

**SAN DIEGO LIONS WELFARE FOUNDATION**

**FINANCIAL STATEMENTS**

**JUNE 30, 2011**



Leaf & Cole, LLP  
*Certified Public Accountants*

**SAN DIEGO LIONS WELFARE FOUNDATION  
FINANCIAL STATEMENTS  
JUNE 30, 2011**

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## Independent Auditor's Report

To the Board of Trustees  
San Diego Lions Welfare Foundation

We have audited the accompanying statement of financial position of San Diego Lions Welfare Foundation as of June 30, 2011 and 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 San Diego Lions Welfare Foundation's 2010 financial statements, and in our report dated October 27, 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 San Diego Lions Welfare 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.

*Leaf & Cole LLP*

San Diego, California  
November 4, 2011

**SAN DIEGO LIONS WELFARE FOUNDATION**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2011**  
**(WITH COMPARATIVE TOTALS FOR JUNE 30, 2010)**

**ASSETS**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2011 Total</u>	<u>2010 Total</u>
<b><u>Assets:</u></b> (Notes 1, 2, 3, 4, 5 and 6)					
Cash and cash equivalents	\$ 352,453	\$ 104,337	\$ -	\$ 456,790	\$ 258,275
Accounts receivable	3,855	-	-	3,855	525
Investments	2,894,325	701,639	-	3,595,964	3,168,430
Charitable remainder trust	-	204,888	-	204,888	188,912
Property and equipment, net	3,200	-	-	3,200	5,804
Beneficial interest in San Diego Foundation	-	-	280,149	280,149	238,861
<b>TOTAL ASSETS</b>	<b>\$ <u>3,253,833</u></b>	<b>\$ <u>1,010,864</u></b>	<b>\$ <u>280,149</u></b>	<b>\$ <u>4,544,846</u></b>	<b>\$ <u>3,860,807</u></b>

**LIABILITIES AND NET ASSETS**

<b><u>Liability:</u></b> (Note 4)					
Liability under charitable remainder trust	\$ -	\$ 152,086	\$ -	\$ 152,086	\$ 142,810
<b><u>Net Assets</u></b> (Notes 1, 7 and 8)	<b><u>3,253,833</u></b>	<b><u>858,778</u></b>	<b><u>280,149</u></b>	<b><u>4,392,760</u></b>	<b><u>3,717,997</u></b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ <u>3,253,833</u></b>	<b>\$ <u>1,010,864</u></b>	<b>\$ <u>280,149</u></b>	<b>\$ <u>4,544,846</u></b>	<b>\$ <u>3,860,807</u></b>

The accompanying notes are an integral part of these financial statements.

**SAN DIEGO LIONS WELFARE FOUNDATION**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2010)**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2011 Total</u>	<u>2010 Total</u>
<b><u>Support and Revenue:</u></b>					
Investment income, net	\$ 560,048	\$ 139,097	\$ 44,063	\$ 743,208	\$ 338,332
Contributions and donations	105,988	-	-	105,988	3,930
Program revenue	66,226	-	-	66,226	66,402
Pledge to serve	9,193	2,225	-	11,418	16,215
Net assets released from restrictions	<u>17,685</u>	<u>(14,910)</u>	<u>(2,775)</u>	<u>-</u>	<u>-</u>
Total Support and Revenue	<u>759,140</u>	<u>126,412</u>	<u>41,288</u>	<u>926,840</u>	<u>424,879</u>
<b><u>Expenses:</u></b>					
<b>Program Services:</b>					
Contributions and program expenses	<u>187,155</u>	<u>-</u>	<u>-</u>	<u>187,155</u>	<u>518,995</u>
<b>Supporting Services:</b>					
Management and general	<u>64,922</u>	<u>-</u>	<u>-</u>	<u>64,922</u>	<u>61,404</u>
Total Expenses	<u>252,077</u>	<u>-</u>	<u>-</u>	<u>252,077</u>	<u>580,399</u>
Change in Net Assets	507,063	126,412	41,288	674,763	(155,520)
Net Assets at Beginning of Year	<u>2,746,770</u>	<u>732,366</u>	<u>238,861</u>	<u>3,717,997</u>	<u>3,873,517</u>
<b>NET ASSETS AT END OF YEAR</b>	<u><u>\$ 3,253,833</u></u>	<u><u>\$ 858,778</u></u>	<u><u>\$ 280,149</u></u>	<u><u>\$ 4,392,760</u></u>	<u><u>\$ 3,717,997</u></u>

The accompanying notes are an integral part of these financial statements.

