

**COMMUNITY FOUNDATION FOR  
SOUTHERN ARIZONA AND AFFILIATES**

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION  
Year ended June 30, 2003**

**INDEPENDENT AUDITORS' REPORT**

Board of Trustees  
Community Foundation for Southern Arizona and Affiliates  
Tucson, Arizona

We have audited the accompanying consolidated statements of financial position of Community Foundation for Southern Arizona and Affiliates as of June 30, 2003 and 2002 and the related consolidated statements of activities and cash flows for the year ended June 30, 2003. These consolidated financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We did not audit the financial statements of the Worth & Dot Howard Foundation, a supporting organization of Community Foundation for Southern Arizona, which statements reflect total assets of \$2,146,659 as of June 30, 2003, and total revenues of \$85,205 for the year then ended. Those statements were audited by another auditor whose report has been furnished to us, and our opinion insofar as it relates to the amounts included for the Worth & Dot Howard Foundation is based solely on the report of the other auditor. The prior-year summarized comparative information for the statement of activities has been derived from the Organization's June 30, 2002 financial statements and, in our report dated September 12, 2002, we expressed an unqualified opinion on those financial statements.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide 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 Community Foundation for Southern Arizona and Affiliates as of June 30, 2003 and 2002, and the changes in their net assets and their cash flows for the year ended June 30, 2003 in conformity with accounting principles generally accepted in the United States of America.

Our audit was made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The accompanying supplementary information is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, results of operations, and cash flows for individual entities. Such information has been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, is presented fairly, in all material respects, in relation to the basic consolidated financial statements taken as a whole.

*Devries, Carpenter & Associates, P.C.*

DEVRIES, CARPENTER & ASSOCIATES, P.C.

May 11, 2004

**COMMUNITY FOUNDATION FOR SOUTHERN ARIZONA AND AFFILIATES**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
June 30, 2003 and 2002

	<u>2003</u>	<u>2002</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 15,868,083	\$ 11,104,065
Investments - Note 3	47,515,924	54,841,187
Pledges receivable - Note 4	77,199	74,827
Notes receivable - Note 4	73,240	86,764
Grants and other receivables - Note 4	599,037	609,839
Property and equipment - Note 5	1,165,395	1,256,898
Other assets - Note 6	<u>259,810</u>	<u>282,236</u>
	<u>\$ 65,558,688</u>	<u>\$ 68,255,816</u>

**LIABILITIES AND NET ASSETS**

Liabilities:		
Accounts payable and accrued liabilities	\$ 505,178	\$ 393,321
Grants and distributions payable	209,330	346,518
Designated obligations - Note 7	2,939,359	3,246,731
Due to other agencies - Note 9	<u>2,160,544</u>	<u>2,176,263</u>
	5,814,411	6,162,833
Net assets:		
Unrestricted	46,746,563	50,190,011
Temporarily restricted - Note 11	2,093,057	2,444,588
Permanently restricted - Note 14	<u>10,904,657</u>	<u>9,458,384</u>
	<u>59,744,277</u>	<u>62,092,983</u>
	<u>\$ 65,558,688</u>	<u>\$ 68,255,816</u>

See Accompanying Notes.

**COMMUNITY FOUNDATION FOR SOUTHERN ARIZONA AND AFFILIATES**  
**CONSOLIDATED STATEMENT OF ACTIVITIES**

Year ended June 30, 2003  
(with comparative totals for the year ended June 30, 2002)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Totals 2003</u>	<u>2002</u>
Revenues and other support:					
Contributions and bequests	\$ 2,084,174	\$ 3,500	\$ 1,446,273	\$ 3,533,947	\$ 14,181,622
Interest and dividends	969,118	70,191		1,039,309	1,122,447
Programatic and administrative support	2,532,158			2,532,158	2,592,193
Other revenue	235,270			235,270	40,496
	<u>5,820,720</u>	<u>73,691</u>	<u>1,446,273</u>	<u>7,340,684</u>	<u>17,936,758</u>
Net assets released from restrictions	387,090	(387,090)		0	0
Total revenues and other support	<u>6,207,810</u>	<u>(313,399)</u>	<u>1,446,273</u>	<u>7,340,684</u>	<u>17,936,758</u>
Expenses - Note 8:					
Grants and distributions	4,386,856			4,386,856	3,860,147
Program sub-contracts	1,870,288			1,870,288	1,598,004
Salaries, wages and related expenses	1,286,997			1,286,997	1,291,380
Office expenses	522,724			522,724	289,615
Professional services	213,588			213,588	555,594
Promotion and development	50,543			50,543	141,895
Other expenses	152,802			152,802	105,300
	<u>8,483,798</u>	<u>0</u>	<u>0</u>	<u>8,483,798</u>	<u>7,841,935</u>
Increase (decrease) in net assets before net gain (loss) on investments	(2,275,988)	(313,399)	1,446,273	(1,143,114)	10,094,823
Net gain (loss) on investments:					
Realized gain (loss) on investment	544,372	(11,241)		533,131	(1,575,613)
Unrealized (loss) on investment	(1,922,524)	(24,953)		(1,947,477)	(1,988,882)
Change in value-split interest	210,692	(1,938)		208,754	(533,928)
	<u>(1,167,460)</u>	<u>(38,132)</u>	<u>0</u>	<u>(1,205,592)</u>	<u>(4,098,423)</u>
Increase (decrease) in net assets	(3,443,448)	(351,531)	1,446,273	(2,348,706)	5,996,400
Net assets, beginning of year, as restated - Note 15	<u>50,190,011</u>	<u>2,444,588</u>	<u>9,458,384</u>	<u>62,092,983</u>	<u>56,096,583</u>
Net assets, end of year	<u>\$ 46,746,563</u>	<u>\$ 2,093,057</u>	<u>\$ 10,904,657</u>	<u>\$ 59,744,277</u>	<u>\$ 62,092,983</u>

