KPMG

CHILDFUND INTERNATIONAL, USA

Consolidated Financial Statements

June 30, 2011

(With Independent Auditors' Report Thereon)

CHILDFUND INTERNATIONAL, USA

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KPMG LLP
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Independent Auditors' Report

The Board of Directors
ChildFund International, USA:

We have audited the accompanying consolidated statement of financial position of ChildFund International, USA (ChildFund) as of June 30, 2011, and the related consolidated statements of activities, cash flows, and functional expenses for the year then ended. These consolidated financial statements are the responsibility of ChildFund's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. The prior year summarized comparative information has been derived from ChildFund's 2010 consolidated financial statements, and in our report dated October 19, 2010, we expressed an unqualified opinion on those consolidated 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of ChildFund's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of ChildFund International, USA as of June 30, 2011, and the changes in their net assets, their cash flows and their functional expenses for the year then ended in conformity with U.S. generally accepted accounting principles.

KPMG LLP

November 3, 2011

CHILDFUND INTERNATIONAL, USA

Consolidated Statement of Financial Position

June 30, 2011
(with comparative financial information as of June 30, 2010)

Assets		2011	2010
Cash and cash equivalents (note 3)	$	30,010,701	22,794,361
Receivable from affiliates (note 11)		2,693,973	2,348,499
Grants receivable		4,303,481	3,703,021
Accounts receivable and other assets		4,534,622	3,339,469
Investments (notes 4 and 5)		34,178,516	30,433,241
Beneficial interests in trusts (note 5)		12,611,221	6,377,558
Property, plant and equipment, net (note 6)		13,069,066	14,083,289
Total assets	$	101,401,580	83,079,438
Liabilities and Net Assets			
Liabilities:			
Accounts payable and accrued expenses (note 5)	$	14,568,626	13,581,942
Accrued benefit liability (note 7)		5,968,425	8,474,515
Total liabilities		20,537,051	22,056,457
Net assets:			
Unrestricted (note 16)		25,567,789	16,033,869
Temporarily restricted (notes 9 and 16)		37,681,840	32,871,076
Permanently restricted (notes 10 and 16)		17,614,900	12,118,036
Total net assets		80,864,529	61,022,981
Contingencies (note 15)			
Total liabilities and net assets	$	101,401,580	83,079,438

See accompanying notes to consolidated financial statements.

CHILDFUND INTERNATIONAL, USA

Consolidated Statement of Activities

Year ended June 30, 2011
(with summarized financial information for the year ended June 30, 2010)

	Unrestricted	Temporarily restricted	Permanently restricted	Total 2011	Total 2010
Public support (note 12):					
Sponsorships (note 11):					
U.S. sponsors	$ —	87,079,942	—	87,079,942	89,874,604
International sponsors	—	60,814,311	—	60,814,311	54,723,629
Special gifts from sponsors for children	—	17,847,305	—	17,847,305	17,404,318
Total sponsorships	—	165,741,558	—	165,741,558	162,002,551
Contributions:					
General contributions (note 5)	9,721,709	7,124,544	5,118,186	21,964,439	17,853,555
Major gifts and bequests	3,847,240	183,921	—	4,031,161	3,409,974
Gifts in kind	11,706,958	—	—	11,706,958	2,256,854
Total contributions	25,275,907	7,308,465	5,118,186	37,702,558	23,520,383
Grants:					
Grants and contracts	30,148,066	—	—	30,148,066	27,388,754
Total public support	55,423,973	173,050,023	5,118,186	233,592,182	212,911,688
Revenue:					
Investment income and currency transactions (note 4)	1,748,448	2,495	—	1,750,943	1,205,223
Service fees and other (note 11)	2,303,964	—	—	2,303,964	1,859,144
Total revenue	4,052,412	2,495	—	4,054,907	3,064,367
Net assets released from restrictions:					
Satisfaction of program and time restrictions	169,013,681	(169,013,681)	—	—	—
Total public support and revenue	228,490,066	4,038,837	5,118,186	237,647,089	215,976,055
Expenses (notes 7 and 8):					
Program:					
Basic education	70,343,244	—	—	70,343,244	61,535,166
Health and sanitation	51,066,278	—	—	51,066,278	44,145,849
Nutrition	15,478,001	—	—	15,478,001	14,688,825
Early childhood development	22,476,886	—	—	22,476,886	19,958,484
Micro enterprise	16,851,103	—	—	16,851,103	20,408,024
Emergencies	10,951,020	—	—	10,951,020	11,865,159
Total program	187,166,532	—	—	187,166,532	172,601,507
Supporting services:					
Fund raising	23,250,389	—	—	23,250,389	23,420,237
Management and general	16,318,955	—	—	16,318,955	16,849,426
Total supporting services	39,569,344	—	—	39,569,344	40,269,663
Total expenses from operations	226,735,876	—	—	226,735,876	212,871,170
Change in net assets from operations	1,754,190	4,038,837	5,118,186	10,911,213	3,104,885
Nonoperating gains (losses):					
Realized gain (loss) on investments (note 4)	996,856	2,841	—	999,697	(108,369)
Unrealized gain on investments (note 4)	3,865,557	16,216	—	3,881,773	2,648,659
Change in value of trusts (note 5)	—	752,870	378,678	1,131,548	488,365
Change in accrued benefit liability other than net periodic costs (note 7)	2,917,317	—	—	2,917,317	(1,477,893)
Total nonoperating gains	7,779,730	771,927	378,678	8,930,335	1,550,762
Change in net assets	9,533,920	4,810,764	5,496,864	19,841,548	4,655,647
Net assets at beginning of year	16,033,869	32,871,076	12,118,036	61,022,981	56,367,334
Net assets at end of year	$ 25,567,789	37,681,840	17,614,900	80,864,529	61,022,981

See accompanying notes to consolidated financial statements.