**SAN DIEGO LIONS WELFARE FOUNDATION**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2010)**

	<u>2011</u>	<u>2010</u>
<b><u>Cash Flows From Operating Activities:</u></b>		
Change in net assets	\$ 674,763	\$ (155,520)
<b>Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:</b>		
Depreciation	2,604	2,601
Realized and unrealized gains on investments	(592,437)	(224,242)
Permanently restricted investment gain	(44,063)	(23,948)
Permanently restricted distributions	2,775	2,316
<b>(Increase) Decrease in:</b>		
Accounts receivable	(3,330)	(80)
Net Cash Provided by (Used In) Operating Activities	<u>40,312</u>	<u>(398,873)</u>
<b><u>Cash Flows From Investing Activities:</u></b>		
Proceeds from sale of investments	1,069,413	1,136,883
Purchase of investments	(911,210)	(2,305,912)
Change in beneficial interest in San Diego Foundation	(41,288)	(21,632)
Net Cash Provided by (Used in) Investing Activities	<u>116,915</u>	<u>(1,190,661)</u>
<b><u>Cash Flows From Financing Activates:</u></b>		
Permanently restricted investment gain	44,063	23,948
Permanently restricted distributions	(2,775)	(2,316)
Net Cash Provided by Financing Activates	<u>41,288</u>	<u>21,632</u>
Net Increase (Decrease) in Cash and Cash Equivalents	198,515	(1,567,902)
Cash and Cash Equivalents at Beginning of Year	<u>258,275</u>	<u>1,826,177</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u><u>\$ 456,790</u></u>	<u><u>\$ 258,275</u></u>

The accompanying notes are an integral part of the financial statements.

**SAN DIEGO LIONS WELFARE FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**  
**(WITH COMPARATIVE TOTALS FOR JUNE 30, 2010)**

**Note 1 - Organization and Significant Accounting Policies:**

**Organization**

San Diego Lions Welfare Foundation (the “Foundation”) is a California Not-For-Profit Corporation organized in 1944. The Foundation was organized for the promotion of the welfare of humanity, including the sight impaired, the hearing impaired and the under-privileged.

**Significant Accounting Policies**

**Method of Accounting**

The financial statements of the Foundation have been prepared on the accrual basis of accounting which is in accordance with accounting principles generally accepted in the United States of America (GAAP) and, accordingly, reflect all significant receivables, payables, and other liabilities.

In June 2009, the Financial Accounting Standards Board (FASB) Accounting Standards Codification (Codification) was issued. The Codification is the source of authoritative U.S. GAAP recognized by the FASB to be applied by nongovernmental entities. The Codification is effective for financials statements issued for interim and annual periods ending after September 15, 2009. The implementation of this standard did not have a material impact on the financial position and results of operations.

**Financial Statement Presentation**

The financial statements present information regarding the financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

The FASB has issued reporting standards for endowments of not-for-profit Organizations subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA), and enhanced disclosures for all endowment funds. The standards provide guidance on classifying the net assets associated with donor-restricted endowment funds held by organizations that are subject to an enacted version of UPMIFA, which serves as a model act for states to modernize their laws governing donor-restricted endowment funds. The standards also require additional disclosures about endowments (both donor-restricted funds and board-designated funds) to enable users of financial statements to understand the net asset classification, net asset composition, changes in net asset composition, spending policies, and related investment policies of its endowment funds.

**Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

**SAN DIEGO LIONS WELFARE FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**  
**(WITH COMPARATIVE TOTALS FOR JUNE 30, 2010)**

**Note 1 - Significant Accounting Policies: (Continued)**

**Significant Accounting Policies (Continued)**

**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.

**Fair Value Measurements**

The Foundation has adopted the fair value standards for financial assets and liabilities that are required to be measured at fair value on a recurring basis. The Fair Value Measurement standards define fair value, establish a framework for measuring fair value, outline a fair value hierarchy based on inputs used to measure fair value and enhance disclosure requirements for fair value measurements. The fair value hierarchy distinguishes between market participant assumptions based on market data obtained from sources independent of the reporting entity (observable inputs that are classified within Level 1 or 2 of the hierarchy) and the reporting entity's own assumptions about market participant assumptions (unobservable inputs classified within Level 3 of the hierarchy). These standards do not change existing guidance as to whether or not an instrument is carried at fair value.