See Accompanying Notes.

**COMMUNITY FOUNDATION FOR SOUTHERN ARIZONA AND AFFILIATES**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
Year ended June 30, 2003

Cash flows from operating activities:	
(Decrease) in net assets	\$ (2,348,706)
Adjustments to reconcile change in net assets to net cash (used in) operating activities:	
Donation of fixed assets	(12,101)
Net realized (gain) on investments	(510,433)
Depreciation	76,425
Unrealized loss on investments	1,954,112
(Increase) decrease in operating assets:	
Receivables	(34,639)
Other assets	55,651
Increase (decrease) in operating liabilities:	
Accounts payable and accrued liabilities	122,709
Grants and distributions payable	(104,975)
Endowment designated obligations	(287,797)
Contributions restricted for long-term purposes	(1,446,273)
Net cash (used in) operating activities	<u>(2,536,027)</u>
 Cash flows from investing activities:	
Collections on notes receivables	13,524
Net proceeds from sales of investments	11,604,937
Net purchases of investments	(5,970,955)
Purchases of property and equipment	(6,044)
Net cash provided by investing activities	<u>5,641,462</u>
 Cash flows provided by financing activities -	
Contributions restricted for long-term purposes	1,446,273
 Cash flows provided by custodial activities -	
Increase in agency funds	<u>212,310</u>
 Increase in cash and cash equivalents	4,764,018
 Cash and cash equivalents, beginning of year	<u>11,104,065</u>
 Cash and cash equivalents, end of year	<u><u>\$ 15,868,083</u></u>

No cash was paid for interest or income taxes during the year ended June 30, 2003

See Accompanying Notes.

# COMMUNITY FOUNDATION FOR SOUTHERN ARIZONA AND AFFILIATES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2003 and 2002

### NOTE 1 – Organization

The consolidated entity, Community Foundation for Southern Arizona (CFSA or the Foundation), was established in 1980 incorporated in the State of Arizona as a nonprofit corporation that promotes the work of civic, cultural and educational organizations in Southern Arizona by stimulating philanthropic resources.

The Foundation accepts, creates and manages donations, endowments and other charitable gifts for the purpose of providing grants and scholarships in the community. Donors frequently advise CFSA on the selection of projects and grantees. The Foundation also serves as trustee for charitable trusts and fiscal agent for public monies targeting health issues, job training and community development.

The consolidated financial statements include the following:

The CFSA Pooled Income Fund is a fund established to maintain collective investments and reinvestment of property transferred to the fund. The donor creates a life income interest for one or more beneficiaries and contributes an irrevocable remainder interest to, or for, the use of the Foundation.

The CFSA Charitable Remainder Trusts are trusts whereby the individuals receive income from the trusts during their lifetime. Upon the donor's death, the assets will be transferred to CFSA's unrestricted fund unless further restricted by the donor.

#### Section 509(a)(3) Supporting Organizations:

A section 509(a)(3)-support organization is an entity, which achieves tax-exempt charitable organization status by having a close relationship with a public charity. Having a majority of its Board of Directors in common with the public charity and having common charitable purposes and goals generally accomplish this. The supporting organizations include:

The Melody S. Robidoux Foundation allocates its resources towards grants to qualified religious, charitable, scientific, and educational organizations.

The William E. Hall Foundation supports grants to programs for children.

The Amazon Foundation supports grants to organizations and projects that are supportive of women's issues. The Amazon Foundation ended operations in October 2002.

The I Have A Dream Foundation of Tucson provides scholarships to students of economically disadvantaged families for college and vocational schools.

CFSA Properties, Inc. supports the purposes of CFSA by providing management of the Foundation's real property.

The Thomas R. Brown Family Foundation supports the purposes of CFSA through grants to qualified religious, charitable, scientific, and educational organizations.

The Women's Foundation of Southern Arizona supports the purposes of CFSA through grants to organizations and projects supportive of women's issues.

The Knisely Family Foundation, Inc. supports the purposes of CFSA through grants to qualified religious, charitable, scientific and educational organizations.

## COMMUNITY FOUNDATION FOR SOUTHERN ARIZONA AND AFFILIATES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued

June 30, 2003 and 2002

#### **NOTE 1 – Organization** - continued

The Worth and Dot Howard Foundation supports grants to qualified high school students to pursue higher education.

