

SOUTHWEST INITIATIVE FOUNDATION
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2013 AND 2012

	2013	2012
ASSETS		
Cash and Cash Equivalents	\$ 444,990	\$ 737,236
Restricted Cash	788,823	487,757
Loans Receivable, Net of Allowance for Doubtful Accounts	4,909,219	5,963,224
Pledges Receivable	261,702	308,635
Other Receivables	137,270	116,369
Due from McKnight Foundation	53,000	200,000
Prepaid Expenses	16,683	20,959
Investments	59,794,845	52,643,228
Assets Held for Sale	1,606,607	1,606,607
Property and Equipment, Net	2,673,831	2,716,411
Bond Issuance Fees, Net of Accumulated Amortization	39,557	41,811
Total Assets	\$ 70,726,527	\$ 64,842,237
LIABILITIES AND NET ASSETS		
LIABILITIES		
Grants and Other Payables	\$ 425,514	\$ 171,502
Accrued Liabilities	257,648	192,230
Assets Held on Donor's Behalf	1,214,411	814,682
Obligations of Split-Interest Agreements	186,017	-
Life Estate Liability	3,267,716	2,690,230
Notes Payable	1,447,755	1,170,981
Bonds Payable, Net	2,931,231	3,023,431
Total Liabilities	9,730,292	8,063,056
NET ASSETS		
Board Designated	15,304,252	13,371,968
Unrestricted	3,113,078	3,010,808
Total Unrestricted	18,417,330	16,382,776
Temporarily Restricted	14,072,165	13,429,384
Permanently Restricted	28,506,740	26,967,021
Total Net Assets	60,996,235	56,779,181
Total Liabilities and Net Assets	\$ 70,726,527	\$ 64,842,237

See accompanying Notes to Consolidated Financial Statements.

**SOUTHWEST INITIATIVE FOUNDATION
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2013**

	2013			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
REVENUE				
McKnight Foundation Grants	\$ 1,000,000	\$ 50,000	\$ 200,000	\$ 1,250,000
Other Grants	-	358,170	-	358,170
Contributions	-	804,260	1,387,419	2,191,679
Pledge Write-Offs	-	-	(1,500)	(1,500)
Investment Income	3,337,908	970,601	-	4,308,509
Loan Interest Income	-	383,341	-	383,341
Rental Income	62,993	216,757	-	279,750
Change in Split Interest Agreement	-	-	28,181	28,181
Miscellaneous Income	16,468	111,953	1,229	129,650
Subtotal Revenue	<u>4,417,369</u>	<u>2,895,082</u>	<u>1,615,329</u>	<u>8,927,780</u>
Net Assets Released from Restrictions and Transfers	<u>2,327,911</u>	<u>(2,252,301)</u>	<u>(75,610)</u>	<u>-</u>
Total Revenue	<u>6,745,280</u>	<u>642,781</u>	<u>1,539,719</u>	<u>8,927,780</u>
EXPENSE				
Program Expenses:				
Grant Programs	1,001,092	-	-	1,001,092
Economic Advancement Programs	1,482,619	-	-	1,482,619
Component Funds	486,406	-	-	486,406
Community Foundations	603,700	-	-	603,700
Total Program Expenses	<u>3,573,817</u>	<u>-</u>	<u>-</u>	<u>3,573,817</u>
General and Administrative	616,375	-	-	616,375
Fund Development	520,534	-	-	520,534
Total Expense	<u>4,710,726</u>	<u>-</u>	<u>-</u>	<u>4,710,726</u>
CHANGE IN NET ASSETS	2,034,554	642,781	1,539,719	4,217,054
Net Assets - Beginning of Year	<u>16,382,776</u>	<u>13,429,384</u>	<u>26,967,021</u>	<u>56,779,181</u>
NET ASSETS - END OF YEAR	<u><u>\$ 18,417,330</u></u>	<u><u>\$ 14,072,165</u></u>	<u><u>\$ 28,506,740</u></u>	<u><u>\$ 60,996,235</u></u>

See accompanying Notes to Consolidated Financial Statements.