The Foundation's statement of financial position includes the following financial instruments required to be valued at fair value on a recurring basis:

- Investments in mutual funds and corporate stocks are considered Level 1 assets and are reported at fair value based on quoted prices in active markets for identical assets at the measurement date.
- Charitable remainder trust is considered a Level 3 asset and is reported at fair value based on management's assumptions about the expected investment return on the underlying trust assets, an applicable discount rate and the life expectancy of the donor.
- Beneficial interest in San Diego Foundation is considered a Level 3 asset and is reported at fair value based on the fair value of the underlying assets which approximates the future discounted cash flows.

**Allowance for Doubtful Accounts**

Management believes that all accounts receivable were fully collectible; therefore, no allowance for doubtful accounts was recorded as of June 30, 2011 and 2010.

**SAN DIEGO LIONS WELFARE FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**  
**(WITH COMPARATIVE TOTALS FOR JUNE 30, 2010)**

**Note 1 - Organization and Significant Accounting Policies: (Continued)**

**Significant Accounting Policies (Continued)**

**Contributions**

Contributions are recognized when the donor makes a promise to give to the Organization that is in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restriction expires in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets. Contributions to be received in future periods are discounted at an appropriate discount rate. Amortization of discounts is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions.

**Capitalization and Depreciation**

Property and equipment are recorded at cost. Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long these donated assets must be maintained, the Corporation reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Corporation reclassifies temporarily restricted net assets to unrestricted net assets at that time. Property and equipment is depreciated using the straight-line method over the estimated useful asset lives as follows:

Community room improvements	7 - 10 years
Office equipment and furniture	5 - 7 years
Computer equipment	5 years

Depreciation aggregated \$2,604 and \$2,601 for the years ended June 30, 2011 and 2010, respectively.

Maintenance, repairs and minor renewals are charged to operations as incurred. Upon sale or disposition of property and equipment, the asset account is relieved of the cost and the accumulated depreciation account is charged with depreciation taken prior to the sale and any resultant gain or loss is credited or charged to earnings.

**Donated Services**

The Foundation utilizes the services of many volunteers throughout the year. This contribution of services by the volunteers is not recognized in the financial statements unless the services received (a) create or enhance nonfinancial assets or (b) require specialized skills which are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. The donated services for the years ended June 30, 2011 and 2010, did not meet the requirements above, therefore no amounts were recognized in the financial statements.

**Allocated Expenses**

Expenses by function have been allocated among program and supporting services classifications on the basis of records and on estimates made by the Foundation's management.

**SAN DIEGO LIONS WELFARE FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**  
**(WITH COMPARATIVE TOTALS FOR JUNE 30, 2010)**

**Note 1 - Organization and Significant Accounting Policies: (Continued)**

**Significant Accounting Policies (Continued)**

**Income Taxes**

The Foundation is a public charity and is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code. The Foundation is not a private foundation.

The Foundation uses a loss contingencies approach for evaluating uncertain tax positions and continually evaluates changes in tax law and new authoritative rulings.

**Concentration of Credit Risk**

The Foundation maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Foundation has not experienced any losses in such accounts. The Foundation believes it is not exposed to any significant credit risk on cash and cash equivalents.

**Cash and Cash Equivalents**

For purposes of the statement of cash flows, the Foundation considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

**Comparative Information for June 30, 2010**

The financial statements include certain prior year summarized comparative information in total, but not by net asset class for the year ended June 30, 2010. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Foundation's financial statements for the year ended June 30, 2010, from which the summarized information was derived.

**Subsequent Events**

In preparing these financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosures through November 4, 2011, the date the financial statements were available to be issued.

**Reclassification**

The Foundation has reclassified certain prior year information to conform with current year presentations.

