

COMMUNITY FOUNDATION FOR
SOUTHERN ARIZONA AND AFFILIATES

Audited Consolidated Financial Statements
and Supplementary Information

For the years ended June 30, 2011 and 2010

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LUDWIG KLEWER & CO. PLLC
Certified Public Accountants & Consultants

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying consolidated statement of financial position of Community Foundation for Southern Arizona and Affiliates (nonprofit organizations) as of June 30, 2011, and the related consolidated statement of activities and cash flows for the year 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 audit. 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 \$2,238,186 as of June 30, 2011 and total revenues of \$612,430 for the year then ended. 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 did not audit the financial statements of Thomas R. Brown Family Foundation, a supporting organization of Community Foundation for Southern Arizona, which statements reflect total assets of \$6,663,482 as of June 30, 2011 and total revenues of \$2,644,223 for the year then ended. 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 Thomas R. Brown Family Foundation is based solely on the reports of the other auditor. The consolidated financial statements of Community Foundation for Southern Arizona and Affiliates as of June 30, 2010 were audited by other auditors whose report, dated March 10, 2011, expressed an unqualified opinion on those statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit 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 significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, 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, 2011, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information 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 audit 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
January 24, 2012

Chris Wm. Ludwig, CPA Julie S. Klewer, CPA, MBA Eric S. Rudner, CPA

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COMMUNITY FOUNDATION FOR SOUTHERN ARIZONA AND AFFILIATES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
June 30, 2011 and 2010

ASSETS

	2011	2010
Current assets:		
Cash and cash equivalents	\$ 12,862,365	\$ 10,556,597
Unconditional promises to give, net, current portion	130,737	597,777
Bequests receivable	10,253,134	10,299,854
Government contracts receivable	99,866	394,184
Interest and other receivables	906,060	339,382
Investment - other	151,619	125,322
Prepaid expenses	39,727	9,126
Total current assets	24,443,508	22,322,242
Unconditional promises to give, net, non-current portion	69,048	130,723
Investments	79,780,540	68,719,870
Charitable remainder annuity trusts	211,281	283,632
Property and equipment, net	707,816	753,316
Other assets	57,687	58,633
Total assets	<u>\$ 105,269,880</u>	<u>\$ 92,268,416</u>

LIABILITIES AND NET ASSETS

Current liabilities:		
Accounts payable and accrued expenses	\$ 208,433	\$ 91,038
Grants and distributions payable	827,503	1,198,186
Designated obligations	2,944,345	2,412,089
Due to other agencies	2,909,695	2,799,583
Total liabilities	6,889,976	6,500,896
Net assets:		
Unrestricted:		
Available for operations	11,570,255	10,168,410
Designated for endowment purposes	14,517,522	13,232,282
Designated for supporting organizations	40,539,850	34,039,261
Designated for donor advised purposes	12,361,809	11,247,864
	78,989,436	68,687,817
Temporarily restricted	4,583,212	3,230,510
Permanently restricted	14,807,256	13,849,193
Total net assets	98,379,904	85,767,520
Total liabilities and net assets	<u>\$ 105,269,880</u>	<u>\$ 92,268,416</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, 2011

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenue and support:				
Support:				
Contributions and bequests	\$ 6,301,913	\$ 215,105	\$ 958,063	\$ 7,475,081
Government grants	2,150,841	-	-	2,150,841
Special events	259,696	-	-	259,696
Total support	8,712,450	215,105	958,063	9,885,618
Revenue, investment and other income:				
Investment income, net	9,933,996	3,338,965	-	13,272,961
Other revenue	56,593	-	-	56,593
Fund management fees	26,131	-	-	26,131
Loss on sale of equipment	(5,062)	-	-	(5,062)
Change in fair value	(946)	(804,730)	-	(805,676)
Total revenue, investment and other income	10,010,712	2,534,235	-	12,544,947
Net assets released from restrictions	1,048,425	(1,048,425)	-	-
Total revenue and support	19,771,587	1,700,915	958,063	22,430,565
Expenses:				
Grants and distributions	5,352,020	-	-	5,352,020
Program subcontracts	1,698,738	-	-	1,698,738
Salaries, wages and related expense	1,423,120	-	-	1,423,120
Professional services	547,678	-	-	547,678
Office expense	347,996	-	-	347,996
Promotion and development	210,596	-	-	210,596
Other expense	138,907	-	-	138,907
Special events	99,126	-	-	99,126
Total expenses	9,818,181	-	-	9,818,181
Change in net assets	9,953,406	1,700,915	958,063	12,612,384
Net assets, beginning of year	68,687,817	3,230,510	13,849,193	85,767,520
Reclassification for fund deficiencies	348,213	(348,213)	-	-
Net assets, end of year	\$ 78,989,436	\$ 4,583,212	\$ 14,807,256	\$ 98,379,904

See independent auditors' report and accompanying notes.