**SOUTHWEST INITIATIVE FOUNDATION
CONSOLIDATED STATEMENTS OF ACTIVITIES
YEAR ENDED JUNE 30, 2012**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUE				
McKnight Foundation Grants	\$ 1,000,000	\$ -	\$ 200,000	\$ 1,200,000
Other Grants	-	338,731	-	338,731
Contributions	5,990	736,031	1,702,891	2,444,912
Pledge Write-Offs	-	-	(7,459)	(7,459)
Investment Income	360,803	218,872	-	579,675
Loss on Sale of Assets	(4,698)	-	-	(4,698)
Loan Interest Income	-	415,514	-	415,514
Rental Income	57,711	216,781	-	274,492
Change in Split Interest Agreement	-	-	53,737	53,737
Miscellaneous Income	10,443	131,543	10,021	152,007
Subtotal Revenue	<u>1,430,249</u>	<u>2,057,472</u>	<u>1,959,190</u>	<u>5,446,911</u>
Net Assets Released from Restrictions and Transfers	<u>2,632,533</u>	<u>(2,400,859)</u>	<u>(231,674)</u>	<u>-</u>
Total Revenue	<u>4,062,782</u>	<u>(343,387)</u>	<u>1,727,516</u>	<u>5,446,911</u>
EXPENSE				
Program Expenses:				
Grant Programs	779,690	-	-	779,690
Economic Advancement Programs	1,290,168	-	-	1,290,168
Component Funds	731,416	-	-	731,416
Community Foundations	517,324	-	-	517,324
Total Program Expenses	<u>3,318,598</u>	<u>-</u>	<u>-</u>	<u>3,318,598</u>
General and Administrative	473,697	-	-	473,697
Fund Development	503,063	-	-	503,063
Total Expense	<u>4,295,358</u>	<u>-</u>	<u>-</u>	<u>4,295,358</u>
CHANGE IN NET ASSETS	(232,576)	(343,387)	1,727,516	1,151,553
Net Assets - Beginning of Year	<u>16,615,352</u>	<u>13,772,771</u>	<u>25,239,505</u>	<u>55,627,628</u>
NET ASSETS - END OF YEAR	<u>\$ 16,382,776</u>	<u>\$ 13,429,384</u>	<u>\$ 26,967,021</u>	<u>\$ 56,779,181</u>

See accompanying Notes to Consolidated Financial Statements.

SOUTHWEST INITIATIVE FOUNDATION
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2013

	2013 Program Expenses				Total Program	General and Administrative	Fund Development	Total
	Programs	Economic Development	Component Funds	Community Foundations				
Provision for Loan Losses	\$ -	\$ (45,991)	\$ -	\$ -	\$ (45,991)	\$ -	\$ -	\$ (45,991)
Grants Made	272,219	203,909	396,809	522,100	1,395,037	-	-	1,395,037
Salaries	309,212	532,453	-	-	841,665	287,690	262,946	1,392,301
Payroll Taxes	21,980	37,762	-	-	59,742	20,364	18,624	98,730
Fringe Benefits	62,434	106,112	-	-	168,546	54,207	51,859	274,612
Staff Travel	27,060	77,658	-	-	104,718	28,564	22,783	156,065
Board Expense	-	-	-	-	-	53,658	-	53,658
Advisory Committee Expense	-	913	-	-	913	-	-	913
Staff and Board Development	2,498	12,399	-	-	14,897	27,400	3,830	46,127
Meetings	25,267	30,162	-	-	55,429	227	345	56,001
Contracted Services	12,738	20,830	-	-	33,568	11,839	10,124	55,531
Rent	360	631	-	-	991	398	304	1,693
Advertising	8,850	13,147	-	-	21,997	7,222	5,523	34,742
Printing	10,623	18,830	-	-	29,453	12,215	21,226	62,894
Telephone	8,077	15,392	-	-	23,469	3,675	3,563	30,707
Postage	4,717	8,042	-	-	12,759	4,927	11,715	29,401
Office Supplies	6,325	15,495	-	-	21,820	4,983	4,352	31,155
Subscriptions and Dues	5,263	5,528	-	-	10,791	4,770	255	15,816
Professional Fees	73,350	151,645	-	103	225,098	61,485	17,125	303,708
Insurance	4,919	17,784	-	-	22,703	5,269	3,939	31,911
Repairs and Maintenance	1,233	9,703	-	-	10,936	(1,528)	959	10,367
Depreciation/Amortization	30,023	52,278	-	-	82,301	33,326	24,915	140,542
Public Relations	6,261	3,118	-	-	9,379	62,782	-	72,161
Strategic Planning	-	-	-	-	-	2,080	-	2,080
Utilities	6,484	46,321	-	-	52,805	9,705	5,194	67,704
Component Fund Fees	-	8,503	76,367	44,736	129,606	(137,216)	-	(7,610)
Interest Expense	33,061	73,799	-	-	106,860	35,565	26,810	169,235
Fundraising Costs	-	-	13,230	35,930	49,160	-	9,955	59,115
Website	11,779	19,492	-	-	31,271	12,026	11,688	54,985
Miscellaneous Expense	56,359	46,704	-	831	103,894	10,742	2,500	117,136
Total Expenses	\$ 1,001,092	\$ 1,482,619	\$ 486,406	\$ 603,700	\$ 3,573,817	\$ 616,375	\$ 520,534	\$ 4,710,726

See accompanying Notes to Consolidated Financial Statements.