**SAN DIEGO LIONS WELFARE FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**  
**(WITH COMPARATIVE TOTALS FOR JUNE 30, 2010)**

**Note 2 - Fair Value Measurements:**

The following table summarizes assets measured at fair value by classification within the fair value hierarchy as of June 30:

	2011			Balance as of June 30, 2011
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Corporate stocks:				
Common stock	\$ 2,717,171	\$ -	\$ -	\$ 2,717,171
Preferred stock	402,726	-	-	402,726
Mutual funds:				
Growth	173,484	-	-	173,484
Fixed income	302,583	-	-	302,583
Charitable remainder trust (Note 4)	-	-	204,888	204,888
Beneficial interest in San Diego Foundation (Note 6)	-	-	280,149	280,149
	<u>\$ 3,595,964</u>	<u>\$ -</u>	<u>\$ 485,037</u>	<u>\$ 4,081,001</u>

	2010			Balance as of June 30, 2011
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Corporate stocks:				
Common stock	\$ 2,137,044	\$ -	\$ -	\$ 2,137,044
Preferred stock	581,764	-	-	581,764
Mutual funds:				
Growth	170,358	-	-	170,358
Fixed income	279,264	-	-	279,264
Charitable remainder trust (Note 4)	-	-	188,912	188,912
Beneficial interest in San Diego Foundation (Note 6)	-	-	238,861	238,861
	<u>\$ 3,168,430</u>	<u>\$ -</u>	<u>\$ 427,773</u>	<u>\$ 3,596,203</u>

The reconciliation for financial instruments measured at fair value on a recurring basis as significant unobservable inputs (Level 3) are included in the Notes as indicated above.

**SAN DIEGO LIONS WELFARE FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**  
**(WITH COMPARATIVE TOTALS FOR JUNE 30, 2010)**

**Note 3 - Investments:**

Investments consist of the following at June 30:

	2011			2010 Total
	Unrestricted	Temporarily Restricted	Total	
Corporate stocks	\$ 2,495,349	\$ 624,548	\$ 3,119,897	\$ 2,718,808
Mutual funds	398,976	77,091	476,067	449,622
	<u>\$ 2,894,325</u>	<u>\$ 701,639</u>	<u>\$ 3,595,964</u>	<u>\$ 3,168,430</u>

The following schedule summarizes the investment return and its classification in the statement of activities for the years ended June 30:

	Unrestricted	Temporarily Restricted	Permanently Restricted	2011 Total	2010 Total
Interest and dividend income	\$ 111,371	\$ 25,743	\$ -	\$ 137,114	\$ 116,063
Net realized and unrealized gains (losses)	470,283	122,154	44,536	636,973	(248,618)
Investment expense	(21,606)	(8,800)	(473)	(30,879)	(26,349)
Total Investment Return	<u>\$ 560,048</u>	<u>\$ 139,097</u>	<u>\$ 44,063</u>	<u>\$ 743,208</u>	<u>\$ 338,332</u>

**Note 4 - Charitable Remainder Trust:**

The Foundation has been named as the trustee for a charitable remainder trust. The charitable remainder trust provides for the payment of distributions to the designated beneficiaries over the designated beneficiaries' lifetimes. At the end of the trust's term, the remaining assets are available for the Foundation's use.

The fair value of the trust's assets were \$204,888 and \$188,912 at June 30, 2011 and 2010, respectively, and have been reported as an asset on the statement of financial position.

The activity of the charitable remainder trust consisted of the following for the years ended June 30:

	<u>2011</u>	<u>2010</u>
Balance at Beginning of Year	\$ 188,912	\$ 175,291
Distributions to designated beneficiaries	(14,829)	(14,525)
Change in discount and fair value	30,805	28,146
Balance at End of Year	<u>\$ 204,888</u>	<u>\$ 188,912</u>

On an annual basis, the Foundation revalues the liability to make distributions to the designated beneficiary based on actuarial assumptions. The present value of the estimated future payments to the remainder beneficiaries of \$152,086 and \$142,810, respectively, at June 30, 2011 and 2010, has been calculated using a discount rate of 7% and applicable mortality tables and has been reported as a liability in the statement of financial position.