COMMUNITY FOUNDATION FOR SOUTHERN ARIZONA AND AFFILIATES

CONSOLIDATED STATEMENT OF ACTIVITIES
For the year ended June 30, 2010

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenue and support:				
Support:				
Contributions and bequests	\$ 14,970,690	\$ 183,247	\$ 1,628,030	\$ 16,781,967
Government grants	2,270,645	-	-	2,270,645
Special events	275,741	-	-	275,741
Total support	17,517,076	183,247	1,628,030	19,328,353
Revenue, investment and other income:				
Investment income, net	6,091,885	1,829,805	-	7,921,690
Fund management fees	68,548	-	-	68,548
Other revenue	33,754	-	-	33,754
Change in fair value	(870)	(626,968)	-	(627,838)
Total revenue, investment and other income	6,193,317	1,202,837	-	7,396,154
Net assets released from restrictions	1,419,533	(1,419,533)	-	-
Total revenue and support	25,129,926	(33,449)	1,628,030	26,724,507
Expenses:				
Grants and distributions	7,811,576	-	-	7,811,576
Program subcontracts	2,152,806	-	-	2,152,806
Salaries, wages and related expense	1,438,209	-	-	1,438,209
Professional services	492,327	-	-	492,327
Office expense	247,842	-	-	247,842
Promotion and development	86,818	-	-	86,818
Special events	82,417	-	-	82,417
Other expense	78,501	-	-	78,501
Total expenses	12,390,496	-	-	12,390,496
Change in net assets	12,739,430	(33,449)	1,628,030	14,334,011
Net assets, beginning of year	57,160,880	2,834,898	11,437,731	71,433,509
Transfers per donor stipulation	(1,464,054)	680,622	783,432	-
Reclassification for fund deficiencies	251,561	(251,561)	-	-
Net assets, end of year	\$ 68,687,817	\$ 3,230,510	\$ 13,849,193	\$ 85,767,520

See independent auditors' report and accompanying notes.

COMMUNITY FOUNDATION FOR SOUTHERN ARIZONA AND AFFILIATES

CONSOLIDATED STATEMENTS OF CASH FLOWS
For the years ended June 30, 2011 and 2010

	2011	2010
Cash flows from operating activities:		
Change in net assets	\$ 12,612,384	\$ 14,334,011
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Donation of stock	(533,463)	(820,896)
Realized gains on investments, net	(1,317,847)	(8,047,106)
Unrealized (gains) losses on investments, net	(9,741,830)	1,840,473
Loss on sale of equipment	946	-
Depreciation	54,849	53,430
Change in operating assets and liabilities:		
Unconditional promises to give	528,715	(176,427)
Bequests receivable	46,720	(10,288,465)
Government contracts receivable	294,318	(77,380)
Interest and other receivables	(566,678)	(271,380)
Prepaid expenses	(30,601)	(3,657)
Charitable remainder annuity trusts	72,351	259,366
Other assets	-	10,714
Accounts payable and accrued expenses	117,395	7,635
Grants and distributions payable	(370,683)	(60,146)
Designated obligations	532,256	261,750
Contributions restricted for long-term purposes	(958,063)	(1,628,030)
Change in agency funds, including investment gains	110,112	452,189
Total adjustments	(11,761,503)	(18,487,930)
Net cash provided by (used in) operating activities	850,881	(4,153,919)
Cash flows from investing activities:		
Purchases of investments - other	(26,297)	-
Proceeds from sale of investments	15,461,423	63,081,166
Purchases of investments	(14,928,007)	(61,503,541)
Purchases of property and equipment	(14,411)	(2,324)
Net cash provided by investing activities	492,708	1,575,301
Cash flows from financing activities:		
Contributions restricted for long-term purposes	958,063	1,628,030
Net cash provided by financing activities	958,063	1,628,030
Net change in cash and cash equivalents	2,301,652	(950,588)
Cash and cash equivalents, beginning of year	10,556,597	11,507,185
Cash and cash equivalents, end of year	<u>\$ 12,858,249</u>	<u>\$ 10,556,597</u>
Supplemental schedule of non-cash investing activities:		
Donation of stock	<u>\$ 533,463</u>	<u>\$ 820,896</u>

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, 2011 and 2010

1. Organization

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

The consolidated financial statements include the following:

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

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

Supporting organizations include:

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

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

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

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

The Sycamore Canyon Conservation Foundation (SCCF) 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.

COMMUNITY FOUNDATION FOR SOUTHERN ARIZONA AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS For the years ended June 30, 2011 and 2010

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 generally accepted accounting principles applicable to nonprofit organizations.

Unrestricted net assets represent those assets available to the Foundation for normal operations.

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 statement of activities as net assets released from restrictions. The balance of temporarily restricted net assets at June 30, 2011 and 2010 was \$4,583,212 and \$3,230,510, respectively.

Permanently restricted net assets carry a donor-imposed restriction that limits their use to investment in perpetuity to provide a permanent source of income for Foundation's operations. The balance of permanently restricted net assets at June 30, 2011 and 2010 was \$14,807,256 and \$13,849,193, respectively.

Accounting Estimates

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 revenue and expense during the reporting period. Actual results could differ from those estimates.

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. The Federal Deposit Insurance Corporation (FDIC) insures interest-bearing cash accounts up to \$250,000 per institution and non interest-bearing cash accounts are fully-insured. There no amounts on deposit at June 30, 2011 and 2010 in excess of the FDIC limit. Investments held by brokerage institutions are covered up to \$500,000 under insurance provided by the Securities Investor Protection Corporation (SIPC). However, the SIPC does not protect against losses in market value. The Foundation's investments on deposit with brokerage institutions are also insured under additional insurance in varying amounts based on the brokerage institution. This additional protection becomes available in the event that SIPC limits are exhausted. It is the opinion of management that the solvency of the referenced financial institutions is not of concern at this time.

Investments - Other

Investments – other consists of certificates of deposit held for investment that are not debt securities. Certificates of deposit with original maturities greater than one year and remaining maturities less than one year are classified as current. Certificates of deposit with remaining maturities greater than one year are classified as non-current.

Investments

In accordance with generally accepted accounting principles 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.