CHILDFUND INTERNATIONAL, USA

Consolidated Statement of Cash Flows

Year ended June 30, 2011
(with comparative financial information for the year ended June 30, 2010)

	2011	2010
Cash flows from operating activities:		
Change in net assets	$ 19,841,548	4,655,647
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	2,048,679	2,017,346
Realized (gain) loss on investments	(999,697)	108,369
Unrealized gain on investments	(3,881,773)	(2,648,659)
Gift of beneficial interest in trust	(5,102,115)	—
Change in value of trusts	(1,131,548)	(488,365)
Gain on sale of property, plant and equipment	(344,516)	(65,762)
Contributions restricted for long-term investment	(16,071)	(47,587)
Change in accrued benefit liability other than net periodic costs	(2,917,317)	1,477,893
Changes in operating assets and liabilities:		
Grants receivable	(600,460)	(681,046)
Receivable from affiliates	(345,474)	(4,995)
Accounts receivable and other assets	(1,195,153)	140,683
Accounts payable and accrued expenses	986,684	(2,876,219)
Accrued benefit liability	411,227	(156,168)
Net cash provided by operating activities	6,754,014	1,431,137
Cash flows from investing activities:		
Purchases of property, plant and equipment	(1,372,608)	(2,304,382)
Proceeds from sales of property, plant and equipment	682,668	95,371
Proceeds from sales of investments	9,773,701	28,763,959
Purchases of investments	(8,637,506)	(28,622,356)
Net cash provided by (used in) investing activities	446,255	(2,067,408)
Cash flows from financing activities:		
Payment of debt and line of credit	1,186,000	98,460,000
Proceeds from borrowings of debt and line of credit	(1,186,000)	(98,460,000)
Contributions restricted for long-term investment	16,071	47,587
Net cash provided by financing activities	16,071	47,587
Net increase (decrease) in cash and cash equivalents	7,216,340	(588,684)
Cash and cash equivalents at beginning of year	22,794,361	23,383,045
Cash and cash equivalents at end of year	$ 30,010,701	22,794,361
Supplemental cash flow information:		
Interest paid	$ 172	90,144
Supplemental disclosure of noncash transaction:		
Gift of beneficial interest in trust	$ 5,102,115	—

See accompanying notes to consolidated financial statements.

CHILDFUND INTERNATIONAL, USA

Consolidated Statement of Functional Expenses

Year ended June 30, 2011
(with summarized financial information for the year ended June 30, 2010)

	Program services							Supporting services			Program and supporting services	
	Basic education	**Health and sanitation**	**Nutrition**	**Early childhood development**	**Micro enterprise**	**Emergencies**	**Total program services**	**Fund raising**	**Management and general**	**Total supporting services**	**2011**	**2010**
Subsidies for children	$ 49,149,166	18,892,659	8,879,239	16,347,076	9,851,966	3,688,157	106,808,263	—	—	—	106,808,263	105,365,485
Program grants	8,023,571	22,612,378	3,700,785	1,921,418	3,844,071	5,212,481	45,314,704	—	—	—	45,314,704	33,624,097
Supplies	291,872	211,887	64,222	93,262	69,919	45,438	776,600	92,514	413,356	505,870	1,282,470	1,405,712
Occupancy	590,718	428,837	129,979	188,753	141,510	91,963	1,571,760	134,360	313,620	447,980	2,019,740	1,929,852
Professional services	521,386	378,505	114,723	166,599	124,901	81,169	1,387,283	(30,847)	374,533	343,686	1,730,969	1,846,829
Contract services	829,233	601,989	182,461	264,966	198,647	129,095	2,206,391	985,407	1,781,839	2,767,246	4,973,637	4,884,311
Travel	785,066	569,926	172,742	250,854	188,067	122,219	2,088,874	232,452	288,844	521,296	2,610,170	2,267,852
Conferences and meetings	312,671	226,986	68,799	99,908	74,902	48,677	831,943	101,064	158,261	259,325	1,091,268	952,764
Automobile and truck expense	165,030	119,805	36,313	52,733	39,534	25,692	439,107	27,593	—	27,593	466,700	509,813
Advertising and public education	131,722	95,624	28,983	42,089	31,555	20,506	350,479	17,289,769	302,785	17,592,554	17,943,033	17,661,752
Equipment purchases and rentals	210,850	153,068	46,394	67,373	50,510	32,825	561,020	80,341	699,564	779,905	1,340,925	1,022,721
Telephone and cables	222,978	161,872	49,063	71,249	53,415	34,713	593,290	89,671	133,915	223,586	816,876	1,003,812
Postage and freight	516,610	375,037	113,672	165,073	123,757	80,426	1,374,575	156,387	791,935	948,322	2,322,897	2,329,427
Staff training	101,561	73,729	22,347	32,452	24,329	15,811	270,229	34,335	23,466	57,801	328,030	487,234
Miscellaneous expenses	231,821	168,292	51,009	74,074	55,534	36,090	616,820	391,738	1,960,283	2,352,021	2,968,841	2,690,644
Total expenses before personnel costs and other expenses	62,084,255	45,070,594	13,660,731	19,837,879	14,872,617	9,665,262	165,191,338	19,584,784	7,242,401	26,827,185	192,018,523	177,982,305
Personnel costs	7,778,462	5,646,841	1,711,537	2,485,464	1,863,373	1,210,949	20,696,626	3,634,335	8,337,541	11,971,876	32,668,502	32,781,375
Depreciation and interest	480,527	348,843	105,733	153,543	115,113	74,809	1,278,568	31,270	739,013	770,283	2,048,851	2,107,490
Total expenses from operations	$ 70,343,244	51,066,278	15,478,001	22,476,886	16,851,103	10,951,020	187,166,532	23,250,389	16,318,955	39,569,344	226,735,876	212,871,170

See accompanying notes to consolidated financial statements.

