

Form **990-PF**
 Department of the Treasury
 Internal Revenue Service

Return of Private Foundation or Section 4947(a)(1) Trust Treated as Private Foundation

OMB No 1545-0052

2016

▶ Do not enter social security numbers on this form as it may be made public.

▶ Information about Form 990-PF and its separate instructions is at www.irs.gov/form990pf.

Open to Public Inspection

For calendar year 2016 or tax year beginning October 1, 2016, and ending September 30, 2017

Name of foundation Community Finance Corporation		A Employer identification number 86-0683138
Number and street (or P.O. box number if mail is not delivered to street address) 335 N. Wilmot Rd.	Room/suite 420	B Telephone number (see instructions) 520-623-3377
City or town, state or province, country, and ZIP or foreign postal code Tucson, Arizona 85711-2632		C If exemption application is pending, check here ☐
G Check all that apply ☐ Initial return ☐ Final return ☐ Address change ☐ Initial return of a former public charity ☐ Amended return ☐ Name change		D 1. Foreign organizations, check here ☐ 2. Foreign organizations meeting the 85% test, check here and attach computation ☐
H Check type of organization ☒ Section 501(c)(3) exempt private foundation ☐ Section 4947(a)(1) nonexempt charitable trust ☐ Other taxable private foundation		E If private foundation status was terminated under section 507(b)(1)(A), check here ☐
I Fair market value of all assets at end of year (from Part II, col (c), line 16) ▶ \$ 368,355,773	J Accounting method ☐ Cash ☒ Accrual ☐ Other (specify) _____	F If the foundation is in a 60-month termination under section 507(b)(1)(B), check here ☐

Part I Analysis of Revenue and Expenses (The total of amounts in columns (b), (c), and (d) may not necessarily equal the amounts in column (a) (see instructions))

	(a) Revenue and expenses per books	(b) Net investment income	(c) Adjusted net income	(d) Disbursements for charitable purposes (cash basis only)
Revenue				
1 Contributions, gifts, grants, etc., received (attach schedule)				
2 Check ☒ if the foundation is not required to attach Sch. B				
3 Interest on savings and temporary cash investments	2,510	2,510	2,510	
4 Dividends and interest from securities	317,676	317,676	317,676	
5a Gross rents	70,658,695	70,658,695	70,658,695	
b Net rental income or (loss)				
6a Net gain or (loss) from sale of assets not on line 10				
b Gross sales price for all assets on line 6a				
7 Capital gain net income (from Part IV, line 2)				
8 Net short-term capital gain				
9 Income modifications				
10a Gross sales less returns and allowances				
b Less Cost of goods sold				
c Gross profit or (loss) (attach schedule)				
11 Other income (attach schedule) SCH. #2 a	4,240,024	7,134,024	7,134,024	
12 Total. Add lines 1 through 11	75,218,905	78,113,004	75,218,905	
Operating and Administrative Expenses				
13 Compensation of officers, directors, trustees, etc.				
14 Other employee salaries and wages				
15 Pension plans, employee benefits				
16a Legal fees (attach schedule)				
b Accounting fees (attach schedule) SCH. #2	40,150	40,150	40,150	
c Other professional fees (attach schedule) SCH. #3	41,880,291	41,880,291	41,880,291	
17 Interest	22,957,679	22,957,679	22,957,679	
18 Taxes (attach schedule) (see instructions)				
19 Depreciation (attach schedule) and depletion SCH. #6	3,379,889	3,379,889	3,379,889	
20 Occupancy				
21 Travel, conferences, and meetings				
22 Printing and publications				
23 Other expenses (attach schedule) SCH. #4	9,649,227	9,649,227	9,649,227	
24 Total operating and administrative expenses. Add lines 13 through 23	77,907,236	77,907,236	77,907,236	
25 Contributions, gifts, grants paid	140,000			140,000
26 Total expenses and disbursements. Add lines 24 and 25	78,047,236	77,907,236	77,907,236	140,000
27 Subtract line 26 from line 12				
a Excess of revenue over expenses and disbursements	(2,828,331)			
b Net investment income (if negative, enter -0-)		205,768		
c Adjusted net income (if negative, enter -0-)			0	

Part II Balance Sheets

Attached schedules and amounts in the description column should be for end-of-year amounts only (See instructions)

			Beginning of year	End of year	
			(a) Book Value	(b) Book Value	(c) Fair Market Value
Assets	1	Cash—non-interest-bearing	868,337	949,892	949,892
	2	Savings and temporary cash investments	64,631,735	21,012,934	21,012,934
	3	Accounts receivable ▶ 306,469			
		Less allowance for doubtful accounts ▶ 0	375,006	306,469	306,469
	4	Pledges receivable ▶			
		Less allowance for doubtful accounts ▶			
	5	Grants receivable			
	6	Receivables due from officers, directors, trustees, and other disqualified persons (attach schedule) (see instructions)			
	7	Other notes and loans receivable (attach schedule) ▶			
		Less allowance for doubtful accounts ▶			
	8	Inventories for sale or use			
	9	Prepaid expenses and deferred charges	164,364	169,084	169,084
	10a	Investments—U S and state government obligations (attach schedule)			
	b	Investments—corporate stock (attach schedule)			
	c	Investments—corporate bonds (attach schedule)			
	11	Investments—land, buildings, and equipment basis ▶			
Liabilities		Less accumulated depreciation (attach schedule) ▶			
	12	Investments—mortgage loans			
	13	Investments—other (attach schedule) <i>Sch #5</i>	369,987,502	245,996,262	245,996,262
	14	Land, buildings, and equipment basis ▶ <i>Sch #6</i> 125,173,695			
		Less accumulated depreciation (attach schedule) ▶ <i>I</i> 38,871,963	89,543,542	86,301,732	86,301,732
	15	Other assets (describe ▶ <i>Schedule #7</i>)	26,047,846	13,619,400	13,619,400
	16	Total assets (to be completed by all filers—see the instructions. Also, see page 1, item I)	551,618,332	368,355,773	368,355,773
	17	Accounts payable and accrued expenses	37,586,672	28,923,942	
	18	Grants payable			
	19	Deferred revenue	3,737,506	3,929,010	
	20	Loans from officers, directors, trustees, and other disqualified persons			
	21	Mortgages and other notes payable (attach schedule) <i>Sch #8</i>	558,156,803	386,193,801	
	22	Other liabilities (describe ▶)			
	23	Total liabilities (add lines 17 through 22)	599,480,981	419,046,753	
Net Assets or Fund Balances		Foundations that follow SFAS 117, check here ▶ ☒ and complete lines 24 through 26 and lines 30 and 31.			
	24	Unrestricted	(47,862,649)	(50,690,980)	
	25	Temporarily restricted			
	26	Permanently restricted			
		Foundations that do not follow SFAS 117, check here ▶ ☐ and complete lines 27 through 31.			
	27	Capital stock, trust principal, or current funds			
	28	Paid-in or capital surplus, or land, bldg, and equipment fund			
	29	Retained earnings, accumulated income, endowment, or other funds			
Net Assets or Fund Balances	30	Total net assets or fund balances (see instructions)	(47,862,649)	(50,690,980)	
	31	Total liabilities and net assets/fund balances (see instructions)	551,618,332	368,355,773	