COMMUNITY FOUNDATION FOR SOUTHERN ARIZONA AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the years ended June 30, 2011 and 2010

2. Summary of Significant Accounting Policies, Continued

Investments, continued

CFSA maintains pooled investment accounts. Realized and unrealized gains and losses from investments in the pooled accounts are allocated to the individual funds based on the relationship of the fair value of each fund to the total fair value of the pooled investment accounts, as adjusted for additions to or deductions from those accounts. Oil and gas interests are valued at a multiple of prior year earnings based upon estate valuation guidance issued by the Internal Revenue Service (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. Conditional promises to give are recognized when the conditions on which they depend are substantially met. The Foundation has been notified of numerous conditional promises to give, which could not be reasonably valued at June 30, 2011 and 2010.

Property and Equipment

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

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

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

Sycamore Canyon Conservation Foundation (SCCF) 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, SCCF is generally responsible for ensuring that the terms of the easements are not violated. As of June 30, 2011 and 2010, SCCF held one conservation easement. SCCF has opted to expense purchased conservation easements, and donated easements are not recorded.

Designated Obligations

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

COMMUNITY FOUNDATION FOR SOUTHERN ARIZONA AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the years ended June 30, 2011 and 2010

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

Contributions/Restricted Revenue

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

Donated Services

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

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

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 generally accepted accounting principles.

Administrative Allocation

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

Income Taxes

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

The Foundation's policy is to disclose or recognize income tax positions based on management's estimate of whether it is reasonably possible or probable, respectively, that a liability has been incurred for unrecognized income tax positions. As of June 30, 2011, management is not aware of any uncertain tax positions that are potentially material. The Foundation's Form 990's, Return of Organization Exempt from Income Tax, for fiscal years 2008, 2009 and 2010 are subject to examination by the IRS, generally for three years after they were filed.

Reclassifications

Certain items from 2010 have been reclassified to conform to the 2011 consolidated financial statement presentation.

COMMUNITY FOUNDATION FOR SOUTHERN ARIZONA AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the years ended June 30, 2011 and 2010

3. Unconditional Promises to Give

Unconditional promises to give due after one year are discounted at rates ranging from 3.25% to 6%. At June 30, 2011 and 2010, unconditional promises to give consists of:

	2011	2010
2011	\$ -	\$ 603,227
2012	136,100	78,225
2013	40,150	50,475
2014	26,250	19,075
2015	10,000	2,525
2016	3,333	1,000
Thereafter	3,000	3,000
Total unconditional promises to give	218,833	757,527
Less interest component	(13,685)	(23,577)
Less allowance for uncollectible unconditional promises to give	(5,363)	(5,450)
Unconditional promises to give, net	199,785	728,500
Less current portion	(130,737)	(597,777)
Non-current portion	\$ 69,048	\$ 130,723

4. Bequests Receivable

Bequests receivable at June 30, 2011 and 2010 total \$10,253,134 and \$10,299,854, respectively. At June 30, 2011 and 2010, bequests receivable included a balance of \$10,253,134 relating to the bequest of an estate. The administration of the estate was still in process at June 30, 2011. CFSA anticipates receipt of the funds during the fiscal year ended June 30, 2012.

5. Property and Equipment

Property and equipment at June 30, 2011 and 2010 consists of:

	2011	2010
Land	\$ 276,400	\$ 276,400
Building and improvements	582,073	583,362
Computers and software	155,777	156,151
Equipment and furniture	71,017	75,311
Total property and equipment	1,085,267	1,091,224
Less accumulated depreciation	(377,451)	(337,908)
Property and equipment, net	\$ 707,816	\$ 753,316

COMMUNITY FOUNDATION FOR SOUTHERN ARIZONA AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS For the years ended June 30, 2011 and 2010

6. Investments

Investments at June 30, 2011 and 2010 consist of:

	2011	2010
Mutual funds	\$ 69,385,426	\$ 50,946,614
Stocks	4,488,705	7,575,469
Fixed income	2,942,310	5,580,188
Limited and offshore partnerships	2,164,189	3,892,260
Oil and gas interests	570,533	495,962
Interest in trust	229,377	229,377
Total investments	<u>\$ 79,780,540</u>	<u>\$ 68,719,870</u>

Investment income for the years ended June 30, 2011 and 2010 consists of:

	2011	2010
Unrealized gains (losses), net	\$ 9,741,830	\$ (1,840,473)
Interest and dividends	2,249,095	1,859,094
Realized gains, net	1,317,847	8,047,106
Royalties	183,225	134,228
Foreign taxes	(7,965)	(338)
Administrative charges	(211,071)	(277,927)
Investment income, net	<u>\$ 13,272,961</u>	<u>\$ 7,921,690</u>

At June 30, 2011 and 2010, \$33,251,124 and \$29,097,522, 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, 2011 and 2010, \$2,164,189 and \$3,756,169, respectively, of limited and offshore partnerships are held and managed by one supporting organization.

At June 30, 2011 and 2010, \$14,652,116 and \$13,097,319, respectively, of the investments were permanently restricted for endowment net assets and, as such, were unavailable for operations.

7. Charitable Remainder Annuity Trusts

CFSA is the beneficiary of two irrevocable charitable remainder annuity trusts administered by third party trustees. 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 two trusts was \$211,281 and \$283,632 at June 30, 2011 and 2010, respectively.

8. 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:

COMMUNITY FOUNDATION FOR SOUTHERN ARIZONA AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the years ended June 30, 2011 and 2010

8. Fair Value Measurements, Continued

- 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.