(1) Organization

ChildFund International, USA (ChildFund), formerly known as Christian Children's Fund, Inc. was established in 1938 and has developed into an international, nonsectarian, not-for-profit child development organization. ChildFund assists children and family members in 31 countries worldwide. There are more than 635,000 enrolled children in ChildFund's programs. Of these children more than 453,000 are sponsored children who are supported through monthly contributions.

Most of the sponsorships – more than 297,000 – are supported by U.S. donors; the remainder are supported by international donors who sponsor children through members of ChildFund Alliance in Australia, Canada, Denmark, France, Germany, Ireland, Japan, Korea, New Zealand, Sweden, and Taiwan. ChildFund is a member of ChildFund Alliance, a global network of 12 child development organizations.

ChildFund International USA is incorporated and headquartered in the Commonwealth of Virginia.

(2) Summary of Significant Accounting Policies

ChildFund's accounting policies are summarized as follows:

(a) Basis of Accounting

The accompanying consolidated financial statements have been prepared using the accrual method of accounting in accordance with U.S. generally accepted accounting principles.

Balances and transactions are presented according to the existence or absence of donor-imposed restrictions. This has been accomplished by recording transactions into the following classes of net assets:

Unrestricted net assets – Net assets resulting from public support and revenue not subject to donor-imposed restrictions.

Temporarily restricted net assets – Net assets resulting from public support and revenue whose use by ChildFund is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of ChildFund pursuant to those donor-imposed stipulations.

Permanently restricted net assets – Net assets that generally represent contributions and other inflows of assets whose use by ChildFund is permanently limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of ChildFund.

Public support and revenue are reported as increases in unrestricted net assets unless the use of the related assets is limited by donor-imposed restrictions. Sponsorship revenue is classified as temporarily restricted. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications from temporarily restricted net assets to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments are reported as increases or decreases in unrestricted net assets unless donors or state law restrict their use.

(b) Principles of Consolidation

The accompanying consolidated financial statements include the accounts and operations of the ChildFund international office, national offices, and fundraising offices. All significant transactions between the organizations, including all inter-organization balances, have been eliminated in consolidation. In compliance with local laws, certain of these national offices and fund raising offices are separate legal entities.

(c) 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 consolidated financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Significant accounting estimates and management judgments reflected in the consolidated financial statements include valuation of alternative investments and beneficial interests in trusts, pension plan liability, and the estimated useful life of buildings, furniture and equipment.

(d) Investments and Beneficial Interests in Trusts

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820-10-65, *Fair Value Measurements and Disclosures*, establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that ChildFund has the ability to access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

If the inputs used to measure the asset or liability fall within different levels of the hierarchy, the classification is based on the lowest level input that is significant to the fair value measurement of the asset or liability.

Investments in readily marketable equity securities and all debt securities are recorded at fair value, which are based on quoted market prices, where available. Due to variations in trading volumes and the lack of quoted market prices for some fixed maturities, the fair value of fixed maturities is normally derived through recent reported trades for identical or similar securities, making adjustments through the reporting date based upon available market observable data. If there are no recent reported trades, the fair value of fixed maturities may be derived through the use of matrix pricing or model processes, where the future cash flow expectations are developed based upon performance and discounted at an estimated market rate.

For investments in funds of funds, real estate funds, and global equity securities, fair value is based on net asset value reported by underlying investment managers and reviewed by ChildFund after considering various sources of information. These values are further substantiated by doing internal reviews on the current fair values of the securities within these alternative investments. The net asset value is utilized as a practical expedient for fair value. The estimates of fair values, because of the inherent uncertainty of valuation of these estimates, may differ from the values that would have been used had a ready market existed.

Except for investments where donors specifically provide otherwise, investments are maintained in a pooled account. Additions to investments are assigned units of participation in the pooled account based upon their fair value on the date they enter the pooled account and the most recently determined unit fair value for the existing units of participation. Withdrawals are based upon the most recently determined fair value of the respective units of participation that include both realized and unrealized net gains and losses. The market value of the units of participation is calculated monthly.

The fair value of beneficial interests in perpetual trusts is estimated by applying ChildFund’s share of the earnings of the trust times the fair value of the underlying assets in the trusts as of the reporting date.

Investments and beneficial interests in perpetual trusts are exposed to several risks, such as interest rate, currency, market and credit risks. Due to the level of risk associated with certain investments and beneficial interests in trusts, it is at least reasonably possible that changes in the values of investments and beneficial interests in trusts will occur in the near term and that such changes could materially affect the amounts reported in ChildFund’s consolidated financial statements.

Investment transactions are recorded on a trade date basis. Dividends are recorded on the ex dividend date and interest is recognized on the accrual basis. Realized gains and losses are determined by specific identification. Realized and unrealized gains and losses and change in value of trusts are recorded in the nonoperating revenues section of the consolidated statement of activities. Fees paid to custodian and investment managers are recorded on the accrual basis and are netted against investment income and currency transactions on the consolidated statement of activities.

(e) Financial Instruments, Fair Value and Credit Risk

Financial instruments, which potentially subject ChildFund to concentrations of credit risk, consist principally of cash and investments. ChildFund invests its cash and investments with high-quality credit financial institutions and limits the amount of credit exposure to any one financial institution. ChildFund cash balances include aggregate bank balances on deposit both inside the U.S. and with international banks outside the U.S. These balances can exceed FDIC limits or in the case of international accounts not be covered under the FDIC. ChildFund has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on its cash and cash equivalents. In some cases, ChildFund has opened segregated cash accounts to meet restrictions placed on those funds by the donor. In general, these are grant funded accounts.

Investments and beneficial interests in trusts are carried at fair value as discussed in note 2(d). The carrying value of cash and cash equivalents, grants receivable, receivable from affiliates, accounts receivable and other assets, and accounts payable and accrued expenses approximate fair value because of the short maturity of these instruments.

Credit risk with respect to investments is generally limited, because by ChildFund's policy the investments are kept within limits designed to prevent risks caused by concentration.

