

# FINANCIAL REPORT



JUNE 30, 2011



## **CONTENTS**

	<u>Page</u>	
INDEPENDENT AUDITOR'S REPORT ON THE COMBINED FINANCIAL STATEMENTS .....	1	
FINANCIAL STATEMENTS		
Combined Statement of Financial Position .....	2	
Combined Statement of Activities .....	3	
Combined Statement of Cash Flows .....	4	
Notes to Combined Financial Statements .....	5 – 12	
INDEPENDENT AUDITOR'S REPORT ON THE SUPPLEMENTAL INFORMATION .....		13
Supplemental Combining Statement of Financial Position .....	14	
Supplemental Combining Statement of Activities .....	15	



3104 Fourth Avenue  
San Diego, California 92103  
619.615.5380 Fax 619.615.5389

## **INDEPENDENT AUDITOR'S REPORT ON THE COMBINED FINANCIAL STATEMENTS**

Board of Governors  
International Community Foundation and Supporting Organization  
National City, California

We have audited the accompanying combined statement of financial position of International Community Foundation and Supporting Organization (Foundation) as of June 30, 2011, the related statements of activities, and cash flows for the year then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Foundation's 2010 financial statements, and in our report dated November 11, 2010, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the 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 financial statements referred to above present fairly, in all material respects, the financial position of the Foundation 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.

Cheryl Rhode, CPA  
For WEST RHODE & ROBERTS

San Diego, California  
November 10, 2011

**INTERNATIONAL COMMUNITY FOUNDATION AND SUPPORTING ORGANIZATION**

**COMBINED STATEMENT OF FINANCIAL POSITION**

**June 30, 2011**

**(With summarized financial information for June 30, 2010)**

---

	<u>2011</u>	<u>2010</u> (Note11)
<b>ASSETS</b>		
Cash and cash equivalents	\$ 2,460,386	\$ 4,541,213
Accounts receivable		
Grants	20,000	100,000
Other	5,600	15,915
Deposits and prepaid expenses	12,849	4,978
Property and equipment	2,861,384	2,853,864
Investments	<u>11,066,667</u>	<u>6,995,548</u>
Total assets	<u>\$ 16,426,886</u>	<u>\$ 14,511,518</u>
<b>LIABILITIES AND NET ASSETS</b>		
Accounts payable and accrued expenses	\$ 94,856	\$ 168,225
Grants payable	<u>1,233,981</u>	<u>1,498,943</u>
Total liabilities	<u>1,328,837</u>	<u>1,667,168</u>
Net assets:		
Unrestricted	6,069,165	4,380,119
Temporarily restricted	4,436,920	3,880,267
Permanently restricted	<u>4,591,964</u>	<u>4,583,964</u>
Total net assets	<u>15,098,049</u>	<u>12,844,350</u>
Total liabilities and net assets	<u>\$ 16,426,886</u>	<u>\$ 14,511,518</u>

**INTERNATIONAL COMMUNITY FOUNDATION AND SUPPORTING ORGANIZATION**

**COMBINED STATEMENT OF ACTIVITIES**

**Year Ended June 30, 2011**

*(With summarized financial information for the year ended June 30, 2010)*

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2011 Total</u>	<u>2010 (Note 11)</u>
<b>REVENUE</b>					
Gifts and support	\$ 6,487,696	\$ 1,110,540	\$ 8,000	\$ 7,606,236	\$ 6,536,737
Gifts and support (to) from funds	236,335	(236,335)	-	-	-
Investment income	708,733	426,221	-	1,134,954	602,195
Other income	36,866	-	-	36,866	4,718
Net assets released from restriction	<u>743,773</u>	<u>(743,773)</u>	-	-	-
Total revenue gains and other support	<u>8,213,403</u>	<u>556,653</u>	<u>8,000</u>	<u>8,778,056</u>	<u>7,143,650</u>
<b>EXPENSES</b>					
Program grants					
Environment	2,823,374	-	-	2,823,374	3,854,944
Health and human services	833,668	-	-	833,668	320,736
Education	680,026	-	-	680,026	525,413
Community and economic development	252,637	-	-	252,637	1,094,204
Arts and culture	<u>39,102</u>	-	-	<u>39,102</u>	-
Total program grants	4,628,807	-	-	4,628,807	5,795,297
Charitable expenses	600,026	-	-	600,026	492,240
Olivewood garden	528,719	-	-	528,719	294,988
Administrative expenses:					
Operating	661,622	-	-	661,622	496,165
Fundraising	<u>105,183</u>	-	-	<u>105,183</u>	<u>79,193</u>
Total expenses	<u>6,524,357</u>	-	-	<u>6,524,357</u>	<u>7,157,883</u>
<b>CHANGES IN NET ASSETS</b>	1,689,046	556,653	8,000	2,253,699	(14,233)
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<u>4,380,119</u>	<u>3,880,267</u>	<u>4,583,964</u>	<u>12,844,350</u>	<u>12,858,583</u>
<b>NET ASSETS AT END OF YEAR</b>	<u>\$ 6,069,165</u>	<u>\$ 4,436,920</u>	<u>\$ 4,591,964</u>	<u>\$ 15,098,049</u>	<u>\$ 12,844,350</u>

