



2003 - 2005

biennial report

the virginia g. piper charitable trust

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"For me, managing the stewardship of charitable giving is a moment-to-moment dignified responsibility of a truly high calling in human affairs and human relations."

Virginia G. Piper

Virginia G. Piper

With exceptional intelligence and grace, Virginia Galvin Piper committed herself to the challenge, reward and vocation of philanthropy, transforming the gift of a single life into an enduring humanitarian legacy. With profound generosity, she led others to realize and to act upon the greatness and charity within themselves.

Born on December 7, 1911, in Glen Ellyn, Illinois, Virginia Critchfield's exposure to solid Midwestern values laid the foundation for an intellectually vibrant personality, creatively gifted and genuinely interested in others. Although her philanthropic career began under the tutelage of her first husband, Paul V. Galvin, founder of Motorola, Virginia actively, and in her own right, rose to the responsibilities of stewardship. Following Paul Galvin's death in 1959, Virginia chose to retain her philanthropic duties, expanding her charitable commitments even further.

Upon moving to Paradise Valley in 1972, a place she and Paul frequently visited during his lifetime, she sought ways to benefit her newly adopted state. Although she eventually remarried, her husband Kenneth M. Piper, Vice President of Motorola, died suddenly in 1975 after only a few short years of marriage. For the remaining 24 years of her life, Virginia worked with matchless dedication, demonstrating a spirited passion for honest, unpretentious service. She actively visited sites, met with board members, asked astute questions, made informed decisions and managed a remarkably gracious, handwritten correspondence with countless individuals and organizations she helped to support.

Devotion to her Catholic faith, along with her own deeply principled, innately modest character, led to Virginia's ever-expanding support of philanthropy. Virtually no phase of human life was left untouched by her compassionate stewardship.

No one who had the privilege of knowing Virginia ever forgot her. She was smart, funny, elegant, quietly devoted to her faith and by extension, to the greater life of humanity. She loved gaiety, music and parties, yet worked ceaselessly and with quiet authority on countless charitable projects. Virginia wore her own life lightly so that she could better clothe others in the fabric of their dreams, ideals and goals. Her interior life, deeply reflective, led to an outward life of richly responsive, uplifting service to others. Through the establishment of The Virginia G. Piper Charitable Trust and the dedicated work of its trustees, Virginia's legacy thrives, illuminated by her signature spirit of intelligent stewardship graced by a noble heart.

*Melissa Pritchard, Professor of English and Women's Studies,
Department of English at Arizona State University,
is currently writing a biography of Virginia Piper.*



WHO WE ARE

The Virginia G. Piper Charitable Trust, a private foundation, is the legacy of Virginia Piper and officially began its work in 1999 with assets of nearly \$590 million. Mrs. Piper's commitment to her adopted community is reflected in The Trust's grantmaking focus on Maricopa County, one of the fastest-growing counties in the nation. Among the county's 28 communities is Phoenix, the nation's sixth largest city. This defined geographic focus enables the Trust to become engaged in the community as a grantmaker, civic partner, convener, problem solver and neighbor.

Following Virginia Piper's own philanthropic interests, the Trust invests in six areas to improve the quality of life of all residents of the community. These areas are healthcare and medical research, children, older adults, arts and culture, education and religious organizations. From 1999 to March 2005, the Trust awarded \$128,967,341 in grants.

Virginia Piper supported many nonprofit organizations dedicated to improving the quality of life for Maricopa County residents, and her legacy continues through the work of the trust she established. Pictured are Scottsdale Memorial Hospital Chairman of the Board Jack Huntress (left), Mrs. Piper and Dr. Arthur E. Nelson, president and CEO of Scottsdale Memorial Hospital, at the 1977 groundbreaking ceremony of the Kenneth Piper Family Health Center.

Cultivating a vision

A Message from the Board of Trustees

As trustees of The Virginia G. Piper Charitable Trust, we are delighted to reflect on the past two years of the Trust's development and describe our hopes for the Trust in the coming years. We remember Virginia Piper as a committed steward as she went about her own philanthropy, and her example now influences our sense of responsibility to the community the Trust serves. We know that this foundation has the opportunity to foster significant community change, and we are honored to play a role in the Valley's future.