The John W. Madden and Barbara Joann Darrall Foundation promotes the preserving and restoring wildlife habitats primarily in and around the Sonoran desert, and includes educational activities.

#### **NOTE 2 – Summary of significant accounting policies**

##### *Principles of consolidation*

The accompanying consolidated financial statements include the accounts of the Community Foundation for Southern Arizona and its affiliates. Each of the entities maintains their own net assets. Inter-company transactions and balances have been eliminated in consolidation.

##### *Use of estimates in preparing consolidated financial statements*

The preparation of consolidated financial statements in conformity with 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

##### *Cash and cash equivalents*

For purposes of the statement of cash flows, the Foundation considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents. All entities maintain cash in bank deposit accounts which, for short periods of time, may exceed federally insured limits.

##### *Investments*

All investments are stated at the fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets section in the accompanying statement of activities.

The Foundation maintains pooled investment accounts. Realized and unrealized gains and losses from investments in the pooled accounts are allocated to the individual funds based on the relationship of the fair value of each fund to the total fair value of the pooled investment accounts, as adjusted for additions to or deductions from those accounts.

##### *Receivables*

Pledges (or unconditional promises to give) are recognized as revenues in the period received and as assets, decrease of liabilities, or expenses depending on the form of the benefits received. Such pledges are recorded at their present value calculated over the time period the commitment is for and recognized as contribution revenue as the present value increases. An allowance for doubtful pledges is not maintained. Conditional pledges are recognized when the conditions on which they depend are substantially met. The Foundation has been notified of numerous conditional pledges, which could not be reasonably valued at year-end.

##### *Other assets*

Other assets consist of life insurance policies and art objects, which were valued at the fair value on the date of donation and adjusted annually.



**COMMUNITY FOUNDATION FOR SOUTHERN ARIZONA AND AFFILIATES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued**

June 30, 2003 and 2002

**NOTE 2 – Summary of significant accounting policies – continued**

*Property, equipment, and accumulated depreciation*

Property and equipment are stated at cost, if purchased, or if donated, at fair value at the date of donation. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets. Land improvements are depreciated over five to ten years, buildings over ten to forty years, equipment over five to eight years and furniture over five to ten years. Capitalization policies vary among CFSA, affiliates and supporting organizations but the general policy is to capitalize any property or equipment with a useful life of greater than one year and costs greater than \$1,000.

*Accounts payable and accrued liabilities*

Accounts payable and accrued liabilities represent amounts owed by CFSA that are not yet disbursed.

*Grants and distributions payable*

Grants and distributions payable represent support grants pledged by CFSA to recipient organizations, which are not yet disbursed.

*Designated obligations*

The Foundation or trustees manage assets contributed to the Pooled Income Fund and other charitable remainder trusts, under which the Foundation is the irrevocable remainderman. They are restricted as to use until the death of the designated income beneficiaries. Upon the death of the income beneficiaries, the assets of each of these entities will be distributed to certain charities or to unrestricted funds of the Foundation, as dictated by the corresponding agreement. The present value of the expected obligations has been recorded as a designated obligation, and any year-to-year changes in that obligation will be reflected as contribution revenue by the Foundation.

*Due to other agencies*

CFSA manages funds for other nonprofit agencies in southern Arizona on a fee basis. These funds have rights to withdrawal and, therefore, a corresponding liability has been recorded.

*Interest income*

Interest income is allocated monthly within the Foundation, the Pooled Income Fund, and several trusts and supporting organizations participating in the CFSA investment pools. These allocations are based on the fair market value balances of the respective funds invested during the month.

*Contributions/restricted revenue*

Contributions that are restricted by the donor are reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.



# COMMUNITY FOUNDATION FOR SOUTHERN ARIZONA AND AFFILIATES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued

June 30, 2003 and 2002

### NOTE 2 - Summary of significant accounting policies - continued

#### *Donated services*

Donated goods and space are valued at their fair market value. Donated services are recognized in the financial statements at their fair market value if the following criteria are met:

- The services require specialized skills and the services are provided by individuals possessing those skills.
- The services would typically need to be purchased if not donated.

Although CFSA utilizes the services of many outside volunteers, the fair value of these services is not recognized in the accompanying financial statements since they do not meet the criteria for recognition under generally accepted accounting principles.

#### *Administrative allocation*

Charges for administrative and overhead expenses of CFSA are allocated against the resources of CFSA and its affiliates based on rates determined by the Board of Trustees or individual fund agreements. Management believes such rates do not exceed what is normally charged to funds by community foundations nationwide.

#### *Income taxes*

The Foundation is a nonprofit organization exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC). However, income from certain activities not directly related to the Foundation's tax-exempt purpose is subject to taxation as unrelated business income. In addition, the Foundation qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2). Supporting organizations are classified under Section 509(a)(3) of the Internal Revenue Code (IRC).

#### *Net assets*

Net assets are classified into one of three classes of net assets based on the existence or absence of donor-imposed restrictions that may be unrestricted, temporarily restricted and permanently restricted.