**SAN DIEGO LIONS WELFARE FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**  
**(WITH COMPARATIVE TOTALS FOR JUNE 30, 2010)**

**Note 5 - Property and Equipment:**

Property and equipment consist of the following at June 30:

	<u>2011</u>	<u>2010</u>
Community room improvements	\$ 75,916	\$ 75,916
Office equipment and furniture	37,027	37,027
Computer equipment	13,498	13,498
Subtotal	<u>126,441</u>	<u>126,441</u>
Less: Accumulated depreciation	(123,241)	(120,637)
Property and Equipment, Net	<u>\$ 3,200</u>	<u>\$ 5,804</u>

**Note 6 - Beneficial Interest in San Diego Foundation:**

The Foundation has a beneficial interest in endowment funds held at San Diego Foundation, which are classified as permanently restricted for these investments that must be maintained in perpetuity. The beneficial interest in San Diego Foundation is invested in a portfolio of equity and debt securities which is structured for long-term total return consisting of 28% domestic equities, 28% international equities, 18% alternative investments, 20% fixed income and 6% real estate investments.

The activity in the beneficial interest in San Diego Foundation consisted of the following for the years ended June 30:

	<u>2011</u>	<u>2010</u>
Balance at Beginning of Year	\$ 238,861	\$ 217,229
Investment income	44,063	23,948
Distributions	(2,775)	(2,316)
Balance at End of Year	<u>\$ 280,149</u>	<u>\$ 238,861</u>

**Note 7 - Temporarily Restricted Net Assets:**

Temporarily restricted net assets are available for the following purposes at June 30:

	<u>2011</u>	<u>2010</u>
Community Manor	\$ 536,554	\$ 451,682
Sheffield	267,123	231,143
Charitable remainder trust, net	52,802	46,102
Pledge to Serve	2,225	3,365
Blind Community Center	74	74
Total Temporarily Restricted Net Assets	<u>\$ 858,778</u>	<u>\$ 732,366</u>

Net assets totaling \$14,910 were released from donor restrictions from the year ended June 30, 2011, by incurring expenses satisfying the purpose or time restrictions specified by donors.

**SAN DIEGO LIONS WELFARE FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**  
**(WITH COMPARATIVE TOTALS FOR JUNE 30, 2010)**

**Note 8 - Endowment Net Assets:**

The endowment funds of the Foundation are held by San Diego Foundation. San Diego Foundation manages the funds in accordance with the UPMIFA. San Diego Foundation's objective is to maintain the purchasing power (real value) of the endowment funds. However, from time to time, the fair value of the assets in the endowment fund may fall below the level that the donors require the Foundation to retain as a fund of perpetual duration. The Foundation classifies permanently restricted net assets held by San Diego Foundation as:

- The original value of gifts donated to the fund
- The original value of Foundation funds transferred to the fund
- The original value of subsequent gifts donated to the fund
- Investment income and realized and unrealized gains and losses on investments
- Distributions from the fund in accordance with the spending policy

San Diego Foundation has adopted investment and spending policies for endowment funds that:

- Protect the invested assets
- Preserve spending capacity of the fund income
- Maintain a diversified portfolio of assets that meet investment return objectives while keeping risk at a level commensurate with that of the median fund in comparable foundations
- Comply with applicable laws

The Foundation's endowment funds are invested in a diversified portfolio of equity and debt securities, which is structured for long-term total return consisting of 28% domestic equities, 28% international equities, 18% alternative investments, 20% fixed income and 6% real estate investments. The Foundation's spending policy is to disburse 5% annually, based upon endowment principal market value over the last 36 months. These calculations are made on a monthly basis. If the market value of the Endowment Principal of any fund, at the end of each month, is less than the initial value of all contributions made to the Endowment Principal, then distributions will be limited to interest and dividends received. Given the recent market declines, many of the Foundation's endowment funds distributions will be limited to income received, which is approximately 2.5% of the endowment principal.

Endowment composition by the type of fund and changes in endowment net assets for the years ended June 30, 2011:

	Permanently Restricted
Endowment Net Assets at June 30, 2009	\$ 217,229
Investment gain	23,948
Appropriation of endowment assets for expenditure	(2,316)
Endowment Net Assets at June 30, 2010	238,861
Investment gain	44,063
Appropriation of endowment assets for expenditure	(2,775)
Endowment Net Assets at June 30, 2011	\$ 280,149