(f) Accounts Receivable and Other Assets

Accounts receivable and other assets consist of general receivables, advances and prepaid expenses.

(g) Property, Plant and Equipment

Land is carried at cost or fair value at the date of donation in the case of gifts. Buildings and equipment are carried at cost or fair value at the date of donation in the case of gifts, less accumulated depreciation. Depreciation of buildings and equipment is recorded on a straight-line basis over the estimated useful lives of the assets (5 to 40 years for buildings and improvements and 3 to 10 years for equipment). Upon retirement and disposition, the cost and accumulated depreciation of buildings and equipment are removed from the accounts with any gain or loss reflected in the consolidated statement of activities. Maintenance and repair costs are expensed as incurred.

(h) Revenue Recognition

Revenue is recognized during the period it is earned. Donated or contributed land, buildings and equipment, investments, services and gifts-in-kind are recorded at fair value when received. ChildFund received approximately $10,000,000 of in-kind media and broadcast time in the form of public service announcements during the year ended June 30, 2011. The public service announcements, which have been featured in major magazines, airports, high traffic malls and shopping centers, were designed to educate the public about the challenges faced in ChildFund's program communities. ChildFund uses a third party purchasing agency to secure its public service announcements from media outlets as well as to estimate their fair value under an exit value approach, using billing rates normally charged to other customers under similar circumstances.

Government grant revenue is recognized as earned, which is generally when costs are incurred. Sponsorship revenues are unconditional transfers of cash recognized during the period received. Since these contributions are made without any promise to give in future periods, there are no sponsorships receivable recorded in the consolidated statement of financial position.

(i) Expenses

Expenses are recognized during the period in which they are incurred. Expenses paid in advance primarily include insurance, advertising, postage and software maintenance and are deferred to the applicable period. The cost of providing various programs and supporting services have been summarized on a functional basis in the consolidated statement of activities.

(j) Definition of Operations

Operating activities exclude realized and unrealized gains and losses on investments, changes in value of trusts, and changes in accrued benefit liability other than net periodic costs.

(k) Foreign Currency Translation

All cash balances in foreign banks have been translated at foreign exchange rates in effect as of year-end. No other assets or liabilities of ChildFund are subject to foreign currency translation. All foreign office revenue and expense amounts are converted at the rate of exchange in effect at approximately the date of the transaction.

(l) Summarized Comparative Information

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

(m) New Accounting Pronouncements

In January 2010, the FASB issued ASU 2010-06, *Fair Value Measurements and Disclosures (Topic 820): Improving Disclosures about Fair Value Measurements*, which provides amendments to ASC Subtopic 820-10, *Fair Value Measurements and Disclosures*, and requires new disclosures on transfers in and out of Levels 1 and 2 and on activity in Level 3 fair value measurements. The ASU was effective for ChildFund for the year ended June 30, 2011.

In May 2011, the FASB issued ASU 2011-04, Amendments to Achieve Common Fair Value Measurements and Disclosure Requirements in U.S. GAAP and IFRSs, (ASU 2011-04). ASU 2011-04 amended ASC 820, Fair Value Measurements and Disclosures, to converge the fair value measurement guidance in U.S. generally accepted accounting principles and International Financial Reporting Standards. Some of the amendments clarify the application of existing fair value measurement requirements, while other amendments change a particular principle in ASC 820. In addition, ASU 2011-04 requires additional fair value disclosures. The amendments are to be applied prospectively and are effective for annual periods beginning after December 15, 2011. ChildFund is currently evaluating the effect that the provisions of ASU 2011-04 will have on its consolidated financial statements.

(n) Reclassifications

Certain reclassifications have been made to the 2010 consolidated financial statements in order to conform with the 2011 presentation.

(Continued)

(3) Cash and Cash Equivalents

ChildFund considers all short-term deposits with an original maturity of three months or less to be cash equivalents, except for those which are held by ChildFund investment managers as part of their long-term investment strategy. The carrying amounts reported in the accompanying consolidated statements of financial position for these financial instruments approximate their fair values. Cash in excess of current operating and program requirements was invested throughout the year on a short-term basis in various money market instruments. Cash equivalents were approximately $13,000,000 and $8,800,000 as of June 30, 2011 and 2010, respectively.

(4) Investments and Investment Return

Investments, at fair value, as of June 30, 2011 and 2010 are summarized as follows:

	2011	2010
Corporate and other obligations	$ 1,380,671	1,293,502
U.S. equity securities	3,513,966	1,357,022
Global equity securities	1,344,380	1,278,128
Mutual funds	22,430,547	21,703,895
Real estate funds	1,871,298	1,604,440
Funds of funds	3,637,654	3,196,254
Total	$ 34,178,516	30,433,241

Investment return is summarized for the years ended June 30, 2011 and 2010, as follows:

	2011	2010
Interest and dividends	$ 1,138,342	1,037,972
Currency transaction gains, net	686,058	248,286
Investment expense	(73,457)	(81,035)
Total investment income and currency transactions	1,750,943	1,205,223
Realized gain (loss) on investments	999,697	(108,369)
Unrealized gain on investments	3,881,773	2,648,659
Total investment return	$ 6,632,413	3,745,513

(Continued)

The following table presents ChildFund's fair value hierarchy for investments measured at fair value as of June 30, 2011:

	Level 1	Level 2	Level 3	Total
Investments:				
Corporate and other obligations	$ —	1,380,671	—	1,380,671
U.S. equity securities	3,513,966	—	—	3,513,966
Global equity securities	—	1,344,380	—	1,344,380
Mutual funds:				
Long term equity	11,109,617	—	—	11,109,617
Long term fixed	4,369,474	—	—	4,369,474
Short term	5,637,595	—	—	5,637,595
Other long term	1,313,861	—	—	1,313,861
Total mutual funds	22,430,547	—	—	22,430,547
Real estate funds	—	—	1,871,298	1,871,298
Funds of funds:				
Global equity	—	—	3,564,144	3,564,144
Other	—	—	73,510	73,510
Total funds of funds	—	—	3,637,654	3,637,654
Total	$ 25,944,513	2,725,051	5,508,952	34,178,516

Global equity funds may be redeemed 64% during fiscal year 2012, 30% during fiscal year 2013, 2% during fiscal year 2014, and 4% during fiscal year 2015. Real estate funds may be redeemed during fiscal years 2015 and 2016. There were no material capital commitments to investment managers that have not been funded by ChildFund for the years ended June 30, 2011 and 2010.