The Trust has matured and grown since its inception in 1999. Six years ago we did not have a staff. Today the Trust is an organization of 14. When we began building the Trust, we worked in borrowed space. Today the Trust's office bristles with visitors and activity. We developed the grantmaking guidelines after listening to nonprofit leaders across the community, and today the Trust not only has defined areas of grantmaking but major initiatives in a variety of areas. These initiatives hold great promise for long-term improvement in the lives of the residents of Maricopa County.

As we undertake our review of grants, decide about investments and define strategies for the future, we reach our conclusions with two constants in mind: Is this a decision in keeping with Virginia's values? Is this a decision that will build a stronger, more nurturing and vibrant community? We trust that the grants described in this report reflect both of these considerations.

This biennial report traces important markers in the Trust's development. The milestones in governance over the past two years are especially significant. The four lifetime



trustees – James D. Bruner, Paul N. Critchfield, Arthur W. DeCabooter and Laura R. Grafman – determined that if the Trust is to reflect the breadth of issues, geography and diversity in Maricopa County, the board needed to expand. Through careful deliberations, three new trustees – Sharon Harper, José Cárdenas and Stephen Zabalski – have joined the board and offer new perspectives and valuable expertise.

Strategic collaborations with other foundations and larger-scale projects indicate significant shifts for the Trust. Grants that introduce national models and new research reflect our determination to bring best practices to the Valley. These are not actions that an individual philanthropist such as Virginia could have undertaken, but we know they are in keeping with her longstanding support of improved services, innovative research and community leadership.

The formative years of a foundation bring change and growth on a daily basis. The glimpses of future possibilities are ever-present. This is true of The Virginia G. Piper Charitable Trust and its potential for leadership in the future of the Valley. And we also believe this yet-to-be-realized potential marks our young community where first Virginia, and now the trustees and staff who carry on her legacy, have invested energy, resources and hope.

from left to right,
 Laura R. Grafman
 José A. Cárdenas
 James D. Bruner
 Stephen J. Zabalski
 Sharon C. Harper
 Paul N. Critchfield
 Arthur W. DeCabooter

HOW THE TRUST IS GOVERNED

The seven members of the board of trustees determine major policies of the Trust and approve all grants.

The board meets monthly. Additional board activities throughout the year include site visits, quarterly meetings with investment counselors and separate audit committee meetings.

Among other responsibilities, the trustees choose the president, approve the Trust's annual budget, maintain oversight of staff compensation, review proposed grants that staff recommends for funding or decline, and represent the Trust in public settings. The trustees and staff are guided by a code of ethics that is posted on the Trust's Web site.



JUDY JOLLEY MOHRAZ, Ph.D.
PRESIDENT & CEO

President's Message

Between the covers of this biennial report is one-third of the history of The Virginia G. Piper Charitable Trust. We are that young. Over the course of the past two years, we have had the opportunity to support 281 organizations, principally in Maricopa County, through 531 grants totaling \$59,638,058.

Those numbers trace only one facet of the Trust's development, just as marking the height of children on kitchen walls is only one measurement of growth. Other indicators of the Trust's maturity include emerging patterns of collaboration with other foundations, an openness to public-private partnerships and the willingness to invest in new models. The Trust has begun to initiate Valleywide projects through large-scale initiatives at the same time that we continue Virginia Piper's tradition of supporting individual nonprofits.

You will read about three foundations, including Piper, introducing BenefitsCheckUp to the Valley, a program that can annually save older adults money by helping them apply for public dollars for which they are eligible. This public-private partnership with the Governor's Office is now expanding statewide and exemplifies the leveraging opportunities we seek in order to increase the Trust's impact.

In another collaboration described in the report, the Trust partnered with the Flinn Foundation to launch the Maricopa Partnership for Arts and Culture to strengthen arts and culture throughout the Valley. This new organization resulted from the work of community leaders spending many months to define what fundamental changes in public support must occur for arts and culture locally to flourish.