Part III Analysis of Changes in Net Assets or Fund Balances

1	Total net assets or fund balances at beginning of year—Part II, column (a), line 30 (must agree with end-of-year figure reported on prior year's return)	1	(47,862,649)
2	Enter amount from Part I, line 27a	2	(2,828,331)
3	Other increases not included in line 2 (itemize) ▶ <i>Unrealized gain on investments Sch #16</i>	3	52,425
4	Add lines 1, 2, and 3	4	(50,638,555)
5	Decreases not included in line 2 (itemize) ▶ <i>Adj. to gross rents for unrealized gain on investments Sch #16</i>	5	(52,425)
6	Total net assets or fund balances at end of year (line 4 minus line 5)—Part II, column (b), line 30	6	(50,690,980)

Part IV Capital Gains and Losses for Tax on Investment Income N/A

(a) List and describe the kind(s) of property sold (e.g., real estate, 2-story brick warehouse or common stock, 200 shs. MLC Co.)		(b) How acquired P—Purchase D—Donation	(c) Date acquired (mo., day, yr.)	(d) Date sold (mo., day, yr.)
1a				
b				
c				
d				
e				

(e) Gross sales price	(f) Depreciation allowed (or allowable)	(g) Cost or other basis plus expense of sale	(h) Gain or (loss) (e) plus (f) minus (g)
a			
b			
c			
d			
e			

Complete only for assets showing gain in column (h) and owned by the foundation on 12/31/69

(i) F.M.V. as of 12/31/69	(j) Adjusted basis as of 12/31/69	(k) Excess of col. (i) over col. (j), if any	(l) Gains (Col. (h) gain minus col. (k), but not less than -0-) or Losses (from col. (h))
a			
b			
c			
d			
e			

2	Capital gain net income or (net capital loss) { If gain, also enter in Part I, line 7 If (loss), enter -0- in Part I, line 7 }	2	
3	Net short-term capital gain or (loss) as defined in sections 1222(5) and (6) If gain, also enter in Part I, line 8, column (c) (see instructions) If (loss), enter -0- in Part I, line 8	3	

Part V Qualification Under Section 4940(e) for Reduced Tax on Net Investment Income

(For optional use by domestic private foundations subject to the section 4940(a) tax on net investment income.)

If section 4940(d)(2) applies, leave this part blank.

Was the foundation liable for the section 4942 tax on the distributable amount of any year in the base period? ☐ Yes ☒ No

If "Yes," the foundation does not qualify under section 4940(e). Do not complete this part.

(a) Base period years Calendar year (or tax year beginning in)	(b) Adjusted qualifying distributions	(c) Net value of noncharitable-use assets	(d) Distribution ratio (col. (b) divided by col. (c))
2015	226,400	895,703	.25276236
2014	239,750	901,448	.26596099
2013	285,618	736,356	.38788032
2012	296,752	744,181	.39876320
2011	377,845	822,189	.45955978

2	Total of line 1, column (d)	2	1.76492665
3	Average distribution ratio for the 5-year base period—divide the total on line 2 by 5, or by the number of years the foundation has been in existence if less than 5 years	3	0.35298533
4	Enter the net value of noncharitable-use assets for 2016 from Part X, line 5	4	962,969
5	Multiply line 4 by line 3	5	339,914
6	Enter 1% of net investment income (1% of Part I, line 27b)	6	2,058
7	Add lines 5 and 6	7	341,972
8	Enter qualifying distributions from Part XII, line 4 If line 8 is equal to or greater than line 7, check the box in Part VI, line 1b, and complete that part using a 1% tax rate. See the Part VI instructions.	8	140,000

Part VI Excise Tax Based on Investment Income (Section 4940(a), 4940(b), 4940(e), or 4948—see instructions)

1a	Exempt operating foundations described in section 4940(d)(2), check here ☐ and enter "N/A" on line 1 Date of ruling or determination letter _____ (attach copy of letter if necessary—see instructions)			
b	Domestic foundations that meet the section 4940(e) requirements in Part V, check here ☐ and enter 1% of Part I, line 27b	1	4,115	
c	All other domestic foundations enter 2% of line 27b. Exempt foreign organizations enter 4% of Part I, line 12, col. (b).			
2	Tax under section 511 (domestic section 4947(a)(1) trusts and taxable foundations only Others enter -0-)	2	0	
3	Add lines 1 and 2	3	4,115	
4	Subtitle A (income) tax (domestic section 4947(a)(1) trusts and taxable foundations only Others enter -0-)	4	0	
5	Tax based on investment income. Subtract line 4 from line 3. If zero or less, enter -0-	5	4,115	
6	Credits/Payments			
a	2016 estimated tax payments and 2015 overpayment credited to 2016	6a	4,170	
b	Exempt foreign organizations—tax withheld at source	6b		
c	Tax paid with application for extension of time to file (Form 8868)	6c	0	
d	Backup withholding erroneously withheld	6d		
7	Total credits and payments. Add lines 6a through 6d	7	4,170	
8	Enter any penalty for underpayment of estimated tax. Check here ☐ if Form 2220 is attached	8		
9	Tax due. If the total of lines 5 and 8 is more than line 7, enter amount owed	9		
10	Overpayment. If line 7 is more than the total of lines 5 and 8, enter the amount overpaid	10	55	
11	Enter the amount of line 10 to be Credited to 2017 estimated tax 55 Refunded	11		

Part VII-A Statements Regarding Activities

	Yes	No
1a During the tax year, did the foundation attempt to influence any national, state, or local legislation or did it participate or intervene in any political campaign?		✓
b Did it spend more than \$100 during the year (either directly or indirectly) for political purposes (see Instructions for the definition)? <i>If the answer is "Yes" to 1a or 1b, attach a detailed description of the activities and copies of any materials published or distributed by the foundation in connection with the activities</i>		✓
c Did the foundation file Form 1120-POL for this year?		✓
d Enter the amount (if any) of tax on political expenditures (section 4955) imposed during the year (1) On the foundation. ▶ \$ _____ (2) On foundation managers ▶ \$ _____		
e Enter the reimbursement (if any) paid by the foundation during the year for political expenditure tax imposed on foundation managers ▶ \$ _____		
2 Has the foundation engaged in any activities that have not previously been reported to the IRS? <i>If "Yes," attach a detailed description of the activities</i>		✓
3 Has the foundation made any changes, not previously reported to the IRS, in its governing instrument, articles of incorporation, or bylaws, or other similar instruments? <i>If "Yes," attach a conformed copy of the changes</i>		✓
4a Did the foundation have unrelated business gross income of \$1,000 or more during the year?	✓	
b If "Yes," has it filed a tax return on Form 990-T for this year?	✓	
5 Was there a liquidation, termination, dissolution, or substantial contraction during the year? <i>If "Yes," attach the statement required by General Instruction T</i>		✓
6 Are the requirements of section 508(e) (relating to sections 4941 through 4945) satisfied either • By language in the governing instrument, or • By state legislation that effectively amends the governing instrument so that no mandatory directions that conflict with the state law remain in the governing instrument?	✓	
7 Did the foundation have at least \$5,000 in assets at any time during the year? <i>If "Yes," complete Part II, col. (c), and Part XV</i>	✓	
8a Enter the states to which the foundation reports or with which it is registered (see instructions) ▶ Arizona, California		
b If the answer is "Yes" to line 7, has the foundation furnished a copy of Form 990-PF to the Attorney General (or designate) of each state as required by General Instruction G? <i>If "No," attach explanation</i>	✓	
9 Is the foundation claiming status as a private operating foundation within the meaning of section 4942(j)(3) or 4942(j)(5) for calendar year 2016 or the taxable year beginning in 2016 (see instructions for Part XIV)? <i>If "Yes," complete Part XIV</i>		✓
10 Did any persons become substantial contributors during the tax year? <i>If "Yes," attach a schedule listing their names and addresses</i>		✓

