

SOUTHWEST INITIATIVE FOUNDATION
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2015 AND 2014

	2015	2014
ASSETS		
Cash and Cash Equivalents	\$ 295,440	\$ 1,317,548
Restricted Cash	1,347,339	1,274,287
Loans Receivable, Net of Allowance for Doubtful Accounts	7,078,765	6,087,436
Pledges Receivable	129,973	154,769
Other Receivables	191,126	224,144
Due from McKnight Foundation	200,209	181,709
Prepaid Expenses	13,451	20,291
Investments	68,104,112	65,549,681
Assets Held for Sale	-	1,606,607
Property and Equipment, Net	2,530,481	2,547,581
Bond Issuance Fees, Net of Accumulated Amortization	35,047	37,302
	\$ 79,925,943	\$ 79,001,355
Total Assets		
LIABILITIES AND NET ASSETS		
LIABILITIES		
Grants and Other Payables	\$ 265,178	\$ 407,441
Accrued Liabilities	643,425	224,038
Assets Held on Donor's Behalf	1,360,680	1,354,330
Obligations of Split-Interest Agreements	199,473	203,023
Life Estate Liability	3,800,513	3,859,552
Notes Payable	2,035,774	1,965,148
Bonds Payable, Net	2,731,831	2,834,031
Total Liabilities	11,036,874	10,847,563
NET ASSETS		
Board Designated	17,015,445	19,143,828
Unrestricted	5,369,865	3,556,703
Total Unrestricted	22,385,310	22,700,531
Temporarily Restricted	14,895,252	15,065,545
Permanently Restricted	31,608,507	30,387,716
Total Net Assets	68,889,069	68,153,792
Total Liabilities and Net Assets	\$ 79,925,943	\$ 79,001,355

See accompanying Notes to Consolidated Financial Statements.

**SOUTHWEST INITIATIVE FOUNDATION
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2015**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
REVENUE				
McKnight Foundation Grants	\$ 1,000,000	\$ 100,000	\$ 200,000	\$ 1,300,000
Other Grants	-	391,417	-	391,417
Contributions	-	398,607	880,811	1,279,418
Pledge Write Offs	-	(2,500)	(9,500)	(12,000)
Investment Income	1,015,467	354,379	-	1,369,846
Loss on Sale of Assets	(910)	-	-	(910)
Loan Interest Income	-	361,784	-	361,784
Rental Income	86,653	17,782	-	104,435
Change in Split Interest Agreement	-	-	56,566	56,566
Miscellaneous Income	16,179	204,208	23,805	244,192
Subtotal Revenue	<u>2,117,389</u>	<u>1,825,677</u>	<u>1,151,682</u>	<u>5,094,748</u>
Net Assets Released from Restrictions and Transfers	<u>1,926,861</u>	<u>(1,995,970)</u>	<u>69,109</u>	<u>-</u>
Total Revenue	<u>4,044,250</u>	<u>(170,293)</u>	<u>1,220,791</u>	<u>5,094,748</u>
EXPENSE				
Program Expenses:				
Grant Programs	817,263	-	-	817,263
Economic Development Programs	1,325,326	-	-	1,325,326
Component Funds	457,891	-	-	457,891
Affiliate Funds	592,144	-	-	592,144
Total Program Expenses	<u>3,192,624</u>	<u>-</u>	<u>-</u>	<u>3,192,624</u>
General and Administrative	599,904	-	-	599,904
Fund Development	566,943	-	-	566,943
Total Expense	<u>4,359,471</u>	<u>-</u>	<u>-</u>	<u>4,359,471</u>
CHANGE IN NET ASSETS	(315,221)	(170,293)	1,220,791	735,277
Net Assets - Beginning of Year	<u>22,700,531</u>	<u>15,065,545</u>	<u>30,387,716</u>	<u>68,153,792</u>
NET ASSETS - END OF YEAR	<u>\$ 22,385,310</u>	<u>\$ 14,895,252</u>	<u>\$ 31,608,507</u>	<u>\$ 68,889,069</u>

See accompanying Notes to Consolidated Financial Statements.