You will also read about a program for failing second and third grade readers that had remarkable results in university laboratory and classroom settings. We wanted to know if it would work in the bustle of a busy afterschool environment, hence a grant to an innovative model of reading remediation, the New 3R's Project.

We discuss a new direction for a nationally recognized program, Healthy Steps, that helps parents and physicians understand young children's developmental issues. For only the second time nationally, Healthy Steps moved into a local neonatal unit, one of the fastest-growing areas of pediatric medicine.

Of special interest to the Trust have been opportunities to support centers of excellence that have the potential to build national and international recognition for the community. The grant to Arizona State University to establish the Virginia G. Piper Center for Creative

The population of Maricopa County is projected to more than double by 2030 to 6.3 million.

Writing is an example of the Trust's interest in assisting fine programs catapult to new levels of excellence. Similarly, the grant to the Scottsdale Healthcare Clinical Research Institute at the Virginia G. Piper Cancer Center will support research in collaboration with the Translational Genomics Research Institute and clinical care that can be hallmarks of 21st century medical and scientific achievement.

All of these grants build on Virginia Piper's own philanthropic priorities. Nurturing a legacy, however, is about more than ensuring that our grants reflect Virginia's own interests. We must also carry forward her values in the way we work with our partners, including deep respect for the work of nonprofits. We want to be responsive, respectful and committed to the same high standards of philanthropy that Virginia upheld.

Virginia's example also challenges the Trust to look forward, searching for better ways to serve the community. She was intellectually curious, always open to new visions. That understanding of Virginia inspires us to identify root causes of community problems even as we try to ameliorate current conditions. Toward that end, the Trust will continue to move toward larger-scale initiatives and long-term investments Valleywide wherever possible.

We associate vigor, optimism and dazzling potential with youth. When we think of that stage in life we also think of staggering, fast-paced growth, uncertainty and the need for wise counsel. Our community stands at that critical stage of late adolescence. We believe the Trust can and must assist in the passage to civic maturity. The programs and grants we have made over the past two years are grounded in that commitment.



Strengthening our community

Early learning experiences help young children's brains make critical linkages that set the stage for lifelong learning. The Arizona Museum for Youth's exhibition "Artville" combines art and sensory activities with pretend play and gross motor skills in a fantastical town complete with a kitchen and garden, an art studio, a town square and a park.

Strong, healthy communities ensure that residents flourish at every stage of life. If a community fails to support its children and adolescents, it eats its own seed corn. If it leaves older adults vulnerable to illness and isolation, it wastes the human potential of experienced individuals who want to remain vital and engaged.

The Trust is committed to helping build strong communities throughout the Valley by supporting programs that address the needs of three important groups in any community: children, youth and older adults. The sections that follow describe investments the Trust has made in the past two years to assist community members, from the youngest to the oldest, thrive and dream.

Protecting Our Youngest Citizens

Research indicates that toddlers and preschoolers who have high-quality care and challenging learning opportunities are more successful in school and society. The Piper Trust is dedicated to strengthening our community through programs that encourage the healthy development of young children by educating parents, caregivers and pediatricians.

In the past two years, the Trust awarded more than \$8.5 million to nonprofit organizations and programs serving Maricopa County's youngest community citizens.

\$7,102,090	Improving Healthcare Practices and Facilities
\$520,000	Strengthening Early Learning Environments
\$767,875	Strengthening Families
\$175,000	Developing Strategic Partnerships



Through the Healthy Steps program, child development specialists, hospitals and doctors work closely with new parents and their higher-risk babies to monitor child development and navigate the first year-and-a-half of life.

Left: Tala, Dakota and Vickie Kershner

Healthy Steps for Babies and Families

Shock raced through 33-year-old Vickie Kershner as the reality that she was pregnant with twins sunk in. With her husband Christopher working on a Bachelor's degree in computer science at Arizona State University and their families thousands of miles away, the Kershners had few people to turn to for help when their daughter Tala and son Dakota arrived six weeks early.