**INTERNATIONAL COMMUNITY FOUNDATION AND SUPPORTING ORGANIZATION**

**COMBINED STATEMENT OF CASH FLOWS**

**Year Ended June 30, 2011**

**(With summarized financial information for the year ended June 30, 2010)**

---

	<u>2011</u>	<u>2010</u> (Note 11)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Changes in net assets	\$ 2,253,699	\$ (14,233)
Adjustment to reconcile change in net assets to net cash provided by operating activities		
Depreciation	55,176	42,714
Net unrealized (gain) loss on investments	(934,735)	(393,053)
Contribution to permanently restricted endowment	(8,000)	(5,100)
(Increase) decrease in operating assets		
Accounts receivable	90,315	46,203
Deposits and prepaid expenses	(7,871)	5,124
Increase (decrease) in operating liabilities		
Accounts payable and accrued expenses	(73,369)	81,676
Grants payable	<u>(264,962)</u>	<u>675,872</u>
Net cash provided by operating activities	<u>1,110,253</u>	<u>439,203</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(62,696)	(346,526)
Net purchase of investments	<u>(3,136,384)</u>	<u>(520,523)</u>
Net cash used in investing activities	<u>(3,199,080)</u>	<u>(867,049)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payment on line of credit	-	(25,000)
Proceeds from contributions permanently restricted	<u>8,000</u>	<u>5,100</u>
Net cash (used in) provided by financing activities	<u>8,000</u>	<u>(19,900)</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<u>(2,080,827)</u>	<u>(447,746)</u>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<u>4,541,213</u>	<u>4,988,959</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u>\$ 2,460,386</u>	<u>\$ 4,541,213</u>

**INTERNATIONAL COMMUNITY FOUNDATION AND SUPPORTING ORGANIZATION**

**NOTES TO FINANCIAL STATEMENTS**

---

**NOTE 1. NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Foundation and supporting organization**

The International Community Foundation (ICF) is a nonprofit organization founded in 1990 and committed to working with donors to expand charitable giving internationally. While we are currently focused in Mexico and Central America, we are committed to expanding U.S. charitable giving internationally, by working with donors to increase their commitment to make a difference abroad. The Foundation is focused in the areas of environment, community, economic development, education, health, and human services.

ICF formed a Type 1 supporting organization named the ICF Center for Cross Border Philanthropy (the Center) in 2008. ICF transferred its National City lands and buildings to the Center on July 1, 2009. The Center operates the ICF Center for Cross Border Philanthropy (dba the ICF Center) and Olivewood Gardens school garden program.

**Principles of Combination** – The combined financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America and include accounts of the International Community Foundation and the ICF Center for Cross Border Philanthropy. All intercompany balances and transactions have been eliminated in the accompanying combined financial statements.

**Method of Accounting** – The accompanying financial statements have been prepared in accordance with the accrual method of accounting.

**Financial Statement Presentation** – The Foundation reports information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted.

**Property and Equipment** – Property and equipment are carried at cost for purchased assets or fair value at date of gift for donated assets. Items which cost or have a fair value at the date of the gift of \$500 or more are capitalized.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets.