Part VII-A Statements Regarding Activities (continued)

	Yes	No
11 At any time during the year, did the foundation, directly or indirectly, own a controlled entity within the meaning of section 512(b)(13)? If "Yes," attach schedule (see instructions)	11	✓
12 Did the foundation make a distribution to a donor advised fund over which the foundation or a disqualified person had advisory privileges? If "Yes," attach statement (see instructions)	12	✓
13 Did the foundation comply with the public inspection requirements for its annual returns and exemption application? Website address ▶	13	✓
14 The books are in care of ▶ Corporation Telephone no ▶ 520-623-3377 Located at ▶ 335 N Wilmot Rd. Ste. #420 Tucson, Arizona ZIP+4 ▶ 85711-2632		
15 Section 4947(a)(1) nonexempt charitable trusts filing Form 990-PF in lieu of Form 1041—Check here and enter the amount of tax-exempt interest received or accrued during the year ▶ 15		
16 At any time during calendar year 2016, did the foundation have an interest in or a signature or other authority over a bank, securities, or other financial account in a foreign country? See the instructions for exceptions and filing requirements for FinCEN Form 114. If "Yes," enter the name of the foreign country ▶	16	✓

Part VII-B Statements Regarding Activities for Which Form 4720 May Be Required

File Form 4720 if any item is checked in the "Yes" column, unless an exception applies.

	Yes	No
1a During the year did the foundation (either directly or indirectly)		
(1) Engage in the sale or exchange, or leasing of property with a disqualified person? ☐ Yes ☒ No		
(2) Borrow money from, lend money to, or otherwise extend credit to (or accept it from) a disqualified person? ☐ Yes ☒ No		
(3) Furnish goods, services, or facilities to (or accept them from) a disqualified person? ☐ Yes ☒ No		
(4) Pay compensation to, or pay or reimburse the expenses of, a disqualified person? ☐ Yes ☒ No		
(5) Transfer any income or assets to a disqualified person (or make any of either available for the benefit or use of a disqualified person)? ☐ Yes ☒ No		
(6) Agree to pay money or property to a government official? (Exception. Check "No" if the foundation agreed to make a grant to or to employ the official for a period after termination of government service, if terminating within 90 days.) ☐ Yes ☒ No		
b If any answer is "Yes" to 1a(1)–(6), did any of the acts fail to qualify under the exceptions described in Regulations section 53.4941(d)-3 or in a current notice regarding disaster assistance (see instructions)? ☐ Yes ☒ No	1b	✓
Organizations relying on a current notice regarding disaster assistance check here ▶ ☐		
c Did the foundation engage in a prior year in any of the acts described in 1a, other than excepted acts, that were not corrected before the first day of the tax year beginning in 2016? ☐ Yes ☒ No	1c	✓
2 Taxes on failure to distribute income (section 4942) (does not apply for years the foundation was a private operating foundation defined in section 4942(j)(3) or 4942(j)(5))		
a At the end of tax year 2016, did the foundation have any undistributed income (lines 6d and 6e, Part XIII) for tax year(s) beginning before 2016? ☐ Yes ☒ No If "Yes," list the years ▶ 20 , 20 , 20 , 20		
b Are there any years listed in 2a for which the foundation is not applying the provisions of section 4942(a)(2) (relating to incorrect valuation of assets) to the year's undistributed income? (If applying section 4942(a)(2) to all years listed, answer "No" and attach statement—see instructions.) ☐ Yes ☒ No	2b	✓
c If the provisions of section 4942(a)(2) are being applied to any of the years listed in 2a, list the years here ▶ 20 , 20 , 20 , 20		
3a Did the foundation hold more than a 2% direct or indirect interest in any business enterprise at any time during the year? ☐ Yes ☒ No		
b If "Yes," did it have excess business holdings in 2016 as a result of (1) any purchase by the foundation or disqualified persons after May 26, 1969, (2) the lapse of the 5-year period (or longer period approved by the Commissioner under section 4943(c)(7)) to dispose of holdings acquired by gift or bequest, or (3) the lapse of the 10-, 15-, or 20-year first phase holding period? (Use Schedule C, Form 4720, to determine if the foundation had excess business holdings in 2016.) ☐ Yes ☒ No	3b	✓
4a Did the foundation invest during the year any amount in a manner that would jeopardize its charitable purposes?	4a	✓
b Did the foundation make any investment in a prior year (but after December 31, 1969) that could jeopardize its charitable purpose that had not been removed from jeopardy before the first day of the tax year beginning in 2016?	4b	✓

Part VII-B Statements Regarding Activities for Which Form 4720 May Be Required (continued)

5a During the year did the foundation pay or incur any amount to

(1) Carry on propaganda, or otherwise attempt to influence legislation (section 4945(e))? ☐ Yes ☒ No

(2) Influence the outcome of any specific public election (see section 4955), or to carry on, directly or indirectly, any voter registration drive? ☐ Yes ☒ No

(3) Provide a grant to an individual for travel, study, or other similar purposes? ☐ Yes ☒ No

(4) Provide a grant to an organization other than a charitable, etc., organization described in section 4945(d)(4)(A)? (see instructions) ☐ Yes ☒ No

(5) Provide for any purpose other than religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals? ☐ Yes ☒ No

b If any answer is "Yes" to 5a(1)–(5), did **any** of the transactions fail to qualify under the exceptions described in Regulations section 53.4945 or in a current notice regarding disaster assistance (see instructions)? ☒ Yes ☐ No
Organizations relying on a current notice regarding disaster assistance check here ☐

c If the answer is "Yes" to question 5a(4), does the foundation claim exemption from the tax because it maintained expenditure responsibility for the grant? ☐ Yes ☐ No
If "Yes," attach the statement required by Regulations section 53.4945–5(d).

6a Did the foundation, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract? ☐ Yes ☒ No

b Did the foundation, during the year, pay premiums, directly or indirectly, on a personal benefit contract? ☐ Yes ☒ No
If "Yes" to 6b, file Form 8870

7a At any time during the tax year, was the foundation a party to a prohibited tax shelter transaction? ☐ Yes ☒ No

b If "Yes," did the foundation receive any proceeds or have any net income attributable to the transaction? ☐ Yes ☒ No

Part VIII Information About Officers, Directors, Trustees, Foundation Managers, Highly Paid Employees, and Contractors**1** List all officers, directors, trustees, foundation managers and their compensation (see instructions).