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

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

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

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

The following table sets forth by level, within the fair value hierarchy, the Foundation's investments at fair value as of June 30, 2011:

	Level 1	Level 2	Level 3	Total
Mutual funds	\$ 69,385,426	\$ -	\$ -	\$ 69,385,426
Stocks	4,488,705	-	-	4,488,705
Bonds	2,942,310	-	-	2,942,310
Other investments	-	229,377	2,734,722	2,964,099
Total investments at fair value	<u>\$ 76,816,441</u>	<u>\$ 229,377</u>	<u>\$ 2,734,722</u>	<u>\$ 79,780,540</u>

The table below sets forth a summary of changes in the Foundation's level 3 investments for the year ended June 30, 2011:

	Other Investments
Balance, beginning of year	\$ 4,388,222
Purchases	300,000
Reclassifications	(2,151,119)
Unrealized gain, net	197,619
Balance, end of year	<u>\$ 2,734,722</u>

COMMUNITY FOUNDATION FOR SOUTHERN ARIZONA AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the years ended June 30, 2011 and 2010

8. Fair Value Measurements, Continued

The following table sets forth by level, within the fair value hierarchy, the Foundation's investments at fair value as of June 30, 2010:

	Level 1	Level 2	Level 3	Total
Mutual funds	\$ 50,946,614	\$ -	\$ -	\$ 50,946,614
Stocks	7,575,469	-	-	7,575,469
Bonds	5,580,188	-	-	5,580,188
Other investments	-	229,377	4,388,222	4,617,599
Total investments at fair value	<u>\$ 64,102,271</u>	<u>\$ 229,377</u>	<u>\$ 4,388,222</u>	<u>\$ 68,719,870</u>

The table below sets forth a summary of changes in the Foundation's level 3 investments for the year ended June 30, 2010:

	Other Investments
Balance, beginning of year	\$ 7,420,891
Purchases	639,770
Sales	(4,483,639)
Unrealized gain, net	811,200
Balance, end of year	<u>\$ 4,388,222</u>

9. Due to Other Agencies

Amounts due to other agencies at June 30, 2011 and 2010 consist of:

	2011	2010
Green Valley Assistance Services Endowment	\$ 564,829	\$ 624,827
Handi-Dogs Endowment Fund	277,539	273,219
Community Food Bank	202,568	180,868
Sarah P. Hausman Endowment Fund	184,032	158,009
Tohono O'Odham Community College Endowment	175,480	148,387
Tucson Audubon Endowment Fund	170,752	152,127
St. Andrew's Crippled Children's Clinic	132,517	114,549
Holmes Tuttle Memorial Fund	123,054	105,649
Lorraine Maria Hamilton Fund	110,413	96,097
Kaplan Fund	105,226	46,045
Tucson Botanical Gardens Fund	94,449	77,945
Oro Valley Community Foundation Custodial	89,241	96,398
Eighty-Eight Crime Fund	75,386	66,948
Casa de Esperanza Endowment	74,802	64,467
Holsclaw Family Endowment for Goodwill Industries of Tucson	74,319	68,004
Alice Y. Holsclaw YWCA Fund	56,282	48,324
Southern Arizona Mental Health Corporation	55,558	91,201
Up With People	-	175,076
Other funds	343,248	211,443
Total due to other agencies	<u>\$ 2,909,695</u>	<u>\$ 2,799,583</u>

COMMUNITY FOUNDATION FOR SOUTHERN ARIZONA AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the years ended June 30, 2011 and 2010

10. Designated Obligations

Designated obligations at June 30, 2011 and 2010 consist of:

	2011	2010
Lead trusts	\$ 1,496,283	\$ 961,732
Charitable gift annuities	1,158,691	1,155,958
Pooled income fund	145,343	157,128
Unitrusts	144,028	137,271
Total designated obligations	<u>\$ 2,944,345</u>	<u>\$ 2,412,089</u>

11. Temporarily Restricted Net Assets

Temporarily restricted net asset activity for the year ended June 30, 2011 consists of:

	Field of Interest Funds	Future Year Operations	Endowment Earnings	CRTF	PIF	Total
Beginning balance	\$ 1,211,055	\$ 35,657	\$ 401,259	\$ 1,417,440	\$ 165,099	\$ 3,230,510
Contributions	135,949	42,740	-	36,416	-	215,105
Investment income, net	228,480	-	2,369,192	716,595	24,698	3,338,965
Change in value of split interest investments	-	-	-	(795,304)	(9,426)	(804,730)
Releases and appropriations	(156,971)	(23,425)	(788,693)	(75,073)	(4,263)	(1,048,425)
Reclassifications:						
Fund deficiencies	-	-	(348,213)	-	-	(348,213)
Ending balance	<u>\$ 1,418,513</u>	<u>\$ 54,972</u>	<u>\$ 1,633,545</u>	<u>\$ 1,300,074</u>	<u>\$ 176,108</u>	<u>\$ 4,583,212</u>

Temporarily restricted net asset activity for the year ended June 30, 2010 consists of:

	Field of Interest Funds	Future Year Operations	Endowment Earnings	CRTF	PIF	Total
Beginning balance	\$ 522,642	\$ 201,770	\$ 288,877	\$ 1,661,920	\$ 159,689	\$ 2,834,898
Contributions	103,848	28,795	-	50,604	-	183,247
Investment income, net	130,353	-	1,190,583	461,757	47,112	1,829,805
Change in value of split interest investments	-	-	-	-	-	-
	-	-	-	(588,127)	(38,841)	(626,968)
Releases and appropriations	(307,074)	(194,908)	(745,976)	(168,714)	(2,861)	(1,419,533)
Reclassifications:						
Donor stipulations	761,286	-	(80,664)	-	-	680,622
Fund deficiencies	-	-	(251,561)	-	-	(251,561)
Ending balance	<u>\$ 1,211,055</u>	<u>\$ 35,657</u>	<u>\$ 401,259</u>	<u>\$ 1,417,440</u>	<u>\$ 165,099</u>	<u>\$ 3,230,510</u>