While the twins were growing stronger at Banner Desert Medical Center's neonatal intensive care unit (NICU) in Mesa, the Kershners met Pam Klatt-Michael, child development center manager and a Healthy Steps specialist at the hospital. Klatt-Michael introduced them to Healthy Steps. This program, based on a national initiative, emphasizes a close relationship between healthcare professionals and parents to ensure that the young

90 percent of brain development occurs between birth and age 3.

children's developmental needs are met. Through the program, Klatt-Michael became the Kershners' advocate, advisor and confidante through the myriad adventures of new parenthood.

"It's been a godsend, honestly it has," remarked Vickie during Klatt-Michael's home visit to see how the 10-month-old babies were doing. "It's totally helpful that I can call Pam and just ask her any questions or e-mail her in the middle of the night. She's become part of our family, and I send her pictures of the babies frequently."

While Healthy Steps for Young Children is a national initiative with 75 practices throughout the United States, Banner Desert is one of the first in the country to offer the program in the neonatal intensive care unit. With funding from The Virginia G. Piper Charitable Trust, the program has enrolled 134 babies born at risk who were admitted to the NICU. Throughout an infant's first 18 months, Healthy Steps specialists work one-on-one with parents through home visits to monitor development and also attend well-child visits at the doctor's office.

"These visits give me opportunities to support, educate and empower parents as they learn about their baby and his or her development," said Klatt-Michael, noting that as parents gain knowledge about their child, they become more competent and confident caregivers.

Improving Healthcare Practices and Facilities

In addition to increasing parents' knowledge of their children's development, Healthy Steps extends to the medical community, creating an environment of partnership between doctors and families. At Banner Desert, many pediatricians have integrated Healthy Steps methods into their practices, expanding the impact of the program to even more families.

"It's great to work hand-in-hand with a developmental specialist. They're involved with the moms and ... are assessing children in their home environments for a longer period of time versus the short period of time we see them in the office," remarked Dr. Jean Mullen from Mesa Pediatrics, who sees more than a dozen patients who are Healthy Steps participants. She noted that by educating parents and closely monitoring the first critical months, the program helps children who could easily fall through the cracks.

Pediatric residents in Maricopa County are also the beneficiaries of Healthy Steps. In the last two years, three Valley hospitals – Banner Desert Medical Center, Phoenix Children's Hospital and Mayo Clinic Arizona – have received Trust grants to integrate Healthy Steps child development practices into their pediatric or family medicine residency programs. Two other hospitals – Maricopa Medical Center and St. Joseph's Hospital and Medical Center – have developed similar training programs that enable new physicians to learn how important understanding child and family development is in providing effective healthcare.

"Through Trust support, all the pediatric residency programs in Maricopa County have integrated child development practices into their residency training programs," noted Marilee Dal Pra, senior program officer for the Piper Trust. "Research shows that most pediatricians who train here stay in Arizona, so this program will have long-term benefits for our children."

Dal Pra added that, in addition to committing more than \$956,000 for Healthy Steps and residency training programs, the Trust over the past two years has awarded 10 grants totaling more than \$6.1 million for the enhancement of medical facilities and other programs that serve the healthcare needs of young children throughout the Valley.

"Providing opportunities for young children to get the best healthcare possible is central to the Trust's mission," Dal Pra emphasized. "When children are physically healthy, they can focus on learning and growing."

Banner Desert Medical Center in Mesa is one of the first hospitals in the country to offer the Healthy Steps program to families of infants admitted to the neonatal intensive care unit.



Increasing Opportunities for Youth

Adolescence is an important yet delicate transitional period in the journey to adulthood. The more opportunities that youth have to develop strong bodies, self-esteem and inquiring minds, the more successful they will be as they navigate the challenges and risks of growing up. By strengthening healthcare services and out-of-school experiences, the Piper Trust works to make the Valley a place where young people realize their full potential.

Toward this goal, the Trust in the past two years awarded more than \$18.1 million to nonprofit organizations serving Maricopa County's youth.

