

SOUTHFIELD COMMUNITY FOUNDATION, INC.

FINANCIAL STATEMENTS

Years Ended June 30, 2004 and 2003

**SOUTHFIELD COMMUNITY FOUNDATION, INC.
FINANCIAL STATEMENTS**

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Southfield Community Foundation, Inc.
Southfield, Michigan

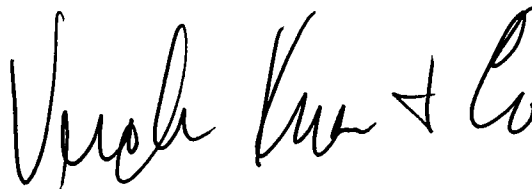
We have audited the accompanying Statements of Financial Position of Southfield Community Foundation, Inc. (a Non-Profit Organization) as of June 30, 2004 and 2003, and the related Statements of Activities and Cash Flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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 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 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 financial statements referred to above present fairly, in all material respects, the financial position of Southfield Community Foundation, Inc. as of June 30, 2004 and 2003 and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Southfield, Michigan

January 6, 2005

A handwritten signature in black ink, appearing to read "V. K. & Co.", is written over the printed name of the auditing firm.

SOUTHFIELD COMMUNITY FOUNDATION, INC.
STATEMENTS OF FINANCIAL POSITION
June 30, 2004 and 2003

ASSETS

	2004	2003
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 55,056	\$ 22,473
Investments	1,714,072	1,535,316
Prepaid Expense	7,425	5,000
Loan Receivable - Current Portion	6,248	3,124
Contributions Receivable	-0-	10,000
	1,782,801	1,575,913
TOTAL CURRENT ASSETS		
PROPERTY AND EQUIPMENT		
Computer Equipment	18,720	18,720
Vehicles	9,600	9,600
	28,320	28,320
Total Cost	28,320	28,320
Less: Accumulated Depreciation	25,944	20,282
	2,376	8,038
NET PROPERTY AND EQUIPMENT		
OTHER ASSETS		
Loan Receivable - Net of Current Portion	17,190	9,376
	17,190	9,376
TOTAL ASSETS	\$ 1,802,367	\$ 1,593,327

LIABILITIES AND NET ASSETS

	<u>2004</u>	<u>2003</u>
CURRENT LIABILITIES		
Accounts Payable	\$ -0-	\$ 3,556
Grants Payable	11,139	11,908
Agency Funds		
Pass - Through	48,597	44,262
Endowment	<u>150,000</u>	<u>150,000</u>
TOTAL CURRENT LIABILITIES	<u>209,736</u>	<u>209,726</u>
NET ASSETS		
Unrestricted		
Designated Endowment	1,663,685	1,511,924
Designated Expendable	9,869	13,644
Undesignated	<u>(80,923)</u>	<u>(141,967)</u>
TOTAL NET ASSETS	<u>1,592,631</u>	<u>1,383,601</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u><u>\$ 1,802,367</u></u>	 <u><u>\$ 1,593,327</u></u>

SOUTHFIELD COMMUNITY FOUNDATION, INC.
STATEMENTS OF ACTIVITIES
Years Ended June 30, 2004 and 2003

	2004	2003
REVENUES		
Contributions		
General Operating	\$ 60,379	\$ 55,174
Designated for Current Use	7,998	9,564
Designated for Endowment		
Southfield Emergency Services	7,487	3,217
Southfield Education Fund	1,592	2,410
Field of Interest Funds	26,861	1,526
Scholarship Funds	2,904	10,416
Other	2,028	3,487
Programs and Events		
Celebration of Diversity	38,500	56,000
Fundraising Events	52,045	39,500
Other Programs	1,600	3,110
Investment Income	178,136	132,365
	379,530	316,769
TOTAL REVENUES		
EXPENSES		
Program		
Grants	30,247	44,450
Celebration of Diversity	13,397	42,630
Community Service and Other	17,804	19,558
Supporting Services		
General and Administrative	72,622	67,209
Direct Donor Benefit Expense	20,871	26,924
Fundraising Activities	15,559	15,495
	170,500	216,266
TOTAL EXPENSES		
INCREASE IN UNRESTRICTED NET ASSETS	209,030	100,503
NET ASSETS, BEGINNING	1,383,601	1,283,098
NET ASSETS, ENDING	\$ 1,592,631	\$ 1,383,601

SOUTHFIELD COMMUNITY FOUNDATION, INC.
STATEMENTS OF CASH FLOWS
Years Ended June 30, 2004 and 2003