The following table presents ChildFund's fair value hierarchy for investments measured at fair value as of June 30, 2010:

	Level 1	Level 2	Level 3	Total
Investments:				
Corporate and other obligations	$ —	1,293,502	—	1,293,502
U.S. equity securities	1,357,022	—	—	1,357,022
Global equity securities	—	1,278,128	—	1,278,128
Mutual funds:				
Long term equity	8,507,202	—	—	8,507,202
Long term fixed	5,197,131	—	—	5,197,131
Short term	7,119,291	—	—	7,119,291
Other long term	880,271	—	—	880,271
Total mutual funds	21,703,895	—	—	21,703,895
Real estate funds	—	—	1,604,440	1,604,440
Funds of funds:				
Global equity	—	—	3,122,744	3,122,744
Other	—	—	73,510	73,510
Total funds of funds	—	—	3,196,254	3,196,254
Total	$ 23,060,917	2,571,630	4,800,694	30,433,241

The following table summarizes changes in Level 3 investments measured at fair value on a recurring basis for the periods ending June 30, 2011 and 2010:

	2011	2010
Investments:		
Beginning balance	$ 4,800,694	7,208,056
Total net gains included in:		
Change in net assets	248,106	305,089
Purchases	3,388,918	441,774
Sales	(2,928,766)	(3,154,225)
Ending balance	$ 5,508,952	4,800,694
Net unrealized losses included in change in net assets for the period relating to Level 3 investments held at June 30	$ (138,466)	(130,355)

There were no significant transfers into/out of Level 1 or Level 2 investments during the years ended June 30, 2011 and 2010.

(5) Split Interest Agreements

(a) Charitable Gift Annuities

Total investments include amounts invested for ChildFund's charitable gift annuity program. These amounts are held in three segregated investment accounts. One for annuities issued to residents of California, one for annuities issued to residents of Florida, and another for annuities issued to residents of other states in which ChildFund is authorized to issue gift annuities. All segregated accounts are stated at fair value, as described in note 2(d).

Under the charitable gift annuity agreements, the donor contributes assets to ChildFund. In return for the contribution, ChildFund pays an annuity to the donor, and/or another annuitant selected by the donor, for the remainder of the annuitant's life, subject in some instances to a deferred beginning date. The payout is a fixed amount based on a percentage of the original gift, as defined by the agreement. The fair value of the assets received under the annuity agreement is held in the applicable segregated investment account and invested in assets intended to comply with any investment restrictions imposed by California or the other states in which ChildFund is authorized to issue gift annuities. Contribution income is recognized at the date the agreement is established, net of the liability recorded for the present value of the estimated future payments to be made to the respective annuitants.

These segregated investments as of June 30, 2011 and 2010 totaled $2,804,659 and $2,611,403, respectively and are reported as investments on the consolidated statements of financial position. The liability associated with these charitable gift annuities is recorded at the present value of the gift based on the IRS mortality tables and IRS interest rates as of the date of agreement which range from 2.39% to 7.46%. The liability amounts are included in accounts payable and accrued expenses on the consolidated statements of financial position as of June 30, 2011 and 2010 and total $1,540,754 and $1,666,136, respectively.

(b) Perpetual Trusts

ChildFund is the beneficiary of approximately 10 perpetual trusts created by donors, the assets of which are not in the possession of ChildFund. ChildFund has legally enforceable rights or claims to the income from the assets. The fair values of beneficial interest in perpetual trusts at June 30, 2011 and 2010 were $9,421,580 and $3,940,787, respectively. Net increases of $378,678 and $344,970 related to changes in fair values for the years ended June 30, 2011 and 2010, respectively, were reported in changes in permanently restricted net assets on the accompanying statements of activities. There was one perpetual trust valued at $5,102,115 given to ChildFund during the year ended June 30, 2011, which is reflected in permanently restricted general contributions in the accompanying consolidated statement of activities.

(c) Charitable Remainder Trusts

ChildFund is the beneficiary of approximately 7 charitable remainder trusts, the assets of which are not in the possession of ChildFund. The fair values of beneficial interests in charitable remainder trusts at June 30, 2011 and 2010 were $3,189,641 and $2,436,771. Changes in value of split interest agreements totaled $752,870 and $143,395 for the years ended June 30, 2011 and 2010, respectively and were recorded in temporarily restricted net assets on the accompanying statements of activities. There were no charitable remainder trusts given to ChildFund during the years ended June 30, 2011 and 2010.

(d) Fair Value Disclosures

The following table presents ChildFund's fair value hierarchy for beneficial interests in trusts measured at fair value as of June 30, 2011:

	Level 1	Level 2	Level 3	Total
Beneficial interests in trusts	$ —	—	12,611,221	12,611,221

The following table presents ChildFund's fair value hierarchy for beneficial interests in trusts measured at fair value as of June 30, 2010:

	Level 1	Level 2	Level 3	Total
Beneficial interests in trusts	$ —	—	6,377,558	6,377,558

The following table summarizes changes in Level 3 beneficial interests in trusts measured at fair value on a recurring basis for the periods ending June 30, 2011 and 2010:

	2011	2010
Beneficial interests in trusts:		
Beginning balance	$ 6,377,558	5,889,193
Total net gains included in:		
Change in net assets	1,131,548	488,365
Gift of beneficial interests in trusts	5,102,115	—
Ending balance	$ 12,611,221	6,377,558
Net unrealized gains included in change in net assets for the period relating to Level 3 beneficial interests in trusts held at June 30	$ 1,131,548	488,365

(6) Property, Plant and Equipment

Property, plant, and equipment at June 30, 2011 and 2010 are summarized as follows:

		2011	**2010**
Land	$	1,180,378	1,180,378
Buildings and improvements		15,492,612	15,884,220
Furniture, fixtures and equipment		19,535,334	17,115,499
Construction in progress		220,868	1,427,986
		36,429,192	35,608,083
Accumulated depreciation		(23,360,126)	(21,524,794)
Total	$	13,069,066	14,083,289

(7) Benefit Plans

ChildFund has a noncontributory defined benefit pension plan (the Pension Plan) and a defined contribution plan (403(b) Plan). Effective June 30, 2006, ChildFund elected to freeze the Pension Plan.