### NOTE 3 - Investments

Investments at June 30, 2003 and 2002 consisted of the following:

	2003	2002
U.S. treasury obligations	\$ 293,181	\$ 1,127,419
Agency obligations	716,628	3,300,313
Corporate bonds	3,796,208	4,944,693
Marketable securities	33,071,882	32,146,765
Investments in limited partnerships	9,606,805	13,290,777
Land held for sale	31,220	31,220
	<u>\$ 47,515,924</u>	<u>\$ 54,841,187</u>

Investment fees are reported in office expenses on the statement of activities. For the fiscal years ended June 30, 2003 and 2002, investment fees charged by outside investment managers was \$105,638 and \$47,886, respectively.

**COMMUNITY FOUNDATION FOR SOUTHERN ARIZONA AND AFFILIATES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued**

June 30, 2003 and 2002

**NOTE 3 – Investments – continued**

At June 30, 2003 and 2002, \$22,559,787 and \$28,927,619, respectively, of the total investments are invested and valued by each supporting organization's own investment policies and guidelines. Of the supporting organizations' total investments, \$9,600,507 and \$11,633,163, respectively, of limited partnerships are held and managed by one supporting organization. Underlying investment companies' independent audit reports were used to support the market value.

At June 30, 2003 and 2002, \$10,904,657 and \$9,458,384, respectively, of the above investments were permanently restricted for the endowment net assets and, as such, were unavailable for operations.

**NOTE 4 - Receivables**

Pledges receivable - CFSA and its affiliates have received unconditional promises to give or pledges. The consolidated balances as June 30, 2003 and 2002 were \$77,199 and \$74,827, respectively, which are due in less than one year.

Notes receivable - At June 30, 2003, CFSA's notes receivable consisted of:

	<u>2003</u>	<u>2002</u>
Note receivable, bearing interest at 8% per annum, due in monthly installments of \$621, including interest through February 2012	\$ 50,366	\$ 53,645
Note receivable, bearing interest at 9% per annum, due in monthly installments of \$6,500, including interest through January 2005	<u>22,874</u>	<u>33,119</u>
	<u>\$ 73,240</u>	<u>\$ 86,764</u>

Future scheduled maturities of the notes are as follows:

Year ended June 30, 2004	\$ 26,449
2005	3,871
2006	4,193
2007	4,541
2008	4,918
Thereafter	<u>29,268</u>
	<u>\$ 73,240</u>

Grants and other receivables consisted of the following at June 30, 2003 and 2002:

	<u>2003</u>	<u>2002</u>
Federal grant receivable	\$ 479,343	\$ 511,603
Interest receivable	118,465	93,741
Fees receivable	<u>1,229</u>	<u>4,495</u>
	<u>\$ 599,037</u>	<u>\$ 609,839</u>

**COMMUNITY FOUNDATION FOR SOUTHERN ARIZONA AND AFFILIATES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued**

June 30, 2003 and 2002

**NOTE 5 – Property and equipment**

At June 30, 2003 and 2002, property, equipment and accumulated depreciation consisted of the following:

	2003	2002
Equipment and furniture	\$ 282,080	\$ 253,623
Buildings and improvements	854,305	836,950
Land	336,400	336,400
	<u>1,472,785</u>	<u>1,426,973</u>
Less accumulated depreciation	(307,390)	(170,075)
	<u>\$ 1,165,395</u>	<u>\$ 1,256,898</u>

**NOTE 6 – Other assets**

At June 30, 2003 and 2002, other assets consisted of the following:

	2003	2002
Prepaid and miscellaneous assets	\$ 10,414	\$ 5,309
Artwork	209,522	237,822
Split dollar life insurance policies	39,874	39,105
	<u>\$ 259,810</u>	<u>\$ 282,236</u>

**NOTE 7 – Designated obligations**

At June 30, 2003 and 2002, designated obligations consisted of the following:

	2003	2002
Charitable gift annuities	\$ 181,744	\$ 176,446
Unitrusts	398,823	443,427
Annuity trusts	1,111,362	1,146,349
Lead trusts	898,360	1,073,133
Charitable remainder trusts	349,070	407,376
	<u>\$ 2,939,359</u>	<u>\$ 3,246,731</u>

**NOTE 8 – Functional expenses**

Functional expenses at June 30, 2003 for the consolidated entity are as follows:

	CFSA with trusts and pooled income	Supporting organizations	Total
Program services	\$ 5,380,622	\$ 2,120,028	\$ 7,500,650
Development and public relations	90,953	39,454	130,407
Management and general	840,494	12,247	852,741
	<u>\$ 6,312,069</u>	<u>\$ 2,171,729</u>	<u>\$ 8,483,798</u>

**COMMUNITY FOUNDATION FOR SOUTHERN ARIZONA AND AFFILIATES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued**

June 30, 2003 and 2002

**NOTE 9 – Due to other agencies**

At June 30, 2003 and 2002, due to other agencies consisted of the following:

	2003	2002
Community Food Bank	\$ 19,199	\$ 18,923
Gerald Ferro memorial fund for Big Brothers	18,682	19,788
Greater Tucson Youth Leadership program	12,781	22,807
Guardianships of Southern Arizona	18,398	18,175
Eighty-Eight Crime fund	55,031	57,949
Sarah P. Hausman Endowment fund	184,572	194,831
Holslaw family fund	88,329	87,233
Holmes Tuttle memorial fund	122,960	129,797
Alice Y. Holsclaw YWCA fund	56,448	59,585
Junior League of Tucson	70,569	93,613
Junior League of Tucson fund	0	81,555
Claire B. Norton fund	159,612	160,720
Northwest Interfaith Center	23,829	25,090
Irish Famine Commemorative fund	125,696	102,787
One Hundred Club	98,238	97,986
Parent and Child Abuse	1,684	22,356
St. Andrew's Crippled Children	130,708	88,636
St. Andrew's Crippled Children matching	21,568	24,833
Tanque Verde Schools education enrichment	73,377	71,781
Tanque Verde education fine arts	54,426	58,282
Tucson Botanical Gardens	90,098	88,735
Tucson Music Teachers Association	25,071	26,266
Up with People	181,023	39,569
Volunteer Center	21,621	0
Patricia Acton pooled income fund	19,250	18,146
Sally Smith pooled income fund	250,853	243,160
Other funds	236,521	323,660
	<u>\$ 2,160,544</u>	<u>\$ 2,176,263</u>

**NOTE 10 – Subsequent events**

Effective January 1, 2004, the JobPath program became a separate entity. This resulted in the loss of funding from the City of Tucson and Pima County because the revenue is received by the new separate entity. In addition all employees of CFSA that worked on the JobPath program are now employees of the new entity.

In October 2003, the Board approved a new supporting organization called Sycamore Canyon Conservation Foundation. The corporate structure of this Foundation is not yet complete.

**COMMUNITY FOUNDATION FOR SOUTHERN ARIZONA AND AFFILIATES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued**

June 30, 2003 and 2002

**NOTE 11 - Temporarily restricted net assets**

Temporarily restricted net assets activity for the year ended June 30, 2003 was as follows:

	Beginning balance	Contributions/ investment income	Releases	Ending balance
Charles E. and Louise T. Davis family fund	\$ 46,312	\$ 1,026	\$ (578)	\$ 46,760
Degrazia Art & Cultural Foundation fund	59,545	1,349	(4,553)	56,341
Sharon Kent fund	0	74,689	(9,396)	65,293
Annetta Belinda Miller fund	57,099	1,288	(4,429)	53,958
Tennis for Tucson fund	52,124	1,514	(372)	53,266
Albert H. Cohn family fund	12,180	276	(1,074)	11,382
Diane Lynn Anderson memorial fund	14,005	377	(334)	14,048
Thomas-Davis fund	11,417	237	(1,190)	10,464
Kay Marilyn Kenton environmental fund	10,971	1,173	(1,002)	11,142
Gift annuities/charitable remainder trusts	1,958,405	(85,227)	(311,078)	1,562,100
Pooled income funds	102,009	15,511	(7,924)	109,596
Other funds	120,521	23,346	(45,160)	98,707
	<u>\$ 2,444,588</u>	<u>\$ 35,559</u>	<u>\$ (387,090)</u>	<u>\$ 2,093,057</u>

**NOTE 12 - Lease commitments**

CFSA has an operating lease for office space for its JobPath program through November 2004 and various equipment/space leases with varying expiration dates. The aggregate minimum future lease payments due are as follows:

Year ended June 30, 2004	\$ 25,608
2005	12,600
	<u>\$ 38,208</u>

Rental expense for the years ended June 30, 2003 and 2002 was as follows:

	2003	2002
CFSA - Job Path	\$ 41,449	\$ 38,086
Robidoux Foundation	13,997	13,590
Amazon Foundation and Women's Foundation	18,048	30,796
	<u>\$ 73,494</u>	<u>\$ 82,472</u>

**NOTE 13 - Prior year summarized information-reclassification**

The consolidated statement of activities includes 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 generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Foundation's consolidated financial statements for the year ended June 30, 2002, from which the information was derived. Additionally, certain 2002 amounts have been reclassified to conform to the 2003 presentation.

**COMMUNITY FOUNDATION FOR SOUTHERN ARIZONA AND AFFILIATES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued**

June 30, 2003 and 2002

**NOTE 14 – Permanently restricted net assets**

At June 30, 2003 and 2002, permanently restricted net assets consisted of the following:

	2003	2002
Administrative endowment fund	\$ 801,376	\$ 801,376
America-Israel friendship league	55,500	55,500
Mary Jane McIntosh Atwood scholarship fund	215,000	215,000
Roger & Mary Baxter scholarship fund	130,166	130,166
The Blessings fund	1,450,589	1,450,589
Bank of Tucson endowment	53,000	53,000
Herma B. Buerher fund	50,102	50,102
Buffalo Exchange fund for the arts	136,473	136,473
Capin endowed scholarship fund	70,000	70,000
Capin endowed scholarship matching fund	52,500	0
The Courtney Foundation for Orphans	289,837	289,837
Ralph and Mary Darling scholarship fund	324,130	323,730
The Sheryll Erchinger Milo memorial scholarship fund	75,000	75,000
The Sheryll Erchinger Milo memorial scholarship match fund	440,255	440,255
Theo Gebler scholarship fund	50,000	50,000
Igor Gorin memorial fund	222,604	222,354
Mary S. Gorin fund	175,928	175,928
Holly and Donald Hammonds family fund	456,012	456,012
Bill & Dorothy Harmsen Sr. fund	100,395	100,395
Holsclaw advisory endowment fund	301,270	301,270
David Kennard and Barbara Kennard Present fund	124,113	124,113
Sharon Kent endowment fund	980,559	0
The Love and Light fund	1,450,589	1,450,589
Margaret T. Morris children's fund	50,241	50,241
PRO neighborhoods endowment fund	404,745	327,328
Rosa Parks scholarship fund	74,921	54,763
The Stocker Foundation fund	175,100	152,100
Hugh and Allyn Thompson family fund	124,368	94,176
Tucson-Pima County library foundation fund	83,711	65,251
Unrestricted endowment fund	214,884	214,884
Boillard-Harkin family advised fund	60,887	60,887
Scholarship for a Better Future	554,532	424,532
Other funds	1,155,870	1,042,533
	<u>\$ 10,904,657</u>	<u>\$ 9,458,384</u>

**COMMUNITY FOUNDATION FOR SOUTHERN ARIZONA AND AFFILIATES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued**

June 30, 2003 and 2002

**NOTE 15- Prior period adjustment**

Net assets at June 30, 2002 have been restated as follows:

	<u>Unrestricted net assets</u>	<u>Temporarily restricted net assets</u>	<u>Permanently restricted net assets</u>	<u>Total</u>
Net assets at June 30, 2002, as originally reported	\$ 59,870,355	\$ 3,693,499	\$ 0	\$ 63,563,854
Reclassification of net assets	(8,572,837)	(885,547)	9,458,384	0
Overreporting of revenue		(363,364)		(363,364)
Reclassification to custodial liabilities	(1,107,507)			(1,107,507)
Net assets at June 30, 2002, as restated	<u>\$ 50,190,011</u>	<u>\$ 2,444,588</u>	<u>\$ 9,458,384</u>	<u>\$ 62,092,983</u>



## **SUPPLEMENTARY INFORMATION**

**COMMUNITY FOUNDATION FOR SOUTHERN ARIZONA AND AFFILIATES**  
**CONSOLIDATING STATEMENT OF FINANCIAL POSITION**

June 30, 2003

(with comparative totals for June 30, 2002)

	Community Foundation for Southern Arizona, Inc.	Pooled Income Fund	Gift Annuities/		Total without supporting organizations	Supporting organizations	Consolidating entries	Total with supporting organizations	
			Charitable Remainder Trusts					2003	2002
ASSETS									
Cash and cash equivalents	\$ 4,691,789	\$ 807,474	\$ 7,483	\$ 5,506,746	\$ 10,361,337	\$ 15,868,083	\$ 11,104,065		
Investments	20,185,920		4,967,024	25,152,944	22,591,007	47,515,924	54,841,187		
Pledges receivable	24,237			24,237	52,962	77,199	74,827		
Notes receivable	135,461			135,461		(62,221)	86,764		
Grants and other receivables	550,109	2,838	10,004	562,951	39,954	(3,868)	609,839		
Property and equipment	60,827			60,827	1,104,568	1,165,395	1,256,898		
Other assets	70,344			70,344	189,466	259,810	282,236		
	\$ 25,718,687	\$ 810,312	\$ 4,984,511	\$ 31,513,510	\$ 34,339,294	\$ (294,116)	\$ 65,558,688	\$ 68,255,816	

**LIABILITIES AND NET ASSETS**

Liabilities:

Accounts payable and accrued liabilities	\$ 549,027	\$ 12,838	\$ 561,865	\$ 9,402	\$ (66,089)	\$ 505,178	\$ 393,321
Grants and distributions payable	109,647	6,683	116,330	93,000		209,330	346,518
Designated obligations		349,070	2,939,359			2,939,359	3,246,731
Due to other agencies	2,388,571		2,388,571		(228,027)	2,160,544	2,176,263
	<u>3,047,245</u>	<u>355,753</u>	<u>2,603,127</u>	<u>102,402</u>	<u>(294,116)</u>	<u>5,814,411</u>	<u>6,162,833</u>
Net assets:							
Unrestricted	11,345,424	344,963	819,284	12,509,671	34,236,892	46,746,563	50,190,011
Temporarily restricted	421,361	109,596	1,562,100	2,093,057		2,093,057	2,444,588
Permanently restricted	10,904,657		10,904,657	10,904,657		10,904,657	9,458,384
	<u>22,671,442</u>	<u>454,559</u>	<u>2,381,384</u>	<u>34,236,892</u>	<u>0</u>	<u>59,744,277</u>	<u>62,092,983</u>
	<u>\$ 25,718,687</u>	<u>\$ 810,312</u>	<u>\$ 4,984,511</u>	<u>\$ 31,513,510</u>	<u>\$ (294,116)</u>	<u>\$ 65,558,688</u>	<u>\$ 68,255,816</u>