**Contributions** – Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. A summary of the net asset categories included in the accompanying financial statements is as follows:

**Unrestricted** – Unrestricted net assets represent amounts that are available for various activities including:

- Amounts that are available for the support of the Foundation's operational functions and to support community activities at the discretion of the Board of Governors.
- Donor-advised funds represent amounts for which grant recommendations of the respective donors are accepted for consideration, subject to final approval by the Foundation's Board of Governors. The Foundation's By-laws give variance power, which under certain unanticipated circumstances, allows for redirection of funds.
- Donor-designated funds represent amounts for which grant recommendations are specific to one organization, subject to final approval by the Foundation's Board of Governors. The Foundation's By-laws give variance power, which under certain unanticipated circumstances, allows for redirection of funds.

**INTERNATIONAL COMMUNITY FOUNDATION AND SUPPORTING ORGANIZATION**

**NOTES TO FINANCIAL STATEMENTS**

---

**NOTE 1. NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Temporarily Restricted** – Contributions received that are subject to donor restrictions are recorded as temporarily restricted funds. Restrictions are satisfied when the special purpose is accomplished, at which time the amounts are reclassified as unrestricted.

**Permanently Restricted** – The Foundation's commitment is to hold all endowment principal in perpetuity in accordance with the request of the donor. The income from endowment assets is allocated for distribution to program grants, in accordance with the request of the donor. Realized and unrealized gains and losses on these assets are recorded as unrestricted net assets and do not impact the original corpus of the permanently restricted assets. However, the Foundation's By-laws give variance power, which under certain unanticipated circumstances, allow the redirection of principal. Permanently restricted assets are reported at their original value at the time of gift.

**Grants Payable** – The Foundation records a liability for grants when they have been approved by the Board of Governors. Grants which are conditional are recorded as liabilities when the conditions to the grants have been met.

**Cash Equivalents** – Cash equivalents are highly liquid debt instruments with original maturities of three months or less.

**Use of Estimates** – The preparation of financial statements in conformity with U.S. 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 financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Reclassifications** – Certain 2010 financial statement accounts have been reclassified to conform to the 2011 presentation. These classifications have no effect on the reported change in net assets or cash flows.

**Risks and Uncertainties** – The Foundation invests in various types of investment securities which are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and such changes could materially affect the amounts reported in the statement of financial position.

**Investments** – Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying statement of activities

**Accounts Receivable** – Management believes that all accounts receivable as of June 30, 2011 and 2010 were fully collectible. Therefore, no allowance for doubtful accounts was recorded.

**INTERNATIONAL COMMUNITY FOUNDATION AND SUPPORTING ORGANIZATION**

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 2. INVESTMENTS**

Investments at June 30, 2011 consist of:

	<u>Market</u>	<u>Cost</u>
At fair value:		
Mutual funds and corporate stock	\$ 6,176,510	\$ 5,614,510
Money market accounts	2,224,721	2,224,721
Certificate of deposits	2,665,436	2,665,436
	<u>\$ 11,066,667</u>	<u>\$ 10,504,667</u>

**NOTE 3. FAIR VALUE OF INVESTMENTS**

The Financial Accounting Standards Board (FASB) issued FASB Accounting Standards Codification No. 820 (ASC 820), Fair Value Measurements, that establishes a framework for measuring fair value in accordance with accounting principles generally accepted in the United States of America, and expands disclosures about fair value measurements.

ASC 820 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. ASC 820 also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

**Level 1:** Quoted prices (unadjusted) of identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

**Level 2:** Significant other observable inputs other than level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, and other inputs that are observable or can be corroborated by observable market data.

**Level 3:** Significant unobservable inputs that reflect the Foundation's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

The Foundation's statement of financial position includes investments which have been considered Level I assets and are reported at fair value based on quoted prices in active markets for identical assets at the measurement date.

The fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is best determined based upon quoted market prices. All of the Foundation's investments are based upon the quoted market prices at June 30, 2011.

The management of the Foundation is responsible for making the fair value measurements and disclosures in the financial statements. As part of fulfilling this responsibility the management of the Foundation has established an accounting and financial reporting process for determining the fair value measurements and disclosures, which identifies and adequately supports the valuation methods and assumptions used and ensures that the presentation of the fair value measurement is in accordance with GAAP.