**SOUTHWEST INITIATIVE FOUNDATION
CONSOLIDATED STATEMENTS OF ACTIVITIES
YEAR ENDED JUNE 30, 2014**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
REVENUE				
McKnight Foundation Grants	\$ 1,000,000	\$ 90,000	\$ 200,000	\$ 1,290,000
Other Grants	-	518,123	-	518,123
Contributions	-	719,654	1,662,612	2,382,266
Pledge Write Offs	-	(27,000)	(1,000)	(28,000)
Investment Income	5,318,013	1,663,818	-	6,981,831
Loan Interest Income	-	377,304	-	377,304
Rental Income	74,638	218,701	-	293,339
Change in Split Interest Agreement	-	-	44,724	44,724
Miscellaneous Income	15,591	126,150	1,210	142,951
Subtotal Revenue	<u>6,408,242</u>	<u>3,686,750</u>	<u>1,907,546</u>	<u>12,002,538</u>
Net Assets Released from Restrictions and Transfers	<u>2,719,940</u>	<u>(2,693,370)</u>	<u>(26,570)</u>	<u>-</u>
Total Revenue	<u>9,128,182</u>	<u>993,380</u>	<u>1,880,976</u>	<u>12,002,538</u>
EXPENSE				
Program Expenses:				
Grant Programs	851,535	-	-	851,535
Economic Development Programs	1,717,819	-	-	1,717,819
Component Funds	586,562	-	-	586,562
Affiliate Funds	531,340	-	-	531,340
Total Program Expenses	<u>3,687,256</u>	<u>-</u>	<u>-</u>	<u>3,687,256</u>
General and Administrative	574,635	-	-	574,635
Fund Development	583,090	-	-	583,090
Total Expense	<u>4,844,981</u>	<u>-</u>	<u>-</u>	<u>4,844,981</u>
CHANGE IN NET ASSETS	4,283,201	993,380	1,880,976	7,157,557
Net Assets - Beginning of Year	<u>18,417,330</u>	<u>14,072,165</u>	<u>28,506,740</u>	<u>60,996,235</u>
NET ASSETS - END OF YEAR	<u>\$ 22,700,531</u>	<u>\$ 15,065,545</u>	<u>\$ 30,387,716</u>	<u>\$ 68,153,792</u>

See accompanying Notes to Consolidated Financial Statements.

**SOUTHWEST INITIATIVE FOUNDATION
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2015**

	Program Expenses				Total Program	General and Administrative	Fund Development	Total
	Programs	Economic Development	Component Funds	Community Foundations				
Provision for Loan Losses	\$ -	\$ 211,523	\$ -	\$ -	\$ 211,523	\$ -	\$ -	\$ 211,523
Grants Made	230,872	104,600	346,011	508,839	1,190,322	-	-	1,190,322
Salaries	263,619	470,267	-	-	733,886	307,357	294,869	1,336,112
Payroll Taxes	19,114	34,145	-	-	53,259	22,081	21,032	96,372
Fringe Benefits	53,710	96,015	-	-	149,725	61,304	58,249	269,278
Staff Travel	26,094	54,037	-	-	80,131	26,263	17,168	123,562
Board Expense	-	-	-	-	-	56,960	-	56,960
Advisory Committee Expense	-	451	-	-	451	-	-	451
Staff and Board Development	3,850	4,710	-	-	8,560	8,067	3,827	20,454
Meetings	16,652	13,231	-	-	29,883	3,958	1,834	35,675
Contracted Services	9,508	17,902	25	-	27,435	12,523	13,241	53,199
Rent	346	585	-	-	931	400	362	1,693
Advertising	22,366	17,549	-	-	39,915	11,440	10,516	61,871
Printing	9,197	12,823	-	-	22,020	8,171	18,703	48,894
Telephone	6,019	10,134	-	-	16,153	3,485	4,146	23,784
Postage	4,302	7,158	-	-	11,460	4,730	7,419	23,609
Office Supplies	4,581	11,858	-	-	16,439	2,774	2,684	21,897
Subscriptions and Dues	2,713	8,948	-	-	11,661	6,268	865	18,794
Professional Fees	43,775	95,659	-	-	139,434	124,082	16,239	279,755
Insurance	5,432	7,983	-	-	13,415	5,898	5,388	24,701
Repairs and Maintenance	1,414	2,857	-	-	4,271	1,451	1,334	7,056
Depreciation/Amortization	23,748	39,281	-	-	63,029	26,056	23,768	112,853
Public Relations	5,659	2,913	-	-	8,572	20,243	2,114	30,929
Strategic Planning	-	-	-	-	-	1,461	-	1,461
Utilities	8,261	16,330	-	-	24,591	8,755	8,004	41,350
Component Fund Fees	-	7,062	101,728	54,798	163,588	(163,588)	-	-
Interest Expense	32,381	67,555	-	-	99,936	25,599	32,212	157,747
Fundraising Costs	-	-	10,127	27,703	37,830	-	17,244	55,074
Website	9,716	9,223	-	-	18,939	4,679	5,725	29,343
Miscellaneous Expense	13,934	527	-	804	15,265	9,487	-	24,752
Total Expenses	\$ 817,263	\$ 1,325,326	\$ 457,891	\$ 592,144	\$ 3,192,624	\$ 599,904	\$ 566,943	\$ 4,359,471

See accompanying Notes to Consolidated Financial Statements.