(a) Name and address	(b) Title, and average hours per week devoted to position	(c) Compensation (If not paid, enter -0-)	(d) Contributions to employee benefit plans and deferred compensation	(e) Expense account, other allowances
See Schedule #9				

2 Compensation of five highest-paid employees (other than those included on line 1—see instructions). If none, enter "NONE."

(a) Name and address of each employee paid more than \$50,000	(b) Title, and average hours per week devoted to position	(c) Compensation	(d) Contributions to employee benefit plans and deferred compensation	(e) Expense account, other allowances
None				

Total number of other employees paid over \$50,000 ☐

Part VIII Information About Officers, Directors, Trustees, Foundation Managers, Highly Paid Employees, and Contractors (continued)**3** Five highest-paid independent contractors for professional services (see instructions). If none, enter "NONE."

(a) Name and address of each person paid more than \$50,000	(b) Type of service	(c) Compensation
Management & Training Corporation 500 North Marketplace Drive Centerville, UT 84014	Facilitie-Management Fees	4,509,369
GEO Group, Inc. One Park Place, 621 NW 53rd St., Suite #700 Boca Raton, FL 33487	Facilitie-Management Fees	408,361
Capstone On Campus Management, LLC 431 Office Park Drive Birmingham, AL 35223	Facilitie-Management Fees	368,615
GEO Group, Inc. One Park Place, 621 NW 53rd St., Suite #700 Boca Rato, FL 33487	Facilitie-Management Fees	355,214
BDFC Advisor Services LLC 335 N. Wilmot Rd #420 Tucson, AZ 85711-2632	Adminisitrative Fees	140,998
Total number of others receiving over \$50,000 for professional services		1

Part IX-A Summary of Direct Charitable Activities

N/A

List the foundation's four largest direct charitable activities during the tax year. Include relevant statistical information such as the number of organizations and other beneficiaries served, conferences convened, research papers produced, etc.

Expenses

1

2

3

4

Part IX-B Summary of Program-Related Investments (see instructions)

N/A

Describe the two largest program-related investments made by the foundation during the tax year on lines 1 and 2

Amount

1

2

All other program-related investments. See instructions.

3

Total. Add lines 1 through 3

Part X Minimum Investment Return (All domestic foundations must complete this part. Foreign foundations, see instructions.) **Sch. #1D**

1	Fair market value of assets not used (or held for use) directly in carrying out charitable, etc., purposes		
a	Average monthly fair market value of securities	1a	
b	Average of monthly cash balances	1b	977,634
c	Fair market value of all other assets (see instructions)	1c	
d	Total (add lines 1a, b, and c)	1d	977,634
e	Reduction claimed for blockage or other factors reported on lines 1a and 1c (attach detailed explanation)	1e	
2	Acquisition indebtedness applicable to line 1 assets	2	
3	Subtract line 2 from line 1d	3	977,634
4	Cash deemed held for charitable activities. Enter 1½% of line 3 (for greater amount, see instructions)	4	14,665
5	Net value of noncharitable-use assets. Subtract line 4 from line 3. Enter here and on Part V, line 4	5	962,969
6	Minimum investment return. Enter 5% of line 5	6	48,148

Part XI Distributable Amount (see instructions) (Section 4942(j)(3) and (j)(5) private operating foundations and certain foreign organizations check here ☐ and do not complete this part.)

1	Minimum investment return from Part X, line 6	1	48,148
2a	Tax on investment income for 2016 from Part VI, line 5	2a	4,115
b	Income tax for 2016. (This does not include the tax from Part VI)	2b	
c	Add lines 2a and 2b	2c	4,115
3	Distributable amount before adjustments. Subtract line 2c from line 1	3	44,033
4	Recoveries of amounts treated as qualifying distributions	4	
5	Add lines 3 and 4	5	44,033
6	Deduction from distributable amount (see instructions)	6	
7	Distributable amount as adjusted. Subtract line 6 from line 5. Enter here and on Part XIII, line 1	7	44,033

Part XII Qualifying Distributions (see instructions)

1	Amounts paid (including administrative expenses) to accomplish charitable, etc., purposes		
a	Expenses, contributions, gifts, etc.—total from Part I, column (d), line 26	1a	140,000
b	Program-related investments—total from Part IX-B	1b	
2	Amounts paid to acquire assets used (or held for use) directly in carrying out charitable, etc., purposes	2	
3	Amounts set aside for specific charitable projects that satisfy the		
a	Suitability test (prior IRS approval required)	3a	
b	Cash distribution test (attach the required schedule)	3b	
4	Qualifying distributions. Add lines 1a through 3b. Enter here and on Part V, line 8, and Part XIII, line 4	4	140,000
5	Foundations that qualify under section 4940(e) for the reduced rate of tax on net investment income. Enter 1% of Part I, line 27b (see instructions)	5	
6	Adjusted qualifying distributions. Subtract line 5 from line 4	6	140,000

Note: The amount on line 6 will be used in Part V, column (b), in subsequent years when calculating whether the foundation qualifies for the section 4940(e) reduction of tax in those years.

Part XIII Undistributed Income (see instructions)

	(a) Corpus	(b) Years prior to 2015	(c) 2015	(d) 2016
1 Distributable amount for 2016 from Part XI, line 7				44,033
2 Undistributed income, if any, as of the end of 2016				
a Enter amount for 2015 only				
b Total for prior years 20____, 20____, 20____				
3 Excess distributions carryover, if any, to 2016				
a From 2011	344,046			
b From 2012	266,039			
c From 2013	257,564			
d From 2014	200,562			
e From 2015	185,785			
f Total of lines 3a through e	1,253,996			
4 Qualifying distributions for 2016 from Part XII, line 4 ▶ \$ <u>140,000</u>				
a Applied to 2015, but not more than line 2a				
b Applied to undistributed income of prior years (Election required—see instructions)				
c Treated as distributions out of corpus (Election required—see instructions)				
d Applied to 2016 distributable amount				44,033
e Remaining amount distributed out of corpus	95,967			
5 Excess distributions carryover applied to 2016 (If an amount appears in column (d), the same amount must be shown in column (a))	1,349,963			
6 Enter the net total of each column as indicated below:				
a Corpus. Add lines 3f, 4c, and 4e. Subtract line 5				
b Prior years' undistributed income Subtract line 4b from line 2b				
c Enter the amount of prior years' undistributed income for which a notice of deficiency has been issued, or on which the section 4942(a) tax has been previously assessed				
d Subtract line 6c from line 6b Taxable amount—see instructions				
e Undistributed income for 2015 Subtract line 4a from line 2a Taxable amount—see instructions			0	
f Undistributed income for 2016 Subtract lines 4d and 5 from line 1 This amount must be distributed in 2017				0
7 Amounts treated as distributions out of corpus to satisfy requirements imposed by section 170(b)(1)(F) or 4942(g)(3) (Election may be required—see instructions)				
8 Excess distributions carryover from 2011 not applied on line 5 or line 7 (see instructions)	344,046			
9 Excess distributions carryover to 2017. Subtract lines 7 and 8 from line 6a	1,005,917			
10 Analysis of line 9				
a Excess from 2012	266,039			
b Excess from 2013	257,564			
c Excess from 2014	200,562			
d Excess from 2015	185,785			
e Excess from 2016	95,967			