\$3,418,535	Promoting Academic Achievement
\$1,556,789	Strengthening Out-of-School Experiences
\$2,104,173	Strengthening Services for At-risk Youth
\$845,000	Improving Healthcare for Youth
\$10,000,000	Strengthening Catholic Education
\$250,000	Other



In a pilot program called the New 3R's, teachers tested two proven reading remediation methods in an afterschool setting to help struggling second and third grade readers at Galveston and Moon Mountain elementary schools. With impressive results, the program will be expanded to other schools in Maricopa County.

Rally 'Round Reading

While newspaper and television reports frequently lament Arizona's high school dropout rate, the statistics for young readers are even more startling: 75 percent of the state's fourth graders in 2004 couldn't read at grade level, and nearly half were unable to read at the most basic level. The Virginia G. Piper Charitable Trust supports a variety of organizations that focus on afterschool tutoring and mentoring programs for teens, but these interventions play catch-up rather than focus on helping children when they're first learning to read.

"When children don't build a strong foundation of literacy skills in their early years of school, research shows that they're likely to continue to struggle, which puts them at risk to drop out of school," said Marilee Dal Pra, senior program officer for the Piper Trust.

46% of fourth graders do not have the most basic reading skills, and only 25% are proficient readers.
Arizona State Department of Education, 2004

After studying successful reading remediation programs across the nation, the Piper Trust collaborated with Tufts University Center for Reading and Language Research, McLean Hospital/Harvard Medical School and the Harvard Graduate School of Education to develop a groundbreaking program that, for the first time, joins two programs that separately have had successful results.

In its seventh year, Tufts University's RAVE-O program emphasizes vocabulary, fluency and comprehension skills to increase reading performance, while the RALLY program, developed by McLean Hospital and Harvard, works to increase children's motivation to read, decrease behavioral problems and increase self-confidence and resilience.

In addition to partnering with strong university-based programs, the Piper Trust joined with the U.S. Department of Education Institute of Education Sciences in funding the initial research and pilot at four elementary schools in Boston and the Phoenix area.

Called the New 3R's (Reading, Resilience and Relationships), the collaborative afterschool program incorporates cognitive learning with social and emotional support so that children gain not only the skills but the confidence they need to be good readers.