COMMUNITY FOUNDATION FOR SOUTHERN ARIZONA AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the years ended June 30, 2011 and 2010

12. Permanently Restricted Net Assets

The Foundation's endowments consist of several individual funds established under either donor restriction or as designated by the Board of Trustees for a variety of purposes. As required by generally accepted accounting principles, net assets associated with endowment funds (including funds designated by the Board of Trustees to function as endowments) are classified and reported based on the existence or absence of donor-imposed restrictions. The Board of Trustees of the Foundation has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as adopted by the state of Arizona as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

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

Permanently restricted net assets at June 30, 2011 consist of:

	CFSA	WFSA	SCCF	Total
Beginning balance	\$ 12,609,207	\$ 1,238,486	\$ 1,500	\$ 13,849,193
Contributions	738,930	219,133	-	958,063
Ending balance	<u>\$ 13,348,137</u>	<u>\$ 1,457,619</u>	<u>\$ 1,500</u>	<u>\$ 14,807,256</u>

Permanently restricted net assets at June 30, 2010 consist of:

	CFSA	WFSA	SCCF	Total
Beginning balance	\$ 10,334,775	\$ 1,101,456	\$ 1,500	\$ 11,437,731
Contributions	1,491,000	137,030	-	1,628,030
Transfers per donors	783,432	-	-	783,432
Ending balance	<u>\$ 12,609,207</u>	<u>\$ 1,238,486</u>	<u>\$ 1,500</u>	<u>\$ 13,849,193</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 generally accepted accounting principles, accumulated deficiencies of this nature that are reported as reclassification from unrestricted net assets to temporarily restricted net assets were \$1,120,861 and \$1,469,074 at June 30, 2011 and 2010, 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.

COMMUNITY FOUNDATION FOR SOUTHERN ARIZONA AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the years ended June 30, 2011 and 2010

13. Endowments, Continued

Return Objectives and Risk Parameters, continued

Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds. Under this policy, as approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of the S&P 500 index while assuming a moderate level of investment risk.

Investment Strategies

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

Spending Policies

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

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

Endowment Fund Net Assets

Net assets in the endowment funds at June 30, 2011 consist of:

	Unrestricted				
	Board Designated	Fund Deficiencies	Temporarily Restricted	Permanently Restricted	Total
Beginning balance	\$ 13,232,282	\$ (1,469,074)	\$ 401,259	\$ 13,849,193	\$ 26,013,660
Contributions	320,106	-	-	958,063	1,278,169
Investment income, net	1,474,979	-	2,369,192	-	3,844,171
Appropriated for expenditure	(509,845)	-	(788,693)	-	(1,298,538)
Reclassifications:					
Donor stipulations	-	-	-	-	-
Fund deficiencies	-	348,213	(348,213)	-	-
Ending balance	<u>\$ 14,517,522</u>	<u>\$ (1,120,861)</u>	<u>\$ 1,633,545</u>	<u>\$ 14,807,256</u>	<u>\$ 29,837,462</u>

COMMUNITY FOUNDATION FOR SOUTHERN ARIZONA AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the years ended June 30, 2011 and 2010

13. Endowments, Continued

Endowment Fund Net Assets, continued

Net assets in the endowment funds at June 30, 2010 consist of:

	Unrestricted		Temporarily	Permanently	
	Board	Fund	Restricted	Restricted	Total
	Designated	Deficiencies			
Beginning balance	\$ 12,876,650	\$ (1,720,635)	\$ 288,877	\$ 11,437,731	\$ 22,882,623
Contributions	160,047	-	-	1,628,030	1,788,077
Investment income, net	827,877	-	1,190,583	-	2,018,460
Appropriated for expenditure	(651,385)	-	(745,976)	-	(1,397,361)
Reclassifications:	-	-	-	-	-
Donor stipulations	19,093	-	(80,664)	783,432	721,861
Fund deficiencies	-	251,561	(251,561)	-	-
Ending balance	<u>\$ 13,232,282</u>	<u>\$ (1,469,074)</u>	<u>\$ 401,259</u>	<u>\$ 13,849,193</u>	<u>\$ 26,013,660</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, 2011 and 2010 was \$25,220 and \$-0-, respectively.

15. Functional Expenses

Functional expenses for the year ended June 30, 2011 for the consolidated entities follows:

	CFSA, CRTF and PIF	Supporting Organizations	Eliminations	Total
Program services	\$ 6,829,104	\$ 1,740,414	\$ (214,383)	\$ 8,355,135
Development and public relations	159,669	75,200	(8,723)	226,146
Management and general	1,050,147	267,003	(80,250)	1,236,900
Total functional expenses	<u>\$ 8,038,920</u>	<u>\$ 2,082,617</u>	<u>\$ (303,356)</u>	<u>\$ 9,818,181</u>

Functional expenses for the year ended June 30, 2010 for the consolidated entities follows:

	CFSA, CRTF and PIF	Supporting Organizations	Eliminations	Total
Program services	\$ 5,598,172	\$ 6,098,228	\$ (429,353)	\$ 11,267,047
Development and public relations	106,812	64,023	(8,342)	162,493
Management and general	804,401	233,302	(76,747)	960,956
Total functional expenses	<u>\$ 6,509,385</u>	<u>\$ 6,395,553</u>	<u>\$ (514,442)</u>	<u>\$ 12,390,496</u>

16. Lease Commitments

CFSA leases office space under the terms of a month-to-month lease and office equipment under the terms of a lease expiring in May 2014. In addition, MSRF leases office space under the terms of a lease which expired September 2010 and subsequently became a month-to-month lease.