(a) Pension Plan

The following table summarizes the Pension Plan benefit obligation, for the years ended June 30, 2011 and 2010:

		2011	**2010**
Accumulated benefit obligation	$	23,166,070	24,002,839
Benefit obligation		(23,166,070)	(24,002,839)
Fair value of plan assets		17,197,645	15,528,324
Funded status		(5,968,425)	(8,474,515)
Accrued benefit liability	$	5,968,425	8,474,515

The Pension Plan utilizes a measurement date of June 30. The amount of benefit payments from the Pension Plan for the years ended June 30, 2011 and 2010 were $1,480,783 and $1,251,055 respectively.

Expected future benefit payments of the Pension Plan as of June 30, 2011 are as follows:

2012	$	1,483,945
2013		1,521,456
2014		1,534,234
2015		1,595,678
2016		1,595,559
2017 – 2021		8,364,373

Employer contributions made by ChildFund to the Pension Plan were $454,168 and $641,131 during the years ended June 30, 2011 and 2010, respectively. The estimated contribution for the year ending June 30, 2012 is $1,433,000. At June 30, 2011 and 2010, the unrecognized net actuarial loss was $8,027,140 and $10,944,457, respectively. Amortization of the unrecognized net actuarial loss for the year ending June 30, 2012 will be $678,522.

		2011	**2010**
Net periodic pension cost:			
Interest cost	$	1,257,320	1,300,765
Expected return on plan assets		(1,251,621)	(1,268,868)
Recognized net actuarial loss		859,696	453,066
Net periodic pension cost	$	865,395	484,963

Pension costs are determined using the unit credit actuarial cost method. The plan is funded on a current basis as deemed necessary by management and the Pension Plan's consulting actuaries. The Pension Plan is subject to the applicable provisions of the Employment Retirement Income Security Act of 1974, as amended.

The fair values of the Pension Plan assets at June 30, 2011 by asset category are as follows:

		2011	**2010**
Investments:			
Separate accounts:			
Cash equivalents	$	32,785	14,800
Mutual funds – large cap equities		10,451,737	8,920,502
Mutual funds – bonds		6,713,123	6,593,022
Total	$	17,197,645	15,528,324

The Pension Plan's contract with the Metropolitan Life Insurance Company is funded by two MetLife separate accounts. The separate accounts invest in the MetLife Large Cap Core Index and the MetLife Core Bond Index, respectively. The value of the contract is dependent on the values of the units of the separate accounts funding the contract. The fair value of the separate accounts is determined based on daily unit net asset value (NAV), primarily using quoted market prices of the underlying securities (or similar securities). The underlying investments of the separate accounts are stated at fair value as determined by quoted market prices in an active market or when not available quoted market prices in an inactive market. The remaining component of the contract includes an interest bearing cash account used by the Pension Plan to flow through funds from the separate accounts discussed above to pay the guaranteed monthly benefit payments to retirees.

The Pension Plan assets are managed in balanced portfolio comprised of two major components: an equity portion and a fixed income portion. The expected role of the Pension Plan equity investments is to maximize the long-term real growth of assets, while the role of fixed income investments is to generate current income, provide for more stable returns and provide some protection against a prolonged decline in the fair value of equity investments.

The asset allocation for the Pension Plan at June 30, 2011 and 2010 and the target allocation for fiscal year 2012 by asset category are as follows:

	Target allocation	**Percentage of plan assets at year end**	
	2012	**2011**	**2010**
Equity securities	60.0%	60.9%	57.5%
Fixed income securities	40.0	39.1	42.5
Total	100.0%	100.0%	100.0%

ChildFund’s policy is to provide for growth of capital with a moderate level of volatility by investing assets per the target allocations stated above. The assets will be reallocated periodically to meet the above target allocations.

The expected long-term rate of return for the Pension Plan’s total assets is based on the expected return of each of the above categories, weighted based on the median of the target allocation for each class. Equity securities are expected to return 9.50% over the long-term, while cash and fixed income is expected to return 4.50%.

The following table presents ChildFund's fair value hierarchy for the Pension Plan assets measured at fair value as of June 30, 2011:

	Level 1	Level 2	Level 3	Total
Investments:				
Separate accounts:				
Cash and cash equivalents	$ 32,785	—	—	32,785
Mutual funds – large cap equities	—	10,451,737	—	10,451,737
Mutual funds – bonds	—	6,713,123	—	6,713,123
Total	$ 32,785	17,164,860	—	17,197,645

The following table presents ChildFund's fair value hierarchy for the Pension Plan assets measured at fair value as of June 30, 2010:

	Level 1	Level 2	Level 3	Total
Investments:				
Separate accounts:				
Cash and cash equivalents	$ 14,800	—	—	14,800
Mutual funds – large cap equities	—	8,920,502	—	8,920,502
Mutual funds – bonds	—	6,593,022	—	6,593,022
Total	$ 14,800	15,513,524	—	15,528,324

Benefit obligations and net periodic pension cost were determined using the following weighted average assumptions:

	2011	2010
Discount rate	5.75%	5.25%
Expected return on plan assets	7.50	7.50
Rate of compensation increase	N/A	N/A

(b) 403(b) Plan

All employees are eligible to participate in the 403(b) Plan. ChildFund contributed 6% to 12% of employees' base pay to the 403(b) Plan each payroll period based on their period of service with ChildFund for the period July 1, 2009 to March 31, 2010. Beginning April 1, 2010, ChildFund contributed 6% of employees' base pay to the 403(b) Plan each payroll period for all employees. In addition, ChildFund will match up to 3% of the employees' individual contributions. The actual rate will be approved annually by the ChildFund Board of Directors. Total expense recognized for the years ended June 30, 2011 and 2010 related to the 403(b) Plan was $911,183 and $1,168,348, respectively.