**COMMUNITY FOUNDATION FOR SOUTHERN ARIZONA AND AFFILIATES**  
**CONSOLIDATING STATEMENT OF ACTIVITIES**

Year ended June 30, 2003  
(with comparative totals for the year ended June 30, 2002)

	Community Foundation for So. Arizona, Inc	CFSA Pooled Income Fund	Gift Annuities/ Charitable Remainder Trusts	Total without supporting organizations	Supporting organizations	Consolidating entries	Total with supporting organizations
							2003
							2002
Revenues and other support:							
Contributions and bequests	\$ 2,951,899	\$ 51,540		\$ 3,003,439	\$ 608,508	\$ (78,000)	\$ 3,533,947
Interest and dividends	574,681	37,634	\$ 87,060	699,375	339,934		1,039,309
Programatic and administrative support	2,532,158			2,532,158			2,532,158
Fund management fees	383,713			383,713		(383,713)	0
Other revenue	124,138			124,138	111,132		235,270
Total revenues and other support	6,566,589	89,174	87,060	6,742,823	1,059,574	(461,713)	7,340,684
Expenses:							
Grants and distributions	2,358,096	157,595	143,842	2,659,533	1,805,323	(78,000)	4,386,856
Program sub-contracts	1,831,254			1,831,254	39,034		1,870,288
Salaries, wages and related expenses	937,743			937,743	349,254		1,286,997
Office expenses	293,370	2,304	16,671	312,345	227,612	(17,233)	522,724
Professional services	427,053	2,733	44,939	474,725	89,595	(350,732)	213,588
Promotion and development	47,932			47,932	2,611		50,543
Other expenses	48,537			48,537	120,013	(15,748)	152,802
	5,943,985	162,632	205,452	6,312,069	2,633,442	(461,713)	8,483,798
Increase (decrease) in net assets before net gain (loss) on investments	622,604	(73,458)	(118,392)	430,754	(1,573,868)	0	(1,143,114)
Net gain (loss) on investments:							
Realized gain (loss) on investment	(88,883)	(25,403)	(101,137)	(215,423)	748,554		533,131
Unrealized gain (loss) on investment	88,806	44,978	(47,302)	86,482	(2,033,959)		(1,947,477)
Transfers in (out)	382,232	(6,210)	(376,022)	0			0
Change in value-split interest		6,766	201,988	208,754			208,754
	382,155	20,131	(322,473)	79,813	(1,285,405)	0	(1,205,592)
Increase (decrease) in net assets	1,004,759	(53,327)	(440,865)	510,567	(2,859,273)	0	(2,348,706)
Net assets, beginning of year, as restated	21,666,683	507,886	2,822,249	24,996,818	37,096,165	0	62,092,983
Net assets, end of year	\$ 22,671,442	\$ 454,559	\$ 2,381,384	\$ 25,507,385	\$ 34,236,892	\$ 0	\$ 59,744,277
							\$ 62,092,983

**COMMUNITY FOUNDATION FOR SOUTHERN ARIZONA AND AFFILIATES**  
**CONSOLIDATING STATEMENT OF FINANCIAL POSITION - SUPPORTING ORGANIZATIONS**

Year ended June 30, 2003

(with comparative totals for June 30, 2002)

	Melody S. Robidoux Foundation	William E. Hall Foundation	Amazon Foundation	I Have A Dream Foundation of Tucson	CFSA Properties Inc.	Thomas R. Brown Family Foundation
<b>ASSETS</b>						
Cash and cash equivalents	\$ 1,001,864	\$ 855	\$	\$ 96,536		\$ 8,948,669
Investments	13,105,302	715,828		118,390	\$ 31,220	3,887,277
Pledge receivable						
Grants and other receivables	20,110			412	1,074,414	
Property and equipment	182,552			400		
Other assets						
	<u>\$ 14,309,828</u>	<u>\$ 716,683</u>	<u>\$ 0</u>	<u>\$ 215,738</u>	<u>\$ 1,105,634</u>	<u>\$ 12,835,946</u>

**LIABILITIES AND NET ASSETS**

<b>Liabilities:</b>						
Accounts payable and accrued liabilities		\$ 10,000			\$ 294	
Grants and distributions payable		<u>10,000</u>			<u>294</u>	
Unrestricted net assets	<u>\$ 14,309,828</u>	<u>706,683</u>		<u>\$ 215,738</u>	<u>1,105,340</u>	<u>\$ 12,835,946</u>
	<u>\$ 14,309,828</u>	<u>\$ 716,683</u>	<u>\$ 0</u>	<u>\$ 215,738</u>	<u>\$ 1,105,634</u>	<u>\$ 12,835,946</u>

## June 30, 2003

(with comparative totals for June 30, 2002)