Part XIV Private Operating Foundations (see instructions and Part VII-A, question 9) **NA**

1a If the foundation has received a ruling or determination letter that it is a private operating foundation, and the ruling is effective for 2016, enter the date of the ruling ▶

b Check box to indicate whether the foundation is a private operating foundation described in section ☐ 4942(j)(3) or ☒ 4942(j)(5)

2a Enter the lesser of the adjusted net income from Part I or the minimum investment return from Part X for each year listed

Tax year	Prior 3 years			(e) Total
(a) 2016	(b) 2015	(c) 2014	(d) 2013	
b 85% of line 2a				
c Qualifying distributions from Part XII, line 4 for each year listed				
d Amounts included in line 2c not used directly for active conduct of exempt activities				
e Qualifying distributions made directly for active conduct of exempt activities. Subtract line 2d from line 2c				
3 Complete 3a, b, or c for the alternative test relied upon				
a "Assets" alternative test—enter				
(1) Value of all assets				
(2) Value of assets qualifying under section 4942(j)(3)(B)(i)				
b "Endowment" alternative test—enter 2/3 of minimum investment return shown in Part X, line 6 for each year listed				
c "Support" alternative test—enter				
(1) Total support other than gross investment income (interest, dividends, rents, payments on securities loans (section 512(a)(5)), or royalties)				
(2) Support from general public and 5 or more exempt organizations as provided in section 4942(j)(3)(B)(iii)				
(3) Largest amount of support from an exempt organization				
(4) Gross investment income				

Part XV Supplementary Information (Complete this part only if the foundation had \$5,000 or more in assets at any time during the year—see instructions.)**1 Information Regarding Foundation Managers:**

- a** List any managers of the foundation who have contributed more than 2% of the total contributions received by the foundation before the close of any tax year (but only if they have contributed more than \$5,000) (See section 507(d)(2).)

None

- b** List any managers of the foundation who own 10% or more of the stock of a corporation (or an equally large portion of the ownership of a partnership or other entity) of which the foundation has a 10% or greater interest.

None

2 Information Regarding Contribution, Grant, Gift, Loan, Scholarship, etc., Programs:

Check here ☒ if the foundation only makes contributions to preselected charitable organizations and does not accept unsolicited requests for funds. If the foundation makes gifts, grants, etc. (see instructions) to individuals or organizations under other conditions, complete items 2a, b, c, and d

- a** The name, address, and telephone number or e-mail address of the person to whom applications should be addressed

- b** The form in which applications should be submitted and information and materials they should include

- c** Any submission deadlines

- d** Any restrictions or limitations on awards, such as by geographical areas, charitable fields, kinds of institutions, or other factors

Part XV Supplementary Information (continued)**3 Grants and Contributions Paid During the Year or Approved for Future Payment**

Recipient Name and address (home or business)	If recipient is an individual, show any relationship to any foundation manager or substantial contributor	Foundation status of recipient	Purpose of grant or contribution	Amount
a Paid during the year				
University of Arizona Foundation/Arizona Assurance 1111 N. Cherry Avenue Tucson, AZ 85721-0109	N/A	501(C)(3)	See Schedule #11	50,000
Lead Guitar/UA Presents 888 N. Euclid Ave. Room 203 Tucson, AZ 85719	N/A	501(C)(3)	See Schedule #11	30,000
University of Arizona Foundation/ daVinci Scholarship 1111 N. Cherry Avenue Tucson, AZ 85721-0109	N/A	501(C)(3)	See Schedule #11	25,000
Tucson Unified School District/Education Enrichment Foundation 3809 E. Third Street Tucson, AZ 85716	N/A	501(C)(3)	See Schedule #11	25,000
See Schedule #11	N/A	501(C)(3)	See Schedule #11	10,000
Total			3a	140,000
b Approved for future payment				
N/A				
Total			3b	

Information Regarding Transfers To and Transactions and Relationships With Noncharitable Exempt Organizations

- | | | Yes | No |
|----------|---|-----|----|
| 1 | Did the organization directly or indirectly engage in any of the following with any other organization described in section 501(c) of the Code (other than section 501(c)(3) organizations) or in section 527, relating to political organizations? | | |
| a | Transfers from the reporting foundation to a noncharitable exempt organization of | | |
| | (1) Cash | | ✓ |
| | (2) Other assets | | ✓ |
| b | Other transactions | | |
| | (1) Sales of assets to a noncharitable exempt organization | | ✓ |
| | (2) Purchases of assets from a noncharitable exempt organization | | ✓ |
| | (3) Rental of facilities, equipment, or other assets | | ✓ |
| | (4) Reimbursement arrangements | | ✓ |
| | (5) Loans or loan guarantees | | ✓ |
| | (6) Performance of services or membership or fundraising solicitations | ✓ | |
| c | Sharing of facilities, equipment, mailing lists, other assets, or paid employees | | ✓ |
| d | If the answer to any of the above is "Yes," complete the following schedule. Column (b) should always show the fair market value of the goods, other assets, or services given by the reporting foundation. If the foundation received less than fair market value in any transaction or sharing arrangement, show in column (d) the value of the goods, other assets, or services received | | |

[illegible]

- 2a** Is the foundation directly or indirectly affiliated with, or related to, one or more tax-exempt organizations described in section 501(c) of the Code (other than section 501(c)(3)) or in section 527? ☐ Yes ☒ No
- b** If "Yes," complete the following schedule

[illegible]

**Sign
Here**

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

► X

Signature of officer or trustee

Date _____

Title

May the IRS discuss this return with the preparer shown below (see instructions)? ☒ **Yes** ☐ **No**

**Paid
Preparer
Use Only**

Print/Type preparer's name

Ron Kovar

Preparer's signature _____

Ronald A. Horn, Jr. CPA

Date _____

8/9/2018

Check ☒ if self-employed

PTIN

PO1218573

Firm's name ▶ **Ronald D. Kovar Jr. CPA**

Firm's EIN ►

Firm's address ► 7838 E. Linden Ct. Tucson, AZ 85715

Phone no

520-722-3643

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Schedule #1a, Page 1, Part I, Line 11, "Other Income"

	Column a	Column b	Column c
Administrative Fees	374,887	374,887	374,887
Add back of loss from Project/Trust Funds		2,894,099	
Insurance reimbursement	2,995,031	2,995,031	2,995,031
Other income	870,106	870,106	870,106
Other Income	<u>4,240,024</u>	<u>7,134,123</u>	<u>4,240,024</u>

The loss from Project/Trust funds is used for the Corporation's charitable purposes, which is the purpose of lessening the burdens of government and to erect, finance the erection of, or maintain public buildings, monuments, or works. The loss from Project/Trust funds is added back in column b in other income in order to avoid distorting the amount of net investment income in Line 27b that is subject to excise tax on this return.