(8) Revolving Line of Credit

At June 30, 2011 and 2010, ChildFund had a $10,000,000 collateralized revolving line of credit. For each of the years ended June 30, 2011 and 2010, interest expense was based on LIBOR + 100 basis points. The line of credit payable is due and payable in consecutive monthly payments of accrued interest and continuing on the last day of each month thereafter until fully paid. This line of credit is collateralized by ChildFund's corporate headquarters building located in Richmond, Virginia and expires February 28, 2012. At June 30, 2011 and 2010, no amounts were outstanding on the line of credit.

(9) Temporarily Restricted Net Assets

Temporarily restricted net assets at June 30, 2011 and 2010 were available for the following purposes:

		2011	2010
Subsidies and gifts for children	$	28,073,126	24,500,390
Appeal funded programs		4,765,973	4,862,495
Time restricted		3,189,641	2,436,771
Local programs and other		1,653,100	1,071,420
Total	$	37,681,840	32,871,076

(10) Permanently Restricted Net Assets

Permanently restricted net assets were $17,614,900 and $12,118,036 at June 30, 2011 and 2010, respectively. The principal of these net assets must be invested in perpetuity; however, the income is expendable to support subsidies for children and other restricted program activities.

(11) International Sponsors

Support from international sponsors is generated by autonomous organizations and consolidated operations.

(a) Autonomous Organizations

Supporting ChildFund are ChildFund Australia, BORNEfonden (Denmark), Un Enfant Par La Main (France), ChildFund Kinderhilfswerk (Germany), ChildFund Ireland, ChildFund Japan, ChildFund Korea, Barnfonden (Sweden), Taiwan Fund for Children and Families, and ChildFund New Zealand. These autonomous organizations are incorporated in their respective countries for the purpose of initiating and overseeing programs that are distinct and unique to their mission. Because ChildFund does not control these organizations, their related assets, liabilities, net assets, revenues and expenses are not reflected in the accompanying consolidated financial statements.

The sponsorships and special gifts for children received from these organizations are included in the consolidated statements of activities for the years ended June 30, 2011 and 2010 and are summarized by country in the accompanying table. As of June 30, 2011 and 2010, ChildFund has sponsorship receivables from these autonomous organizations totaling $2,693,973 and $2,348,499, respectively. These receivables are the result of the timing of collection of funds as compared to deposit by the international offices. ChildFund recognized service fee revenue from these autonomous organizations in the consolidated statements of activities for the years ended June 30, 2011 and 2010 of $1,443,012 and $1,358,045, respectively.

(b) Consolidated Operations

ChildFund works with national fund raising offices in Brazil, Mexico, Thailand and other countries that provide sponsorship revenue. These offices are organizations or segments of organizations that are independently registered in conformity with the laws of their respective countries.

The sponsorships and special gifts for children received internationally from the autonomous organizations and consolidated operations are included in the consolidated statements of activities for the years ended June 30, 2011 and 2010, and are summarized in the accompanying table.

			Total	
	Sponsorships	**Special gifts for children**	**2011**	**2010**
Autonomous organizations:				
Australia	$ 18,236,527	1,164,315	19,400,842	17,059,264
Denmark	4,061,335	450,691	4,512,026	4,564,775
France	1,684,698	126,046	1,810,744	1,895,201
Germany	5,562,462	337,691	5,900,153	6,178,644
Ireland	1,042,989	147,695	1,190,684	1,271,764
Japan	165,421	—	165,421	155,534
New Zealand	5,983,841	626,963	6,610,804	6,401,711
Sweden	4,720,250	727,787	5,448,037	4,902,905
Korea	2,154,019	39,654	2,193,673	1,317,926
Taiwan	7,075,270	581,143	7,656,413	7,162,831
Total autonomous organizations	50,686,812	4,201,985	54,888,797	50,910,555
Consolidated operations:				
Brazil	2,805,100	807,969	3,613,069	2,983,195
Mexico	1,147,206	16,777	1,163,983	999,580
Thailand	6,171,368	35,931	6,207,299	4,398,027
Other	3,825	—	3,825	5,194
Total consolidated operations	10,127,499	860,677	10,988,176	8,385,996
Total international sponsors	$ 60,814,311	5,062,662	65,876,973	59,296,551

(12) Total Public Support

Public support is summarized for the years ended June 30, 2011 and 2010, as follows:

	2011	2010
United States	$ 143,707,885	133,310,385
Autonomous organizations, support from sponsors (note 11)	54,888,797	50,910,555
Autonomous organizations, other support	23,748,045	19,987,442
Consolidated operations, support from sponsors (note 11)	10,988,176	8,385,996
Consolidated operations, other support	259,279	317,310
Total public support	$ 233,592,182	212,911,688

(13) Income Taxes

ChildFund has been granted exemption by the Internal Revenue Service (IRS) from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and is an exempt organization in the Commonwealth of Virginia. In addition, the IRS has determined that ChildFund is not a "private foundation." ChildFund recognizes an uncertain tax position in its financial statements if it is "more-likely than-not" that the position will be sustained. ChildFund does not believe its financial statements include or reflect any uncertain tax positions. No provision for income taxes has been recorded for the years ended June 30, 2011 and 2010.