**INTERNATIONAL COMMUNITY FOUNDATION AND SUPPORTING ORGANIZATION**

**NOTES TO FINANCIAL STATEMENTS**

---

**NOTE 4. PROPERTY AND EQUIPMENT**

Property and equipment at June 30, 2011 consist of the following:

Land	\$ 1,450,000
Buildings	1,035,000
Improvements	561,926
Office equipment	<u>35,413</u>
	3,082,339
Less accumulated depreciation	<u>220,955</u>
	<u>\$ 2,861,384</u>

During the year ended June 30, 2011, the Foundation's property was reassessed by the County of San Diego based on new zoning for institutional use. The property was zoned SR-1 residential when purchased, and now is zoned for institutional use.

**NOTE 5. LINE OF CREDIT**

The Foundation has a line of credit from a bank for \$150,000 that expires in April, 2012. At June 30, 2011 there were no amounts outstanding.

**NOTE 6. TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets are available for the following purposes:

International Community Foundation Center	\$ 2,871,229
San Ignacio Lagoon Conservation Easement	720,530
Permanently restricted funds in excess of corpus	393,215
ICF special projects	353,643
Center special projects	<u>98,303</u>
	<u>\$ 4,436,920</u>

International Community Foundation Center

The International Community Foundation Center located in National City, California was contributed to ICF in 2006. The National City building and improvements have been recorded as temporarily restricted net assets and are being depreciated over their useful lives. In the unlikely event that the Center were to sell the property, the property gift agreement provides for the proceeds of the sale less expenses and the value of facility improvements to the property, to be transferred to a donor advised fund at ICF. Similarly, the Walton Family Foundation (WFF) may direct ICF: (a) to use the Center's Endowment, or any portion thereof, for an additional purpose or purposes to support ICF's charitable activities (which may include, for example, funding a donor-advised fund at ICF); or (b) to transfer the Endowment, or any portion thereof, to one or more other public charities described in section 509(a)(1), (2) or (3) of the Internal Revenue Code as designated by the WFF, if the WFF in its sole discretion determines that any one or more of the following events has occurred: ICF Center disposes of the Property or any portion thereof; ICF and/or the ICF Center fail to use the Property in accordance with the terms of Endowment Agreement; or ICF fails to administer the Endowment in accordance with the Endowment Agreement.

**INTERNATIONAL COMMUNITY FOUNDATION AND SUPPORTING ORGANIZATION**

**NOTES TO FINANCIAL STATEMENTS**

---

**NOTE 6. TEMPORARILY RESTRICTED NET ASSETS (continued)**

San Ignacio Lagoon Conservation Easement:

On October 21, 2005, the Foundation entered into a long-term conservation easement with Maijanu, A.C. and members of Ejido Luis Echevarria Alvarez with the aim of providing long-term stewardship for 120,847 acres of sensitive coastal wetlands located on communal Ejido lands in San Ignacio Lagoon, Baja California Sur near the breeding grounds of the California Grey Whale. The Mexican non-profit organization, Maijanu, A.C. has been designated as the local fiscal sponsor for this conservation easement.

As part of the agreement, the Foundation commits to make an annual grant payment to Maijanu, A.C. totaling 4% of the Maijanu Fund for re-granting to community based and productive employment projects benefiting Ejido Luis Echevarria Alvarez. The Foundation also commits to grant Pronatura Noreste Mar de Cortes, A.C. up to \$9,600 per year (\$4,800 per site visit) from the Laguna San Ignacio Stewardship Fund to provide long-term stewardship and due diligence for the conservation easement in question.

Bahia de Los Angeles Conservation Fund--Playa Unica Conservation Easement:

On July 14, 2004, the Foundation's grantee, Pronatura Noreste Mar de Cortes, A.C., entered into a conservation easement to protect and preserve 43.84 hectares of land in Playa Unica located in Bahia de Los Angeles, Baja California with an initial investment of \$200,000 to the Bahia de Los Angeles Conservation Fund. The Foundation committed to biannual payments of \$4,200 to Pronatura on June 30th and December 31st of each year through the Bahia de Los Angeles Conservation Fund.

**NOTE 7. PERMANENTLY RESTRICTED NET ASSETS**

Permanently restricted net assets are for the benefit of the Center and other philanthropic purposes.

**NOTE 8. NET ASSETS RELEASED FROM RESTRICTION**

Net assets, totaling \$743,773, were released from restriction by satisfying program restrictions.