**SOUTHWEST INITIATIVE FOUNDATION
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2012**

	2012 Program Expenses				Total Program	General and Administrative	Fund Development	Total
	Programs	Economic Development	Component Funds	Community Foundations				
Provision for Loan Losses	\$ -	\$ (233,858)	\$ -	\$ -	\$ (233,858)	\$ -	\$ -	\$ (233,858)
Grants Made	184,862	89,898	642,565	477,837	1,395,162	-	-	1,395,162
Salaries	293,937	569,131	-	-	863,068	236,223	235,411	1,334,702
Payroll Taxes	20,813	40,288	-	-	61,101	16,744	16,722	94,567
Fringe Benefits	57,444	111,209	-	-	168,653	61,009	46,732	276,394
Staff Travel	33,670	97,048	-	-	130,718	33,967	10,735	175,420
Board Expense	-	-	-	-	-	28,022	-	28,022
Advisory Committee Expense	-	692	-	-	692	-	-	692
Staff and Board Development	2,607	26,003	-	-	28,610	17,752	4,059	50,421
Meetings	23,716	19,413	-	-	43,129	136	500	43,765
Contracted Services	8,065	30,121	-	-	38,186	9,309	11,821	59,316
Rent	340	699	-	-	1,039	372	282	1,693
Advertising	2,634	7,082	-	-	9,716	2,957	2,630	15,303
Printing	7,497	14,895	-	-	22,392	8,009	12,342	42,743
Telephone	6,219	17,076	-	-	23,295	3,239	3,815	30,349
Postage	2,968	5,946	-	-	8,914	3,203	6,218	18,335
Office Supplies	7,503	20,499	-	-	28,002	4,807	3,940	36,749
Subscriptions and Dues	1,930	5,228	-	-	7,158	5,025	2,515	14,698
Professional Fees	55,055	146,990	194	964	203,203	53,956	14,127	271,286
Insurance	4,221	18,670	-	-	22,891	4,750	3,796	31,437
Repairs and Maintenance	-	9,455	-	-	9,455	4,323	-	13,778
Depreciation/Amortization	27,447	56,466	-	-	83,913	30,746	24,355	139,014
Public Relations	911	269	-	-	1,180	14,529	-	15,709
Strategic Planning	-	-	-	-	-	1,020	-	1,020
Utilities	5,789	42,625	-	-	48,414	6,539	5,263	60,216
Component Fund Fees	-	24,074	88,657	38,523	151,254	(143,645)	-	7,609
Interest Expense	31,302	127,849	-	-	159,151	35,196	28,089	222,436
Fundraising Costs	-	-	-	-	-	-	64,146	64,146
Website	22	15,135	-	-	15,157	22,249	3,065	40,471
Miscellaneous Expense	738	27,265	-	-	28,003	13,260	2,500	43,763
Total Expenses	\$ 779,690	\$ 1,290,168	\$ 731,416	\$ 517,324	\$ 3,318,598	\$ 473,697	\$ 503,063	\$ 4,295,358

See accompanying Notes to Consolidated Financial Statements.

**SOUTHWEST INITIATIVE FOUNDATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2013 AND 2012**

	2013	2012
CASH FLOW FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 4,217,054	\$ 1,151,553
Adjustments to Reconcile Change in Net Assets to Net Cash Used by Operating Activities:		
Depreciation and Amortization	140,542	139,014
Amortization of Discount on Bonds Payable	2,800	2,800
Loss on Sale of Fixed Assets	-	4,698
Net Unrealized (Gain) Loss on Investments	(3,025,516)	665,934
Realized Gain on Sale of Investments	(630,664)	(347,758)
Recovery of Loan Loss	(45,991)	(233,858)
Change in Value of Life Estate Liability	(28,181)	-
Contributions Restricted for Endowment Funds	(1,587,419)	(1,902,891)
(Increase) Decrease in:		
Restricted Cash	(301,066)	90,158
Pledges Receivable	46,933	80,223
Other Receivables	(20,901)	42,752
Prepaid Expenses	4,276	(12,152)
Increase (Decrease) in:		
Grants and Other Payables	211,094	42,516
Accrued Liabilities	65,418	26,131
Net Cash Used by Operating Activities	(951,621)	(250,880)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments on Loan Receivables	2,144,764	1,552,880
Issuance of Loan Receivables	(1,044,768)	(1,345,385)
Proceeds from Sale of Investments	36,047,553	35,490,948
Purchase of Investments	(39,542,990)	(34,829,516)
Purchase of Property and Equipment	(41,039)	(47,507)
Asset Held for Sale	-	(872)
Change in Assets Held on Donor's Behalf	399,729	56,837
Net Cash Provided (Used) by Investing Activities	(2,036,751)	877,385
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Long-Term Debt	537,000	300,000
Principal Payments on Long-Term Debt	(260,226)	(2,297,435)
Principal Payments on Bonds Payable	(95,000)	(90,000)
Principal Payments on Capital Lease	(11,751)	(5,642)
Contribution to Split interest Agreement	186,017	-
Contributions to Permanently Restricted Endowment Funds	2,340,086	1,448,372
Net Cash Provided (Used) by Financing Activities	2,696,126	(644,705)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(292,246)	(18,200)
Cash and Cash Equivalents - Beginning of Year	737,236	755,436
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 444,990	\$ 737,236
SUPPLEMENTAL DISCLOSURES		
Cash Paid for Interest	166,135	\$ 224,768
Donated Land held for Investment	\$ -	\$ 3,371,515
Equipment Purchased Through Capital Lease	\$ 54,669	\$ -

See accompanying Notes to Consolidated Financial Statements.