Schedule #1b, Page 2, Part III, Lines 3 and 5, "Other Increases and Decreases not included"

Unrealized gain on investments	<u>52,425</u>
--------------------------------	---------------

Unrealized gain on investments represents the increase in the market value of investments over the original cost of the investments. This gain is used for the Corporation's charitable purposes and is offset by an decrease in lease income or gross rent, as the Corporation's non charitable purposes are not financially liable for market increases in these investments.

Schedule #2, Page 1, Part I, Line 16b, "Accounting Fees"

Accounting fees	<u>40,150</u>
-----------------	---------------

Accounting fees represent charges for accounting writeup and preparation of the Form 990–PF for fiscal year ended September 30, 2016 and accounting support during the fiscal year ended September 30, 2017.

Schedule #3, Page 1, Part I, Line 16c, "Other Professional Fees"

Legal, professional, and trustee fees	918,450	
Administrative fees	140,998	
Facilities management fees and operating costs	40,820,843	Related to exempt activities
	<u>41,880,291</u>	

Schedule #4, Page 1, Part I, Line 23, "Other Expenses"

Amortization	2,901,182
Facilities expenses	3,478,280
Ground lease rent	1,353,730
Other expenses	45,614
Repairs and maintenance	508,669
Real estate taxes	1,361,752
	<u>9,649,227</u>

Amortization represents costs associated with the issuance of notes payable. These costs were incurred in July 2002, November 2002, December 2002, February 2006, September 2007, February 2008, November 2008 and January 2014 and are being amortized on a straight line basis over a period of 19.92 years or 239 months, 29.75 years or 357 months, 19.83 years or 238 months, 19.67 years or 236 months, 34.75 years or 417 months, 31.58 years or 379 months, 16.46 years or 198 months and 17.92 years or 215 months, respectively.

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Schedule #4, Page 1, Part I, Line 23, "Other Expenses" (Continued)

Amount amortized for note #3	<u>1,150,303</u>
Amortization for fiscal 2017	<u>57,746</u>
Total amortization at 9/30/17	<u>875,817</u>
Amount amortized for note #5	<u>667,702</u>
Amortization for fiscal 2017	<u>22,444</u>
Total amortization at 9/30/17	<u>334,787</u>
Amount amortized for note #7	<u>1,135,589</u>
Amortization for fiscal 2017	<u>57,266</u>
Total amortization at 9/30/17	<u>844,676</u>
Amount amortized for note #12	<u>3,971,695</u>
Amortization for fiscal 2017	<u>201,916</u>
Total amortization at 9/30/17	<u>2,355,690</u>
Amount amortized for note #14	<u>7,051,313</u>
Amortization for fiscal 2017	<u>201,466</u>
Total amortization at 9/30/17	<u>2,065,027</u>
Amount amortized for note #18	<u>2,353,394</u>
Amortization for fiscal 2017	<u>74,522</u>
Total amortization at 9/30/17	<u>720,376</u>
Amount amortized for note #19	<u>4,309,784</u>
Amortization for fiscal 2017	<u>2,247,843</u>
Total amortization at 9/30/17	<u>4,309,784</u>
Amount amortized for note #23	<u>680,591</u>
Amortization for fiscal 2017	<u>37,979</u>
Total amortization at 9/30/17	<u>142,422</u>
Amount amortized for all notes before notes paid off	21,320,371
Removal of amortization for note #19 paid off	(4,309,784)
Not used	
Amount amortized for all notes after notes paid off	<u>17,010,587</u>
Amortization for fiscal 2017	<u>2,901,182</u>
Total amortization at 9/30/17 before notes paid off	<u>11,648,579</u>
Removal of amortization for note #19 paid off	(4,309,784)
Not used	
Total amortization at 9/30/17 after notes paid off	<u>7,338,795</u>

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Schedule #5, Page 2, Part II, Line 13, "Investments–Other"

Certificate of deposit	140,126
U S Treasury Notes	20,263,756
Commercial paper	12,734,255
Net investment in leases	<u>212,858,125</u>
	<u>245,996,262</u>

Investments include a certificate of deposit that matures December 18, 2017 with an interest rate of 1.50%. The certificate of deposit has a cost basis of \$140,000, resulting in an unrealized gain of \$126 from its fair value of \$140,126.

Investments include U S Treasury Notes that mature ranging from December 15, 2017 to January 15, 2024 with interest rates ranging from 1.00% to 1.19%. The U S Treasury Notes have a cost basis of \$20,141,289, resulting in an unrealized gain of \$122,467 from their fair value of \$20,263,756.

Investments include commercial paper that mature ranging from October 10, 2017 to February 26, 2018 with interest rates ranging from 1.07% to 1.33%. The commercial paper have a cost basis of \$12,693,403, resulting in an unrealized gain of \$40,852 from their fair value of \$12,734,255.

Net investment in leases represents the difference between note payable and related obligations over the cash, investments, and other assets for this activity. This difference represents the minimum lease payments required by the various local governments over the term of the leases for the real estate projects constructed/developed under these lease agreements. Fair value = the book/cost basis.

Schedule #6, Page 1, Part I, Line 19, "Depreciation" and Page 2, Part II, Line 14, "Land, Buildings, & Equipment"

Land	6,453,678
Land improvements	257,029
Buildings	107,647,296
Furniture and equipment	<u>10,815,692</u>
Total cost/basis	125,173,695
Less accumulated depreciation	<u>(38,871,963)</u>
Property and equipment, net	<u>86,301,732</u>
Accumulated depreciation at 10/01/16	35,492,074
Addition to accumulated depreciation	3,379,889
Accumulated depreciation at 09/30/17	<u>38,871,963</u>

Depreciation is based on the estimated useful lives of the assets using the straight–line method. Estimated useful lives used for buildings are 30 years, for land improvements are 20 years, and for furniture and equipment is 5 years. Depreciation expense for fiscal 2017 is \$3,379,889 on a straight–line basis.

Schedule #7, Page 2, Part II, Line 15, "Other Assets"

Note issuance costs	17,010,587
Less accumulated amortization	<u>(7,338,795)</u>
Subtotal see Schedule #4	9,671,792
Other receivable	121,987
Lease income receivable	3,699,330
Interest receivable	43,377
Prepaid real estate taxes	<u>82,914</u>
	<u>13,619,400</u>

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Schedule #8, Page 2, Part II, Line 21, "Mortgages and Other Notes Payable"

Note payable #3	3,770,000
Note payable #5	9,465,000
Note payable #6	2,880,000
Note payable #7	5,325,000
Note payable #12	31,525,000
Note payable #14	74,270,000
Note payable #16	40,180,000
Note payable #17	21,100,000
Note payable #18	183,925,000
Note payable #23	14,690,000
Notes payable	<u>387,130,000</u>
Original (discount)/premium	<u>(936,199)</u>
Total notes payable	<u><u>386,193,801</u></u>

Note payable #3 exists with the Industrial Development Authority of the County of Maricopa, Arizona. It is a non-recourse loan that is secured by available investments from the proceeds of the note payable and the underlying contract with the State of Arizona /GEO Group, Inc. for the real estate property acquired with the proceeds from this note payable. This loan originated on July 31, 2002 with a final maturity of July 2022. The interest rate ranges from 4.10% to 5.375%, depending on the maturity dates of various issues/ installments associated with the note payable ranging from July 2004 to July 2022. Semi-annual payments range from \$22,441 to \$857,441. The original loan balance was \$10,265,000, with \$3,770,000 the outstanding balance at September 30, 2017. The purpose of the note payable was to have the necessary resources to purchase a secure private prison to be utilized by the local government the State of Arizona and to be managed by the publicly traded corporation GEO Group, Inc. This note payable has no relationship with disqualified persons.