## LIABILITIES AND NET ASSETS

**Liabilities:**

Accounts payable and accrued liabilities	\$ 3,004	\$ 6,104	\$ 9,402	\$ 23,797
Grants and distributions payable	3,004	83,000	93,000	85,000
		89,104	102,402	108,797
Unrestricted net assets	317,964	2,057,555	34,236,892	37,096,165
	320,968	2,146,659	34,339,294	37,204,962

**COMMUNITY FOUNDATION FOR SOUTHERN ARIZONA AND AFFILIATES**  
**CONSOLIDATING STATEMENT OF ACTIVITIES -SUPPORTING ORGANIZATIONS**

Year ended June 30, 2003

(with comparative totals for the year ended June 30, 2002)

	Melody S. Robidoux Foundation	William E. Hall Foundation	Amazon Foundation	I Have A Dream Foundation of Tucson	CFSA Properties Inc.	Thomas R. Brown Family Foundation
Revenue and other support:						
Contributions and bequests	\$ 12,611	\$ 22,573	\$ 63,200	\$ 122,483		\$ 129,367
Interest and dividends			112	592		
Other revenue				530		
Total revenues and other support	<u>12,611</u>	<u>22,573</u>	<u>63,312</u>	<u>123,605</u>		<u>129,367</u>
Expenses:						
Grants and distributions	594,701	46,400	70,198			890,000
Program sub-contracts				33,154		
Salaries, wages and related expenses	63,950		44,338	57,748		
Office expenses	51,031	2,887	40,624	9,202	\$ 284	7,092
Professional services	11,792	9,397	6,790	3,186		
Promotion and development				430		
Other expenses	<u>4,807</u>			<u>50</u>	<u>29,767</u>	
	<u>726,281</u>	<u>58,684</u>	<u>161,950</u>	<u>103,770</u>	<u>30,051</u>	<u>897,092</u>
Increase (decrease) in net assets before net gain (loss) on investments	(713,670)	(36,111)	(98,638)	19,835	(30,051)	(767,725)
Net gain (loss) on investments						
Realized gain (loss) on investment	1,148,017	(6,933)		(24,227)		(365,432)
Unrealized gain (loss) on investment	(1,274,385)	1,941		11,417		(726,765)
Transfers in (out)	<u>(126,368)</u>	<u>(4,992)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(1,092,197)</u>
Increase (decrease) in net assets	(840,038)	(41,103)	(98,638)	7,025	(30,051)	(1,859,922)
Net assets, beginning of year	<u>15,149,866</u>	<u>747,786</u>	<u>98,638</u>	<u>208,713</u>	<u>1,135,391</u>	<u>14,695,868</u>
Net assets, end of year	<u>\$ 14,309,828</u>	<u>\$ 706,683</u>	<u>\$ 0</u>	<u>\$ 215,738</u>	<u>\$ 1,105,340</u>	<u>\$ 12,835,946</u>

**COMMUNITY FOUNDATION FOR SOUTHERN ARIZONA AND AFFILIATES**  
**CONSOLIDATING STATEMENT OF ACTIVITIES -SUPPORTING ORGANIZATIONS - continued**  
Year ended June 30, 2003  
(with comparative totals for the year ended June 30, 2002)

	Women's Foundation of Southern Arizona	Knisely Family Foundation	Worth and Dot Howard Foundation	Madden/ Darrall Foundation	Total
					2003      2002
Revenue and other support:					
Contributions and bequests	\$ 326,826	\$ 76,869		\$ 19,130	\$ 608,508      \$ 8,367,559
Interest and dividends	3,790	85,684	\$ 85,205		339,934      328,950
Other revenue	110,602				111,132      3,685
Total revenues and other support	441,218	162,553	85,205	19,130	1,059,574      8,700,194
Expenses:					
Grants and distributions	71,524	48,000	84,500		1,805,323      1,417,447
Program sub-contracts	5,880				39,034      19,212
Salaries, wages and related expenses	131,785		51,433		349,254      445,634
Office expenses	89,552	20,017	6,179	744	227,612      313,952
Professional services	22,046	5,169	13,811	17,404	89,595      159,988
Promotion and development	2,181				2,611      89,705
Other expenses	70,126		15,263		120,013      57,007
	393,094	73,186	171,186	18,148	2,633,442      2,502,945
Increase (decrease) in net assets before net gain (loss) on investments	48,124	89,367	(85,981)	982	(1,573,868)      6,197,249
Net gain (loss) on investments					
Realized gain (loss) on investment	(1,658)	12,668	(13,881)		748,554      397,307
Unrealized gain (loss) on investment	(1,926)	79,286	(123,527)		(2,033,959)      (1,307,408)
Transfers in (out)					0      (3,515)
	(3,584)	91,954	(137,408)	0	(1,285,405)      (913,616)
Increase (decrease) in net assets	44,540	181,321	(223,389)	982	(2,859,273)      5,283,633
Net assets, beginning of year	273,424	2,505,535	2,280,944	0	37,096,165      31,812,532
Net assets, end of year	\$ 317,964	\$ 2,686,856	\$ 2,057,555	\$ 982	\$ 34,236,892      \$ 37,096,165