**SOUTHWEST INITIATIVE FOUNDATION
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2014**

	Program Expenses				Total Program	General and Administrative	Fund Development	Total
	Programs	Economic Development	Component Funds	Affiliate Funds				
Provision for Loan Losses	\$ -	\$ 222,410	\$ -	\$ -	\$ 222,410	\$ -	\$ -	\$ 222,410
Grants Made	216,643	118,197	488,010	441,495	1,264,345	-	-	1,264,345
Salaries	236,081	473,234	-	-	709,315	322,050	311,357	1,342,722
Payroll Taxes	16,634	33,948	-	-	50,582	23,743	21,760	96,085
Fringe Benefits	43,425	86,908	-	-	130,333	56,901	57,930	245,164
Staff Travel	23,406	76,467	-	-	99,873	21,878	12,987	134,738
Board Expense	-	-	-	-	-	26,507	-	26,507
Advisory Committee Expense	-	1,595	-	-	1,595	-	-	1,595
Staff and Board Development	2,299	8,528	-	-	10,827	13,393	1,246	25,466
Meetings	20,429	13,368	-	-	33,797	(22)	708	34,483
Contracted Services	8,388	17,959	-	-	26,347	9,840	13,463	49,650
Rent	318	614	-	-	932	393	368	1,693
Advertising	11,334	21,856	-	-	33,190	13,650	12,715	59,555
Printing	6,198	11,908	-	-	18,106	8,317	15,680	42,103
Telephone	5,715	13,766	-	-	19,481	2,932	3,659	26,072
Postage	3,304	6,776	-	-	10,080	4,299	9,725	24,104
Office Supplies	2,749	10,951	-	-	13,700	2,921	3,371	19,992
Subscriptions and Dues	4,002	8,424	-	-	12,426	5,749	480	18,655
Professional Fees	56,036	314,389	-	-	370,425	88,059	16,036	474,520
Insurance	4,355	20,373	-	-	24,728	5,347	5,007	35,082
Repairs and Maintenance	477	7,933	-	-	8,410	596	552	9,558
Depreciation/Amortization	21,619	71,055	-	-	92,674	25,865	24,415	142,954
Public Relations	2,243	2,673	-	-	4,916	30,634	750	36,300
Strategic Planning	-	-	-	-	-	1,931	-	1,931
Utilities	6,832	44,118	-	-	50,950	8,602	8,042	67,594
Component Fund Fees	1,500	7,527	91,505	49,470	150,002	(150,002)	-	-
Interest Expense	29,000	74,840	-	-	103,840	35,557	33,285	172,682
Fundraising Costs	-	-	6,885	19,128	26,013	-	25,682	51,695
Website	5,492	8,166	-	-	13,658	2,554	3,872	20,084
Miscellaneous Expense	123,056	39,836	162	21,247	184,301	12,941	-	197,242
Total Expenses	\$ 851,535	\$ 1,717,819	\$ 586,562	\$ 531,340	\$ 3,687,256	\$ 574,635	\$ 583,090	\$ 4,844,981

See accompanying Notes to Consolidated Financial Statements.

**SOUTHWEST INITIATIVE FOUNDATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2015 AND 2014**

	2015	2014
CASH FLOW FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 735,277	\$ 7,157,557
Adjustments to Reconcile Change in Net Assets to Net Cash Used by Operating Activities:		
Depreciation and Amortization	112,853	142,954
Amortization of Discount on Bonds Payable	2,800	2,800
Loss on Sale of Fixed Assets	910	-
Net Unrealized Loss (Gain) on Investments	833,304	(5,176,240)
Realized Gain on Sale of Investments	(1,546,134)	(1,172,144)
Gain on Sale of Assets Held for Sale	(109,580)	-
Loan Loss Provision	211,523	222,410
Change in Value of Life Estate Liability	(60,116)	(44,724)
Contributions Restricted for Endowment Funds	(1,080,811)	(1,862,612)
(Increase) Decrease in:		
Restricted Cash	(73,052)	(485,464)
Pledges Receivable	24,796	106,933
Other Receivables	33,018	(86,874)
Prepaid Expenses	6,840	(3,608)
Increase (Decrease) in:		
Grants and Other Payables	(132,007)	(8,344)
Accrued Liabilities	447,389	(33,610)
Net Cash Used by Operating Activities	(592,990)	(1,240,966)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments on Loan Receivables	1,393,487	1,808,565
Issuance of Loan Receivables	(2,596,339)	(3,209,192)
Proceeds from Sale of Investments	35,083,026	44,797,641
Purchase of Investments	(36,927,100)	(44,204,093)
Purchase of Property and Equipment	(94,408)	(25,449)
Proceeds from Sale of Property and Equipment	-	11,000
Proceeds from Sale of Assets Held for Sale	1,688,185	-
Change in Assets Held on Donor's Behalf	6,350	139,919
Net Cash Used by Investing Activities	(1,446,799)	(681,609)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Long-Term Debt	500,000	675,000
Principal Payments on Long-Term Debt	(429,374)	(157,607)
Principal Payments on Bonds Payable	(105,000)	(100,000)
Principal Payments on Capital Lease	(10,256)	(9,729)
Contribution to Split interest Agreement	-	17,006
Contributions to Permanently Restricted Endowment Funds	1,062,311	2,370,463
Net Cash Provided by Financing Activities	1,017,681	2,795,133
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,022,108)	872,558
Cash and Cash Equivalents - Beginning of Year	1,317,548	444,990
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 295,440	\$ 1,317,548
SUPPLEMENTAL DISCLOSURES		
Cash Paid for Interest	\$ 163,422	\$ 167,749

See accompanying Notes to Consolidated Financial Statements.