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Schedule #8, Page 2, Part II, Line 21, "Mortgages and Other Notes Payable" (Continued)

Note payable #5 exists with the Industrial Development Authority of the City of Tucson, Arizona. It is a non-recourse loan that is secured by available investments from the proceeds of the note payable and the underlying lease with the University of Arizona/Marshall Foundation for the real estate property constructed with the proceeds from this note payable. This loan originated on November 5, 2002 with a final maturity of July 2032. The interest rate ranges from 3.00% to 5.00%, depending on the maturity dates of various issues/installments associated with the note payable ranging from July 2003 to July 2032. Semi-annual payments range from \$448,259 to \$1,365,000. The original loan balance was \$13,440,000, with \$9,465,000 the outstanding balance at September 30, 2017. The purpose of the note payable was to have the necessary resources to construct/develop a building to be utilized by the local government/university the University of Arizona and the charitable non-profit organization the Marshall Foundation. This note payable has no relationship with disqualified persons.

Note payable #6 exists with the Industrial Development Authority of the City of Tucson, Arizona. It is a non-recourse loan that is secured by available investments from the proceeds of the note payable and the underlying lease with the University of Arizona/Marshall Foundation for the real estate property constructed with the proceeds from this note payable. This loan originated on November 5, 2002 with a final maturity of July 2032. The interest rate ranges from 4.90% to 6.15%, depending on the maturity dates of various issues/installments associated with the note payable ranging from July 2003 to July 2032. Semi-annual payments range from \$164,846 to \$445,830. The original loan balance was \$3,960,000, with \$2,880,000 the outstanding balance at September 30, 2017. The purpose of the note payable was to have the necessary resources to construct/develop a building to be utilized by the local government/university the University of Arizona and the charitable non-profit organization the Marshall Foundation. This note payable has no relationship with disqualified persons.

Note payable #7 exists with the Industrial Development Authority of the County of Pinal, Arizona. It is a non-recourse loan that is secured by available investments from the proceeds of the note payable and the underlying contract with the State of Arizona /GEO Group, Inc. for the real estate property acquired with the proceeds from this note payable. This loan originated on December 20, 2002 with a final maturity of October 2022. The interest rate ranges from 3.875% to 5.25%, depending on the maturity dates of various issues/installments associated with the note payable ranging from April 2003 to October 2022. Semi-annual payments range from \$26,381 to \$1,031,381. The original loan balance was \$12,840,000, with \$5,325,000 the outstanding balance at September 30, 2017. The purpose of the note payable was to have the necessary resources to purchase a secure private prison to be utilized by the local government the State of Arizona and to be managed by the publicly traded corporation GEO Group, Inc. This note payable has no relationship with disqualified persons.

Note payable #12 exists with the Industrial Development Authority of the County of Pinal, Arizona. It is a non-recourse loan that is secured by available investments from the proceeds of the note payable and the underlying contract with the State of Arizona /GEO Group, Inc. for the real estate property acquired with the proceeds from this note payable. This loan originated on February 10, 2006 with a final maturity of October 2025. The interest rate ranges from 4.50% to 5.25%, depending on the maturity dates of various issues/installments associated with the note payable ranging from October 2008 to October 2025. Semi-annual payments range from \$95,175 to \$4,325,175. The original loan balance was \$51,560,000, with \$31,525,000 being the outstanding balance at September 30, 2017. The purpose of the note payable was to have the necessary resources to construct a secure private prison to be utilized by the local government the State of Arizona and to be managed by the publicly traded corporation GEO Group, Inc. This note payable has no relationship with disqualified persons.

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Schedule #8, Page 2, Part II, Line 21, "Mortgages and Other Notes Payable" (Continued)

Note payable #14 exists with the Industrial Development Authority of the City of Phoenix, Arizona. It is a non-recourse loan that is secured by available investments from the proceeds of the note payable and the underlying leases with Arizona State University students and retailers, as well as the buildings and improvements and an interest in the ground lease for the real estate property acquired with the proceeds from this note payable. This loan originated on September 19, 2007 with a final maturity of July 2042. The interest rate ranges from 4.00% to 5.00%, depending on the maturity dates of various issues/installments associated with the note payable ranging from July 2012 to July 2042. Semi-annual payments range from \$995,619 to \$23,768,013. The original loan balance was \$77,415,000, with \$74,270,000 being the outstanding balance at September 30, 2017. The purpose of the note payable was to have the necessary resources to acquire, develop, construct, and operate facilities to be utilized by Arizona State University students and retailers and to be managed by Capstone On-Campus Management LLC, when construction is completed. This note payable has no relationship with disqualified persons.

Note payable #16 exists with the Industrial Development Authority of the City of Phoenix, Arizona. It is a non-recourse loan that is secured by available investments from the proceeds of the note payable and the underlying leases with Arizona State University students and retailers, as well as the buildings and improvements and an interest in the ground lease for the real estate property acquired with the proceeds from this note payable. This loan originated on September 19, 2007 with a final maturity of July 2042. The interest rate ranges from 4.00% to 5.00%, depending on the maturity dates of various issues/installments associated with the note payable ranging from July 2012 to July 2042. Semi-annual payments range from \$540,871 to \$12,937,125. The original loan balance was \$41,625,000, with \$40,180,000 being the outstanding balance at September 30, 2017. The purpose of the note payable was to have the necessary resources to acquire, develop, construct, and operate facilities to be utilized by Arizona State University students and retailers and to be managed by Capstone On-Campus Management LLC, when construction is completed. This note payable has no relationship with disqualified persons.

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Schedule #8, Page 2, Part II, Line 21, "Mortgages and Other Notes Payable" (Continued)

Note payable #17 exists with the Industrial Development Authority of the City of Phoenix, Arizona. It is a non-recourse loan that is secured by available investments from the proceeds of the note payable and the underlying leases with Arizona State University students and retailers, as well as the buildings and improvements and an interest in the ground lease for the real estate property acquired with the proceeds from this note payable. This loan originated on October, 2008 with a final maturity of July 2042. The interest rate is 7.95%, with a final maturity of July 2042. Annual payments range from \$540,578 to \$1,990,252. The total loan balance is \$22,700,000, with \$21,100,000 being the outstanding balance at September 30, 2017. The purpose of the note payable was to have the necessary resources to acquire, develop, construct, and operate facilities to be utilized by Arizona State University students and retailers and to be managed by Capstone On-Campus Management LLC, when construction is completed. This note payable has no relationship with disqualified persons. This note payable is subordinate to Note payables #14 and #16 and was issued in favor of the developer to pay a portion of the development fee.

