of year	<u>\$ 18,693,746</u>	<u>\$ 815,397</u>	<u>\$ 135,218</u>	<u>\$ 767,279</u>	<u>\$ 13,112,658</u>	<u>\$ 589,702</u>	<u>\$ 3,469,648</u>

**COMMUNITY FOUNDATION FOR SOUTHERN ARIZONA AND AFFILIATES**  
**CONSOLIDATING STATEMENT OF ACTIVITIES - SUPPORTING ORGANIZATIONS - continued**  
Year ended June 30, 2006  
(with comparative totals for the year ended June 30, 2005)

	The Zuckerman				Sycamore	Total	
	Worth and Dot Howard Foundation	Madden/ Darrall Foundation	Community Outreach Foundation	Howard V. Moore Foundation	Canyon Conservation Foundation	2006	2005
Revenue and other support:							
Contributions and bequests		\$ 2,030	\$ 8,000,000	\$ 450,000	\$ 6,390	\$ 12,063,488	\$ 1,306,638
Interest, dividends and royalties	\$ 79,218		260,286	1,788	63	1,437,008	524,088
Special event revenues						99,805	79,351
Other revenue					25,631	25,760	2,019
Total revenues and other support	79,218	2,030	8,260,286	451,788	32,084	13,626,061	1,912,096
Expenses:							
Grants and distributions	87,500		162,500			3,794,552	1,720,530
Program sub-contracts						6,648	160
Salaries, wages and related expenses	53,221					196,735	189,443
Office expenses	2,849	96	38,541		25	179,444	130,913
Professional services	24,602	1,934	41,323	1,874	15,051	133,945	51,349
Promotion and development						4,479	901
Special event expenses						27,832	27,660
Other expenses						70,887	49,940
	168,172	2,030	242,364	1,874	15,076	4,414,522	2,170,896
Increase (decrease) in net assets before net gain (loss) on investments	(88,954)	0	8,017,922	449,914	17,008	9,211,539	(258,800)
Net gain (loss) on investments							
Realized gain on investments	(4,333)		13,829			712,493	(80,060)
Unrealized gain on investments	108,285		(62,198)	19	18	3,097,848	2,940,649
Transfers in (out)						0	3,579
	103,952	0	(48,369)	19	18	3,810,341	2,864,168
	14,998	0	7,969,553	449,933	17,026	13,021,880	2,605,368
Increase (decrease) in net assets							500,000
Change in accounting estimate							
Net assets, beginning of year as restated	2,193,701	1,068	0	0	0	35,208,047	32,102,679
Net assets, end of year	\$ 2,208,699	\$ 1,068	\$ 7,969,553	\$ 449,933	\$ 17,026	\$ 48,229,927	\$ 35,208,047