(14) ChildFund Alliance

In April 2002, ChildFund Alliance was established for charitable purposes to promote the well-being of children and their families. The Board of Directors consists of a significant percentage of ChildFund Board of Directors and staff; however, ChildFund does not have an economic interest in ChildFund Alliance; accordingly, ChildFund Alliance is not consolidated in ChildFund's consolidated financial statements.

(15) Contingencies

From time to time, ChildFund is involved in various legal proceedings during the normal course of operations. In management's opinion, ChildFund is not currently involved in any legal proceedings which individually or in the aggregate could have a material effect on the financial condition, results of operations and/or liquidity of ChildFund.

(16) Endowment Funds

FASB ASC 958-205-45, *Not-For-Profit Entities – Presentation of Financial Statements*, provides guidance on the net asset classification of donor restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA) and also requires disclosures about endowment funds, both donor-restricted endowment funds and board-designated endowment funds.

ChildFund's endowment consists of individual funds established for a variety of purposes. The endowment includes both donor-restricted endowment funds and funds designated by the Board of Directors (the Board) to function as endowments. Net assets associated with endowment funds, including funds designated by the Board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

(a) Interpretation of Relevant Law

ChildFund has interpreted the Commonwealth of Virginia's enacted version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as allowing ChildFund to appropriate for expenditure or accumulate as much of an endowment fund as ChildFund determines is prudent for the uses, purposes, and duration for which the endowment fund is established, subject to the intent of the donor as expressed in the gift instrument.

Unless otherwise stated in the gift instrument, the assets in an endowment fund should be donor restricted assets until appropriated for expenditure by the Board. 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 ChildFund in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, ChildFund considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund
2. The purposes of ChildFund and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of ChildFund
7. The investment policies of ChildFund

Endowment net assets consist of the following at June 30, 2011:

		Unrestricted	Temporarily restricted	Permanently restricted	Total
Donor-restricted endowment funds	$	(651,942)	609,198	8,193,320	8,150,576
Board-designated endowment funds		3,279,571	—	—	3,279,571
Total endowment net assets	$	2,627,629	609,198	8,193,320	11,430,147

Endowment net assets consist of the following at June 30, 2010:

		Unrestricted	Temporarily restricted	Permanently restricted	Total
Donor-restricted endowment funds	$	(1,697,457)	489,198	8,177,249	6,968,990
Board-designated endowment funds		3,056,262	—	—	3,056,262
Total endowment net assets	$	1,358,805	489,198	8,177,249	10,025,252

The following table presents the changes in ChildFund's donor-restricted endowment funds and funds designated by the Board to function as endowments for the year ended June 30, 2011:

		Unrestricted	Temporarily restricted	Permanently restricted	Total
Endowment net assets, July 1, 2010	$	1,358,805	489,198	8,177,249	10,025,252
Investment return:					
Investment income		177,114	—	—	177,114
Net appreciation		1,353,864	—	—	1,353,864
Total investment return		1,530,978	—	—	1,530,978
Contributions		—	120,000	16,071	136,071
Appropriation of endowment assets for expenditure		(262,154)	—	—	(262,154)
Endowment net assets, June 30, 2011	$	2,627,629	609,198	8,193,320	11,430,147

(Continued)

The following table presents the changes in ChildFund's donor-restricted endowment funds and funds designated by the Board to function as endowments for the year ended June 30, 2010:

	Unrestricted	Temporarily restricted	Permanently restricted	Total
Endowment net assets, July 1, 2009	$ 610,905	469,198	8,129,662	9,209,765
Investment return:				
Investment income	131,613	—	—	131,613
Net appreciation	736,448	—	—	736,448
Total investment return	868,061	—	—	868,061
Contributions	—	20,000	47,587	67,587
Appropriation of endowment assets for expenditure	(120,161)	—	—	(120,161)
Endowment net assets, June 30, 2010	$ 1,358,805	489,198	8,177,249	10,025,252

(b) 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 UPMIFA requires ChildFund to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature are reported in unrestricted net assets and amounted to $651,942 and $1,697,457 as of June 30, 2011 and 2010, respectively. These deficiencies resulted from unfavorable market fluctuations. Subsequent gains, if any, that restore the fair value of the assets of the endowment fund to the required level will be classified as an increase in unrestricted net assets until fully restored and then temporarily restricted.

(c) Return Objectives and Risk Parameters

Endowment assets include those assets of donor-restricted funds that the organization must hold in perpetuity or for a donor-specified period as well as board-designated funds. ChildFund 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. ChildFund expects its endowment funds to provide an average annual real rate of return of approximately 5%.

(d) Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, ChildFund 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). ChildFund targets a diversified asset allocation that places emphasis on investments in equities, bonds and absolute return strategies to achieve its long-term return objectives within a prudent risk framework.

(e) Spending Policy and How Investment Objectives Relate to Spending Policy

ChildFund has two spending policies for endowments. For endowments restricted for child sponsorships, the appropriation and expenditure typically occur within the same reporting period. The spending rate is determined by the most current monthly sponsorship rate paid by sponsors in the United States, for example $28 per month for the years ended June 30, 2011 and 2010. In order to meet this spending rate, donors are asked to contribute a one-time endowment gift of $15,000 per child. Investment gains and yields are used to provide the child with food, education, basic healthcare and other assistance.

For nonsponsorship endowments, the policy for appropriating for distribution is equal to 5% of the endowment funds' average fair value for the preceding three years. In establishing this policy, ChildFund considered the expected return on its endowments. Accordingly, ChildFund expects the current spending policies to allow its nonsponsorship endowments to maintain their purchasing power by growing at a rate equal to planned payouts.

(17) Subsequent Events

ChildFund has evaluated subsequent events for potential recognition and/or disclosure in the June 30, 2011 consolidated financial statements through November 3, 2011, the date the consolidated financial statements were issued.