Note payable #18 exists with the Industrial Development Authority of the County of Pima, Arizona. It is a non-recourse loan that is secured by available investments from the proceeds of the note payable and the underlying lease with Clark County, Nevada for the real estate property constructed with the proceeds from this note payable. This loan originated on February 7, 2008 with a final maturity of September 2039. The interest rate ranges from 4.00% to 5.125%, depending on the maturity dates of various issues/installments associated with the note payable ranging from September 2010 to September 2039. Semi-annual payments range from \$322,625 to \$15,682,250. The original loan balance was \$195,000,000, with \$183,925,000 being the outstanding balance at September 30, 2017. The purpose of the note payable was to have the necessary resources to construct/develop a real estate project known as the Clark County Detention Facility to be utilized by the local government Clark County, Nevada. This note payable has no relationship with disqualified persons.

Note payable #23 exists with the California Municipal Finance Authority located in Carlsbad California. It is a non-recourse loan that is secured by available investments from the proceeds of the note payable and the underlying lease with Oxnard, California for the real estate property constructed with the proceeds from this note payable. This loan originated on January 9, 2014 with a final maturity of December 2031. The interest rate ranges from 4.00% to 5.00%, depending on the maturity dates of various issues/installments associated with the note payable ranging from December 2016 to December 2031. Semi-annual payments range from \$268,163 to \$1,337,625. The original loan balance was \$15,160,000, with \$14,690,000 being the outstanding balance at September 30, 2017. The purpose of the note payable was to have the necessary resources to construct/develop a real estate project known as the Oxnard Fire Station to be utilized by the local government Oxnard, California. This note payable has no relationship with disqualified persons.

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Schedule #9, Page 6, Part VIII, Line 1, "Information about Directors, etc."

(a) Name and Address	(b)	(c)	(d)	(e)
Michael Hammond 335 N Wilmot Rd Ste #420 Tucson, AZ 85711	President 6 hr per month	0	0	0
Kendall Bert 335 N Wilmot Rd Ste #420 Tucson, AZ 85711	Secretary 2 hr per month	0	0	0
Michael Arnold 335 N Wilmot Rd Ste #420 Tucson, AZ 85711	Treasurer 2 hr per month	0	0	0
Kenneth Abrahams 335 N Wilmot Rd Ste #420 Tucson, AZ 85711	Trustee – Director 2 hr per month	0	0	0
Kathleen Perkins 335 N Wilmot Rd Ste #420 Tucson, AZ 85711	Trustee – Director 2 hr per month	0	0	0

(b) – Title, and average hours per week devoted to position

(c) – Compensation

(d) – Contributions to employee benefit plans and deferred compensation

(e) – Expense account, other allowances

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Schedule #10, Page 8, Part X, " Minimum Investment Return "

In performing the calculations required for Part X, the only assets available to make charitable distributions is the cash available in a checking accounts in the name of Community Finance Corporation or its underlying disregarded tax entities. This represents the calculated average of monthly cash balances of \$977,634 used in Part X (which also includes \$949,892 in cash—non – interest bearing as of the end of year book value on Page 2, Part II line 1 on the Balance Sheet). All other assets on the balance sheet are not included in the calculations in Part X because they represent assets on deposit with trustee/fiscal agents that are permanently restricted and cannot be accessed by Community Finance Corporation based on the provisions of legal documents such as trust indentures, loan agreements, promissory notes, and management agreements. These assets are on deposit with trustee/fiscal agents and are the result of the issuance of publicly financed bond issues. The acceptance of notes payable proceeds from publicly financed bond issues results in the availability of assets on deposit with trustee/fiscal agents for the purpose of lessening the burdens of government and to erect, finance the erection of, or maintain public buildings, monuments, or works, which is the purpose of Community Finance Corporation's tax exempt status. Finally, these assets are not included in the calculations in Part X because they meet the definition of "assets that are actually used or held for use by the organization for a charitable, educational, or other similar function that contributed to the charitable status of the foundation". By definition, the only assets included in Part X calculations are "only those assets that are not actually used or held for use by the organization for a charitable, educational, or other similar function that contributed to the charitable status of the foundation".

Schedule #11, Page 11, Part XV, " Supplementary Information", Question 3 "Grants and Contributions Paid During the Year"

It is the policy of the Community Finance Corporation to make charitable contributions to existing 501(c)(3) public entities that provide programs or services that have the primary purpose of the lessening of the burdens of government. More specifically, Community Finance Corporation will consider programs that will provide community social service or community economic development.

In fiscal 2017, Community Finance Corporation made \$50,000 in donations to the University of Arizona Foundation/Arizona Assurance with \$50,000 for the purpose of funding an endowment scholarship fund to benefit low to moderate income students, which met the criteria of community social service.

In addition, in fiscal 2017, Community Finance Corporation made \$30,000 in donations to Lead Guitar with \$30,000 for the purpose of supporting fine arts education at eight area schools, which met the criteria of community social service.

Also, in fiscal 2017, Community Finance Corporation made \$25,000 in donations to the University of Arizona Foundation/daVinci Scholarship Fund for the purpose of a scholarship program for engineering students, which met the criteria of community social service.

Also, in fiscal 2017, Community Finance Corporation made \$25,000 in donations to the Tucson Unified School District Educational Enrichment Foundation, \$25,000 for the purpose of maintenance of a community garden at John B. Wright Elementary School to enhance STEM curriculum and provide fresh food and emergency funds for JBW Elementary School, which met the criteria of community social service.

Community Finance Corporation
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Schedule #11, Page 11, Part XV, "Supplementary Information", Question 3 "Grants and Contributions Paid During the Year" (Continued)

Also, in fiscal 2017, Community Finance Corporation made a \$5,000 donation to the SO AZ Research, Science and Engineering Foundation to support STEM activities and enrichment to five Tucson, AZ Title I schools, which met the criteria of community social service

Also, in fiscal 2017, Community Finance Corporation made a \$5,000 donation to the YWCA of Southern Arizona for the purpose of supporting its 100 year celebration by providing matching funds for its "Women's Impact Fund", which met the criteria of community social service

All six of these donations are intended to lessen/reduce the burdens of government

(a) Name and Address	(b)	(c)	(d)	(e)
So AZ Research, Science and Engineering Foundation 4574 E Broadway Blvd Tucson, AZ 85711	N/A	501(c)3	See above	5,000
YWCA of Southern Arizona 525 N Bonita Ave Tucson, AZ 85745	N/A	501(c)3	See above	5,000
				<u>10,000</u>

- (b) - If recipient is an individual, show any relationship to any foundation manager or substantial contributor
(c) - Foundation status of recipient
(d) - Purpose of grant or contribution
(e) - Amount