COMMUNITY FOUNDATION FOR SOUTHERN ARIZONA AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the years ended June 30, 2011 and 2010

16. Lease Commitments, Continued

Rental expense, which is included in office expense on the consolidated statement of activities, for the years ended June 30, 2011 and 2010 was \$31,395 and \$29,572, respectively.

Minimum annual future rental expense as of June 30, 2011, due under the agreement is:

Year ended

June 30,

2012	\$	7,586
2013		7,586
2014		6,954
	\$	<u>22,126</u>

17. Subsequent Events

During December 2011, CFSA executed a promissory note with a vendor in the amount of \$55,830. Monthly payments of \$2,829, including interest at 5%, will continue until the principal balance is paid in full. The promissory note was used to finance the purchase of upgrades to CFSA's operating system. The total cost of the new system is expected to be \$194,030.

KFF has obtained separate tax-exempt status under Section 509(a)(3) of the IRC and is, therefore, no longer a supporting organization of CFSA. The balance of KFF cash and investments included in the consolidated financial statements at June 30, 2011 was \$4,383,771. The total balance as of December 31, 2011 was \$4,261,339. During January 2012, KFF withdrew all cash and investment balances from CFSA.

The Foundation was unaware of any additional subsequent events as of January 24, 2012, the date the consolidated financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

COMMUNITY FOUNDATION FOR SOUTHERN ARIZONA AND AFFILIATES

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

June 30, 2011

(with comparative totals for June 30, 2010)

	Community Foundation for Southern Arizona, Inc.	CFSA			Supporting Organizations	Consolidating Entries	Total	
		CFSA Pooled Income Fund	Charitable Remainder Trust Fund	Total without Supporting Organizations			2011	2010
ASSETS								
Current assets:								
Cash and cash equivalents	\$ 6,443,038	\$ 3,119	\$ 75,712	\$ 6,521,869	\$ 6,340,496	\$ -	\$ 12,862,365	\$ 10,556,597
Unconditional promises to give, net, current portion	38,185	-	-	38,185	127,552	(35,000)	130,737	597,777
Bequests receivable	10,253,134	-	-	10,253,134	-	-	10,253,134	10,299,854
Government contracts receivable	99,866	-	-	99,866	-	-	99,866	394,184
Interest and other receivables	888,159	1,045	10,041	899,245	15,827	(9,012)	906,060	339,382
Investment - other	25,038	-	-	25,038	126,581	-	151,619	125,322
Prepaid expenses	39,727	-	-	39,727	-	-	39,727	9,126
Total current assets	17,787,147	4,164	85,753	17,877,064	6,610,456	(44,012)	24,443,508	22,322,242
Unconditional promises to give, net, non-current portion	15,882	-	-	15,882	53,166	-	69,048	130,723
Investments	41,795,991	317,461	3,811,724	45,925,176	35,265,634	(1,410,270)	79,780,540	68,719,870
Charitable remainder annuity trusts	-	-	211,281	211,281	-	-	211,281	283,632
Property and equipment, net	67,341	-	-	67,341	640,475	-	707,816	753,316
Other assets	36,484	-	-	36,484	21,203	-	57,687	58,633
Total assets	\$ 59,702,845	\$ 321,625	\$ 4,108,758	\$ 64,133,228	\$ 42,590,934	\$ (1,454,282)	\$ 105,269,880	\$ 92,268,416
LIABILITIES AND NET ASSETS								
Current liabilities:								
Accounts payable and accrued expenses	\$ 113,609	\$ 174	\$ 9,682	\$ 123,465	\$ 84,980	\$ (12)	\$ 208,433	\$ 91,038
Grants and distributions payable	643,503	-	-	643,503	228,000	(44,000)	827,503	1,198,186
Designated obligations	-	145,343	2,799,002	2,944,345	-	-	2,944,345	2,412,089
Due to other agencies	4,319,965	-	-	4,319,965	-	(1,410,270)	2,909,695	2,799,583
Total liabilities	5,077,077	145,517	2,808,684	8,031,278	312,980	(1,454,282)	6,889,976	6,500,896
Net assets:								
Unrestricted	38,449,586	-	-	38,449,586	40,539,850	-	78,989,436	68,687,817
Temporarily restricted	2,828,045	176,108	1,300,074	4,304,227	278,985	-	4,583,212	3,230,510
Permanently restricted	13,348,137	-	-	13,348,137	1,459,119	-	14,807,256	13,849,193
Total net assets	54,625,768	176,108	1,300,074	56,101,950	42,277,954	-	98,379,904	85,767,520
Total liabilities and net assets	\$ 59,702,845	\$ 321,625	\$ 4,108,758	\$ 64,133,228	\$ 42,590,934	\$ (1,454,282)	\$ 105,269,880	\$ 92,268,416

Supplementary Information
See independent auditors' report.