	2004	2003
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in Net Assets	\$ 209,030	\$ 100,503
Adjustments to Reconcile Increase in Net Assets to Net Cash Provided By Operating Activities:		
Depreciation	5,662	5,662
Realized and Unrealized (Gain) on Investments	(154,685)	(113,813)
Net (Increase) Decrease in:		
Contributions Receivable	10,000	-0-
Prepaid Expense	(2,425)	3,872
Loan Receivable	(10,938)	(12,500)
Net Increase (Decrease) in:		
Accounts Payable	(3,556)	(9,416)
Deferred Income	-0-	(2,500)
Grants Payable	(769)	(7,997)
Contributions Designated for Endowment	(40,872)	(30,130)
	<u>11,447</u>	<u>(66,319)</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Sales of Investments	683,106	330,297
Purchases of Investments	(707,177)	(348,849)
	<u>(24,071)</u>	<u>(18,552)</u>
NET CASH (USED IN) INVESTING ACTIVITIES		
CASH FLOWS FROM FINANCING ACTIVITIES		
Agency Endowment	4,335	13,434
Collection of Contributions Designated for Endowment Purposes	40,872	30,130
	<u>45,207</u>	<u>43,564</u>
NET CASH PROVIDED BY FINANCING ACTIVITIES		
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	32,583	(41,307)
BEGINNING	<u>22,473</u>	<u>63,780</u>
ENDING	<u>\$ 55,056</u>	<u>\$ 22,473</u>

SOUTHFIELD COMMUNITY FOUNDATION, INC.
STATEMENTS OF CASH FLOWS - (Continued)
Years Ended June 30, 2004 and 2003

	<u>2004</u>	<u>2003</u>
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SUPPLEMENTAL CASH FLOW DISCLOSURES

CASH PAID DURING THE YEAR FOR:

INTEREST	<u>\$ -0-</u>	<u>\$ -0-</u>
INCOME TAXES	<u>\$ -0-</u>	<u>\$ -0-</u>

SOUTHFIELD COMMUNITY FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2004 and 2003

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This Summary of Significant Accounting Policies of Southfield Community Foundation, Inc. (the Foundation) is presented to assist in understanding the Foundation's financial statements. The financial statements and notes are representations of the Foundation's management, who are responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

NATURE OF ACTIVITIES

The Foundation is a not-for-profit charity created in 1989 to maintain and enhance the quality of life in the City of Southfield by generating funding to build endowments for programs and services not traditionally financed by government. The Foundation raises donations from corporations and individuals and provides grants to community organizations in Southfield, with six focus areas: cultural arts, youth development, community livability, education, senior adults, and multiculturalism.

CASH EQUIVALENTS

The Foundation considers all short-term investments with an original maturity of three months or less to be cash equivalents.

INVESTMENTS

Investments in marketable equity securities with readily determinable fair values are stated at fair market value. Unrealized gains and losses are included in the change in net assets in the accompanying Statements of Activities.

PROPERTY AND EQUIPMENT

The various classes of Property and Equipment are carried at cost. Property and Equipment are depreciated over their estimated lives using the straight-line method, which is designed to amortize the cost of assets over their estimated useful lives. Total depreciation expense for the years ended June 30, 2004 and 2003 was \$5,662 and \$5,662, respectively.

GRANTS PAYABLE

Grants to third parties are recorded as expenses when approved by the Foundation's Board and are measured at the fair value of the resources promised. Unpaid grants are reported as grants payable.

CLASSIFICATION OF NET ASSETS

The bylaws of the Foundation include a Variance Provision and Powers of Modification, giving the Board of Trustees the power to modify donor imposed restrictions and conditions on the distribution of funds if, in its sole judgment and discretion, such restrictions or conditions become, in effect, unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community. Based on the variance power provisions, most contributions received by the Foundation are reported as unrestricted support. The Foundation further classifies its unrestricted net assets as follows:

SOUTHFIELD COMMUNITY FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2004 and 2003

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

CLASSIFICATION OF NET ASSETS - (Continued)

Designated Endowment - The designated endowment net asset class includes contributions received that the donor has designated as a permanent endowment, from which the Foundation's board permits only distributions (grants) of earnings, which may include appreciation as well as income.

Designated Expendable - The designated expendable net asset class includes donor designated funds, board designated funds and earnings on endowments that are available for future grant making.

The Foundation reports gifts and other assets as temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets and the gift is specifically excluded from the variance power provisions referred to above. When a donor's temporary restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

AGENCY ENDOWMENTS

Agency Endowments result from resources received from not-for-profit organizations for the purpose of establishing and building an endowment fund for the benefit of the contributing organization. Each endowment is governed by a fund agreement. Assets are managed along with other Foundation investments and distributions are made to the beneficiary organization from time to time, as approved by the Foundation Board.