**NOTE 9. EARNINGS ON PERMANENTLY RESTRICTED ENDOWMENTS**

The Foundation's endowment consists of 14 individual funds with the majority of the funds under management held for the benefit of the ICF Center. The other funds are set up as donor advised, Agency, and discretionary endowments. The endowment includes only donor-restricted endowment funds. As required by GAAP, net assets associated with endowment funds are classified based in the existence or absence of donor imposed restrictions. Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors.

**NOTE 9. EARNINGS ON PERMANENTLY RESTRICTED ENDOWMENTS (continued)**

**Interpretation of Relevant Law** – The Board of Governors of the Foundation has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) 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 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:

- The duration and preservation of the fund
- The purposes of the Foundation and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Foundation
- The investment policies of the Foundation.

**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 SPMIFA requires the Organization to retain as a fund of perpetual duration. There were no funds with deficiencies at June 30, 2011.

**Return Objectives and Risk Parameters** – The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity. The Foundation expects its endowment funds, over time, to provide an average rate of return of approximately 8 percent annually. Actual returns in any given year may vary from this amount.

**Strategies Employed for Achieving Objectives** – 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.

**INTERNATIONAL COMMUNITY FOUNDATION AND SUPPORTING ORGANIZATION**

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 9. EARNINGS ON PERMANENTLY RESTRICTED ENDOWMENTS (continued)**

**Spending Policy and How the Investment Objectives Relate to Spending Policy** – The Foundation has a policy of appropriating for distribution each year 5 percent of its endowment fund's permanently restricted market value from the previous 3 year average market value. In establishing this policy, the Foundation considered the long-term expected return on its endowment. Accordingly, over the long term, the Foundation expects the current spending policy to allow its endowment to grow at an average of 3 percent annually. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return. It is the Foundation's policy to not make distributions in excess of the amount available in the temporarily restricted endowment.

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of the year	\$ (254,996)	\$ -	4,583,964	\$ 4,328,968
Investment return:				
Investment income	-	116,498	-	116,498
Net appreciation (realized and unrealized)	-	746,713	-	746,713
Total investment return	-	863,211	-	863,211
Transfer to cover corpus deficiency	254,996	(254,996)	-	-
Distribution	-	(215,000)	-	(215,000)
Contributions	-	-	8,000	8,000
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ 393,215</u>	<u>\$ 4,591,964</u>	<u>\$ 4,985,179</u>

**NOTE 10. CONCENTRATION OF CREDIT RISK**

At June 30, 2011, the Foundation maintains all of its cash and cash equivalents in bank deposits, money market accounts and short term certificates of deposits that are within federally insured deposit limits.

In addition, the Foundation invests in various investment securities, including U.S. government securities, corporate debt instruments, mutual funds, money market accounts and longer term certificates of deposits up to 12 months in duration. Investment securities, in general, are subject to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect amounts reported on the financial statements.

**INTERNATIONAL COMMUNITY FOUNDATION AND SUPPORTING ORGANIZATION**

**NOTES TO FINANCIAL STATEMENTS**

---

**NOTE 11. JUNE 30, 2010 FINANCIAL INFORMATION**

The prior year summarized financial information is for comparative purposes only. The prior year information is presented in the financial statements in total, but not by asset class as required by GAAP. The summarized financial information was derived from the Foundation's June 30, 2010 financial statements. Accordingly, the summarized information should be read in conjunction with the Foundation's complete financial statements for the year ended June 30, 2010.

**NOTE 12. INCOME TAX STATUS**

The Foundation is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701 (d) of the State Revenue and Taxation Code. The Financial Accounting Standards Board (FASB) issued Accounting Standards Codification No. 740-10, *Accounting for Uncertainties in Income Tax*, which sets a minimum threshold for financial statement recognition of the benefit of a tax position taken or expected to be taken in a tax return. The Foundation has reviewed its positions for all open tax years and has determined that no provision for income tax positions is required.

**NOTE 13. FUNCTIONAL ALLOCATION OF EXPENSES**

The costs of providing the programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.