COMMUNITY FOUNDATION FOR SOUTHERN ARIZONA AND AFFILIATES

CONSOLIDATING STATEMENT OF ACTIVITIES
For the year ended June 30, 2011
(with comparative totals for June 30, 2010)

	Community Foundation for Southern Arizona, Inc.	CFSA Pooled Income Fund	Charitable Remainder Trust Fund	Total without Supporting Organizations	Supporting Organizations	Consolidating Entries	Total
							2011 2010
Revenue and support:							
Support:							
Contributions and bequests	\$ 4,499,957	\$ -	\$ 36,416	\$ 4,536,373	\$ 3,063,708	\$ (125,000)	\$ 7,475,081 \$ 16,781,967
Government grants	2,150,841	-	-	2,150,841	-	-	2,150,841 2,270,645
Special events	157,934	-	-	157,934	101,762	-	259,696 275,741
Total support	6,808,732	-	36,416	6,845,148	3,165,470	(125,000)	9,885,618 19,328,353
Revenue, investment and other income:							
Investment income, net	6,752,778	20,720	679,509	7,453,007	5,819,954	-	13,272,961 7,921,690
Other revenue	38,758	-	-	38,758	21,735	(3,900)	56,593 -
Fund management fees	200,587	-	-	200,587	-	(174,456)	26,131 68,548
Loss on sale of equipment	-	-	-	-	(5,062)	-	(5,062) 33,754
Change in fair value	(946)	(9,426)	(795,304)	(805,676)	-	-	(805,676) (627,838)
Total revenue, investment and other income	6,991,177	11,294	(115,795)	6,886,676	5,836,627	(178,356)	12,544,947 7,396,154
Total revenue and support	13,799,909	11,294	(79,379)	13,731,824	9,002,097	(303,356)	22,430,565 26,724,507
Expenses:							
Grants and distributions	4,007,830	-	-	4,007,830	1,469,190	(125,000)	5,352,020 7,811,576
Program subcontracts	1,702,638	-	-	1,702,638	-	(3,900)	1,698,738 2,152,806
Salaries, wages and related expense	1,189,193	-	-	1,189,193	233,927	-	1,423,120 1,438,209
Professional services	473,286	285	37,987	511,558	210,576	(174,456)	547,678 492,327
Office expense	270,196	-	-	270,196	77,800	-	347,996 247,842
Promotion and development	207,449	-	-	207,449	3,147	-	210,596 86,818
Other expense	104,533	-	-	104,533	34,374	-	138,907 78,501
Special events	45,523	-	-	45,523	53,603	-	99,126 82,417
Total expenses	8,000,648	285	37,987	8,038,920	2,082,617	(303,356)	9,818,181 12,390,496
Change in net assets	5,799,261	11,009	(117,366)	5,692,904	6,919,480	-	12,612,384 14,334,011
Net assets, beginning of year	48,826,507	165,099	1,417,440	50,409,046	35,358,474	-	85,767,520 71,433,509
Net assets, end of year	\$ 54,625,768	\$ 176,108	\$ 1,300,074	\$ 56,101,950	\$ 42,277,954	\$ -	\$ 98,379,904 \$ 85,767,520

Supplementary Information
See independent auditors' report.

COMMUNITY FOUNDATION FOR SOUTHERN ARIZONA AND AFFILIATES

CONSOLIDATING STATEMENT OF FINANCIAL POSITION – SUPPORTING ORGANIZATIONS
June 30, 2011
(with comparative totals for June 30, 2010)

	Melody S. Robidoux Foundation	William E. Hall Foundation	Worth & Dot Howard Foundation	CFSA Properties, Inc.	Thomas R. Brown Family Foundation	Women's Foundation of Southern Arizona
<u>ASSETS</u>						
Current assets:						
Cash and cash equivalents	\$ 1,537,539	\$ -	\$ 22,481	\$ -	\$ 1,506,346	\$ 225,185
Unconditional promises to give, net, current portion	-	-	-	-	-	127,552
Interest and other receivables	-	-	7,310	-	-	-
Investment - other	-	-	-	-	-	126,581
Total current assets	1,537,539	-	29,791	-	1,506,346	479,318
Unconditional promises to give, net, non-current portion	-	-	-	-	-	53,166
Investments	13,944,748	713,246	2,208,395	-	5,152,033	1,570,733
Property and equipment, net	6,846	-	-	633,629	-	-
Other assets	-	-	-	14,600	5,103	-
Total assets	\$ 15,489,133	\$ 713,246	\$ 2,238,186	\$ 648,229	\$ 6,663,482	\$ 2,103,217
<u>LIABILITIES AND NET ASSETS</u>						
Current liabilities:						
Accounts payable and accrued expenses	\$ -	\$ 37,730	\$ 9,952	\$ 115	\$ 7,544	\$ 2,815
Grants and distributions payable	60,000	-	91,000	-	45,000	25,000
Total liabilities	60,000	37,730	100,952	115	52,544	27,815
Net assets:						
Unrestricted	15,429,133	675,516	2,137,234	648,114	6,610,938	338,798
Temporarily restricted	-	-	-	-	-	278,985
Permanently restricted	-	-	-	-	-	1,457,619
Total net assets	15,429,133	675,516	2,137,234	648,114	6,610,938	2,075,402
Total liabilities and net assets	\$ 15,489,133	\$ 713,246	\$ 2,238,186	\$ 648,229	\$ 6,663,482	\$ 2,103,217

Supplementary Information
See independent auditors' report.