CONTRIBUTIONS

Contributions of cash and other assets, including unconditional promises to give, are reported as revenue in the period the gift is received. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted support. Temporarily restricted contributions that are used according to donor restrictions in the same period as the contribution are recognized as temporarily restricted support and are reclassified as net assets released from restriction in the same period.

DONATED ASSETS

Donated marketable securities and other non-cash donations are recorded as contributions at their estimated fair values at the date of donation.

DONATED SERVICES

Donated services are recognized as contributions in accordance with SFAS No. 116, *Accounting for Contributions Received and Contributions Made*, if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization.

SOUTHFIELD COMMUNITY FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2004 and 2003

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

INCOME TAXES

The Foundation is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

USE OF ESTIMATES

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the report period. Actual results could differ from those estimates.

NOTE 2: CONTRIBUTIONS RECEIVABLE

Contributions Receivable are recognized as contribution revenue in the period promised. Contributions Receivable are recorded at net realizable value if expected to be collected in one year and at fair value if expected to be collected in more than one year. Contributions Receivable June 30, 2004 and 2003 were \$-0- and \$10,000, respectively.

NOTE 3: INVESTMENTS

Investments in marketable securities are reflected at fair value and consist of the following at June 30, 2004 and 2003:

	<u>2004</u>	<u>2003</u>
Money Market	\$ 83,387	\$ 151,603
Corporate Bonds	367,033	306,857
Equity Securities	1,151,428	961,166
Certificate of Deposit	<u>112,224</u>	<u>115,690</u>
Total	<u>\$ 1,714,072</u>	<u>\$ 1,535,316</u>

Investment return consists of the following:

	<u>2004</u>	<u>2003</u>
Investment Income	\$ 40,367	\$ 32,136
Investment Fees	(16,916)	(13,584)
Net Realized and Unrealized Gain on Investments	<u>154,685</u>	<u>113,813</u>
Total Investment Income	<u>\$ 178,136</u>	<u>\$ 132,365</u>

SOUTHFIELD COMMUNITY FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2004 and 2003

NOTE 4: LOAN RECEIVABLE

Loan Receivable at June 30, 2004 and 2003 consists of a non - interest bearing loan to an unrelated not-for- profit organization. The loan is receivable in quarterly installments of \$1,562. The outstanding balance at June 30, 2004 and 2003 was \$23,438 and \$12,500, respectively.

Future maturities of the Loan Receivable are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2005	\$ 6,248
2006	6,248
2007	6,248
2008	<u>4,694</u>
Total	<u>\$ 23,438</u>

NOTE 5: DESIGNATION OF NET ASSETS

The Designated Expendable Net Assets include donor - advised gifts not held for endowment. The Net Assets designated for permanent endowment includes the following:

	<u>2004</u>	<u>2003</u>
Millennium Fund	\$ 664,573	\$ 627,009
Youth Advisory Committee	544,216	480,067
Scholarship Funds:		
Gene Taylor Memorial Scholarship Fund	12,768	12,067
Memorial Scholarship Fund	13,944	12,588
Louise Ward Memorial Scholarship Fund	19,619	16,025
Other	1,083	985
Other Field of Interest Funds:		
Southfield Public Schools Education Fund	137,298	127,163
Mary Thompson Historic Preservation Fund	185,072	166,471
Southfield Emergency Services	25,870	17,084
Healthy Youth Healthy Seniors	11,545	10,500
Arts & Culture Fund	7,155	5,498
Other	2,287	1,355
Donor Advised Funds		
Mayor's Fund	15,974	14,983
Tony Spina Fund	6,289	5,584
Other	<u>15,992</u>	<u>14,545</u>
Total Endowment	<u>\$ 1,663,685</u>	<u>\$ 1,511,924</u>

SOUTHFIELD COMMUNITY FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2004 and 2003

NOTE 6: DONATED GOODS AND SERVICES

The estimated value of donated goods and services included as contributions in the financial statements are as follows:

	<u>2004</u>	<u>2003</u>
Office Rent	\$ 8,000	\$ 6,600
Website Hosting	1,000	1,000
High Speed Cable	-0-	600
Equipment Provided for Diversity Program	-0-	29,000
Lunches Provided for Diversity Program	<u>5,000</u>	<u>10,000</u>
Total Donated Goods and Services	<u>\$ 14,000</u>	<u>\$ 47,200</u>