3104 Fourth Avenue  
San Diego, California 92103  
619.615.5380 Fax 619.615.5389

**INDEPENDENT AUDITOR'S REPORT ON THE SUPPLEMENTARY INFORMATION**

Board of Governors  
International Community Foundation and Supporting Organization  
National City, California

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary statement that follows on page 14 and 15 are presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements, and in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Cheryl Rhode, CPA  
for WEST RHODE & ROBERTS

San Diego, California  
November 10, 2011

**INTERNATIONAL COMMUNITY FOUNDATION AND SUPPORTING ORGANIZATION**  
**SUPPLEMENTAL COMBINING STATEMENT OF FINANCIAL POSITION**  
**June 30, 2011**

	<u>ICF</u>	<u>Center</u>	<u>Total</u>	<u>Eliminating Entries</u>	<u>Total</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 2,173,058	\$ 287,328	\$ 2,460,386	\$ -	\$ 2,460,386
Accounts receivable					
Grants	-	20,000	20,000	-	20,000
Other	4,020	1,625	5,645	(45)	5,600
Deposits and prepaid expenses	11,229	1,620	12,849	-	12,849
Property and equipment	8,028	2,853,356	2,861,384	-	2,861,384
Investments	11,066,667	-	11,066,667	-	11,066,667
Total assets	<u>\$ 13,263,002</u>	<u>\$ 3,163,929</u>	<u>\$ 16,426,931</u>	<u>\$ (45)</u>	<u>\$ 16,426,886</u>
<b>LIABILITIES AND NET ASSETS</b>					
Accounts payable and accrued expenses	\$ 68,516	\$ 26,385	\$ 94,901	\$ (45)	\$ 94,856
Grants payable	1,233,981	-	1,233,981	-	1,233,981
Total liabilities	<u>1,302,497</u>	<u>26,385</u>	<u>1,328,882</u>	<u>(45)</u>	<u>1,328,837</u>
Total net assets	<u>11,960,505</u>	<u>3,137,544</u>	<u>15,098,049</u>	<u>-</u>	<u>15,098,049</u>
Total liabilities and net assets	<u>\$ 13,263,002</u>	<u>\$ 3,163,929</u>	<u>\$ 16,426,931</u>	<u>\$ (45)</u>	<u>\$ 16,426,886</u>

**INTERNATIONAL COMMUNITY FOUNDATION AND SUPPORTING ORGANIZATION**  
**SUPPLEMENTAL COMBINING STATEMENT OF ACTIVITIES**  
**Year Ended June 30, 2011**

	ICF	Center	Total	Eliminating Entries	Total
<b>REVENUE</b>					
Gifts and support	\$ 7,217,741	\$ 725,220	\$ 7,942,961	\$ (336,725)	\$ 7,606,236
Gifts and support (to) from funds	-	-	-	-	-
Investment income	1,134,364	590	1,134,954	-	1,134,954
Management fee	34,804		34,804	(34,804)	-
Rental income		33,000	33,000	(33,000)	-
Other income	20,664	16,202	36,866	-	36,866
Total revenue gains and other support	<u>8,407,573</u>	<u>775,012</u>	<u>9,182,585</u>	<u>(404,529)</u>	<u>8,778,056</u>
<b>EXPENSES</b>					
Program grants:					
Environment	2,847,897	-	2,847,897	-	2,847,897
Health and human services	734,145	-	734,145	-	734,145
Education	668,834	-	668,834	-	668,834
ICF Center and Garden	336,725	-	336,725	(336,725)	-
Community and economic development	281,529	-	281,529	-	281,529
Arts and culture	96,402	-	96,402	-	96,402
Total program grants	<u>4,965,532</u>	<u>-</u>	<u>4,965,532</u>	<u>(336,725)</u>	<u>4,628,807</u>
Charitable expenses	600,026	-	600,026	-	600,026
Olivewood garden	-	528,719	528,719	-	528,719
Administrative expenses:					
Operating	694,622	34,804	729,426	(67,804)	661,622
Fundraising	105,183	-	105,183	-	105,183
Total expenses	<u>6,365,363</u>	<u>563,523</u>	<u>6,928,886</u>	<u>(404,529)</u>	<u>6,524,357</u>
<b>CHANGES IN NET ASSETS</b>	<u>\$ 2,042,210</u>	<u>\$ 211,489</u>	<u>\$ 2,253,699</u>	<u>\$ -</u>	<u>\$ 2,253,699</u>