COMMUNITY FOUNDATION FOR SOUTHERN ARIZONA AND AFFILIATES

CONSOLIDATING STATEMENT OF FINANCIAL POSITION – SUPPORTING ORGANIZATIONS, Continued
June 30, 2011
(with comparative totals for June 30, 2010)

	ASSETS				Total	
	Knisely Family Foundation	The Zuckerman Community Outreach Foundation	Howard V. Moore Foundation	Sycamore Canyon Conservation Foundation	2011	2010
Current assets:						
Cash and cash equivalents	\$ 657,299	\$ 190,650	\$ 2,143,337	\$ 57,659	\$ 6,340,496	\$ 4,114,426
Unconditional promises to give, net, current portion	-	-	-	-	127,552	196,273
Interest and other receivables	3,744	4,773	-	-	15,827	17,721
Investment - other	-	-	-	-	126,581	125,322
Total current assets	661,043	195,423	2,143,337	57,659	6,610,456	4,453,742
Unconditional promises to give, net, non-current portion	-	-	-	-	53,166	124,559
Investments	3,726,472	7,950,007	-	-	35,265,634	30,781,875
Property and equipment, net	-	-	-	-	640,475	660,006
Other assets	-	-	-	1,500	21,203	21,203
Total assets	\$ 4,387,515	\$ 8,145,430	\$ 2,143,337	\$ 59,159	\$ 42,590,934	\$ 36,041,385
LIABILITIES AND NET ASSETS						
Current liabilities:						
Accounts payable and accrued expenses	\$ 14,712	\$ 12,112	\$ -	\$ -	\$ 84,980	\$ 52,761
Grants and distributions payable	2,000	5,000	-	-	228,000	630,150
Total liabilities	16,712	17,112	-	-	312,980	682,911
Net assets:						
Unrestricted	4,370,803	8,128,318	2,143,337	57,659	40,539,850	34,039,261
Temporarily restricted	-	-	-	-	278,985	79,227
Permanently restricted	-	-	-	1,500	1,459,119	1,239,986
Total net assets	4,370,803	8,128,318	2,143,337	59,159	42,277,954	35,358,474
Total liabilities and net assets	\$ 4,387,515	\$ 8,145,430	\$ 2,143,337	\$ 59,159	\$ 42,590,934	\$ 36,041,385

Supplementary Information
See independent auditors' report.

COMMUNITY FOUNDATION FOR SOUTHERN ARIZONA AND AFFILIATES

CONSOLIDATING STATEMENT ACTIVITIES – SUPPORTING ORGANIZATIONS
For the year ended June 30, 2011
(with comparative totals for June 30, 2010)

	Melody S. Robidoux Foundation	William E. Hail 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	\$ -	\$ -	\$ -	\$ -	\$ 2,000,199	\$ 270,261
Special events	-	-	-	-	-	101,762
Total support	-	-	-	-	2,000,199	372,023
Revenue, investment and other income:						
Investment income, net	2,718,359	131,838	612,430	6	643,731	240,232
Other revenue	-	-	-	-	293	-
Loss on sale of equipment	(5,062)	-	-	-	-	-
Total revenue, investment and other income	2,713,297	131,838	612,430	6	644,024	240,232
Total revenue and support	2,713,297	131,838	612,430	6	2,644,223	612,255
Expenses:						
Grants and distributions	304,430	37,000	90,000	-	357,700	115,860
Salaries, wages and related expense	58,024	-	57,315	-	-	118,588
Professional services	10,222	9,666	25,380	1,000	25,890	20,466
Office expense	24,310	10	1,511	72	7,262	36,258
Promotion and development	-	-	-	-	1,173	1,974
Other expense	1,470	-	-	20,890	9,330	2,684
Special events	-	-	-	-	-	53,603
Total expenses	398,456	46,676	174,206	21,962	401,355	349,433
Change in net assets	2,314,841	85,162	438,224	(21,956)	2,242,868	262,822
Net assets, beginning of year	13,114,292	590,354	1,699,010	670,070	4,368,070	1,812,580
Net assets, end of year	\$ 15,429,133	\$ 675,516	\$ 2,137,234	\$ 648,114	\$ 6,610,938	\$ 2,075,402

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, 2011
(with comparative totals for June 30, 2010)

	Knisely Family Foundation	The Zuckerman Community Outreach Foundation	Howard V. Moore Foundation	Sycamore Canyon Conservation Foundation	Total
					2011 2010
Revenue and support:					
Support:					
Contributions and bequests	\$ 780,000	\$ -	\$ -	\$ 13,248	\$ 3,063,708 \$ 2,683,178
Special events	-	-	-	-	101,762 112,730
Total support	780,000	-	-	13,248	3,165,470 2,795,908
Revenue, investment and other income:					
Investment income, net	525,048	933,856	14,078	376	5,819,954 3,733,775
Other revenue	-	-	-	21,442	21,735 24,778
Loss on sale of equipment	-	-	-	-	(5,062) -
Total revenue, investment and other income	525,048	933,856	14,078	21,818	5,836,627 3,758,553
Total revenue and support	1,305,048	933,856	14,078	35,066	9,002,097 6,554,461
Expenses:					
Grants and distributions	140,500	423,700	-	-	1,469,190 5,760,572
Salaries, wages and related expense	-	-	-	-	233,927 255,628
Professional services	23,899	49,543	19,227	25,283	210,576 219,008
Office expense	443	225	9	7,700	77,800 188,003
Promotion and development	-	-	-	-	3,147 4,925
Other expense	-	-	-	-	34,374 31,457
Special events	-	-	-	-	53,603 35,956
Total expenses	164,842	473,468	19,236	32,983	2,082,617 6,495,549
Change in net assets	1,140,206	460,388	(5,158)	2,083	6,919,480 58,912
Net assets, beginning of year	3,230,597	7,667,930	2,148,495	57,076	35,358,474 35,299,562
Net assets, end of year	\$ 4,370,803	\$ 8,128,318	\$ 2,143,337	\$ 59,159	\$ 42,277,954 \$ 35,358,474

Supplementary Information
See independent auditors' report.