Maricopa County's Groundbreaking Program

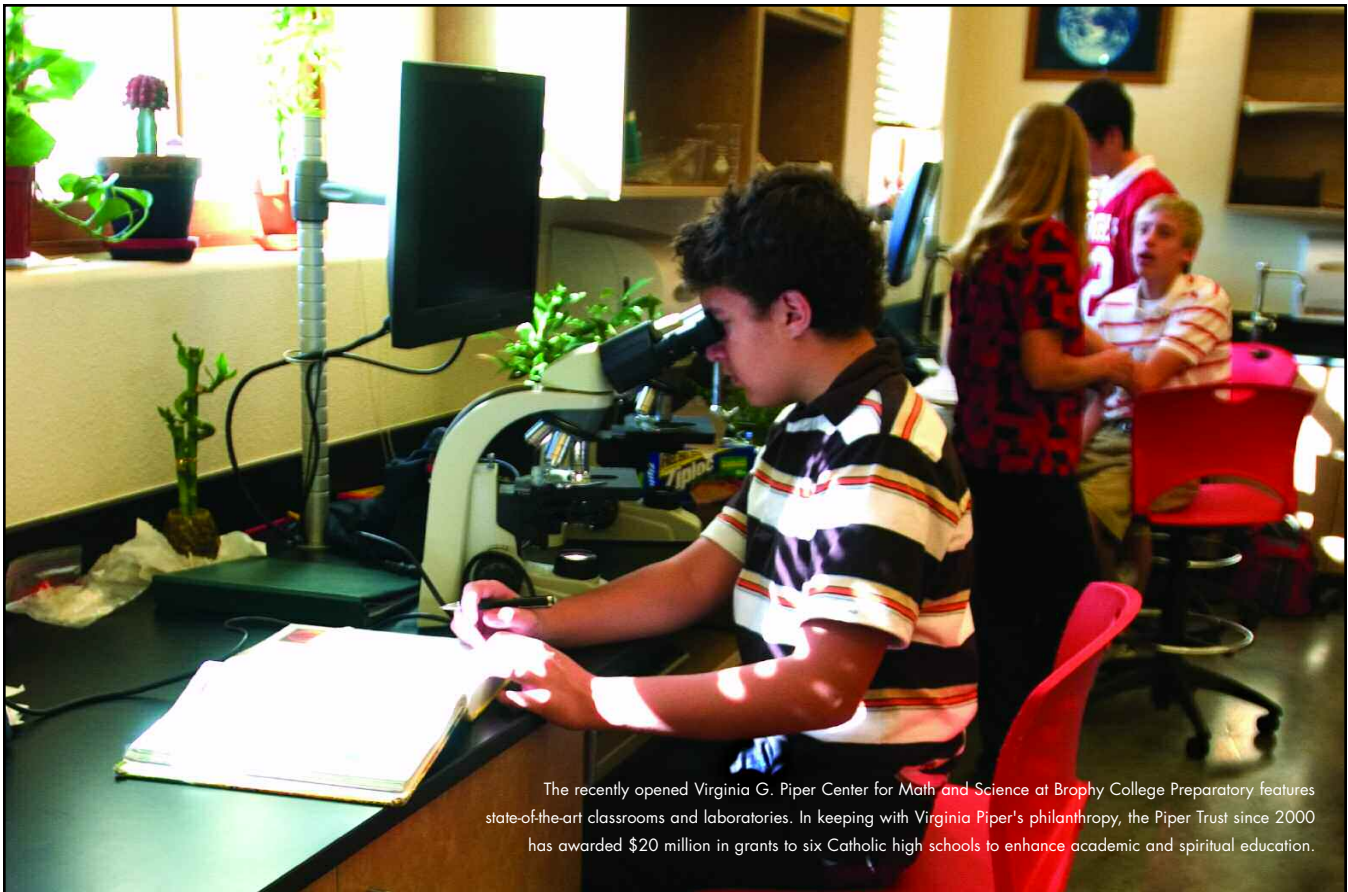
Students at two Valley schools – Galveston Elementary in the Chandler Unified School District and Moon Mountain Elementary in the Washington School District – were the first to participate in a two-year pilot that began in 2004. Preliminary test scores of the 96 struggling readers who participated in the New 3R's program show strong improvement, and teachers who administered the program report amazing results in the children.

"I am not sure if any data could possibly demonstrate the impact the program has on the students in the classroom," remarked Tammi Hansen, a Galveston Elementary School teacher working with children on the cognitive reading remediation RAVE-O program. "My students who were ... in the program have improved a great deal in all areas of reading. I truly believe that this program has helped each of my students have the confidence they need to become a better reader."

In one session, a third grade teacher, Michael Buist, worked with several children to connect meanings with words. He asked children to think of meanings for the word "step," and one by one the children chimed in. Answers began with the most obvious meanings like a baby's steps and going up steps. Then the students' concentration deepened as they searched for broader meanings. One girl quietly began talking about the steps it takes to do something, like brushing your teeth, and Buist encouraged her to talk about those steps. As the children supplied a different definition, they used illustrated cards – or visual cues – to represent the meaning on a board next to the word "STEP" spelled out.

"To kids, it looks and feels like games, but it's very purposeful," noted Dorian Rivera, Phoenix coordinator for the New 3R's. "What makes this unique is that ... we're training the brain to be a reader. It's very important to connect that one word with as many meanings as possible," she explained. "It is paramount in training the brain as a reader because it sends the brain searching for the meaning of words."

With preliminary research results indicating dramatic gains in reading, the Piper Trust is working with Tufts and Harvard to develop a plan to expand the New 3R's by training teachers at other schools across the Valley.



Strengthening Faith and Education

In Virginia Piper's own philanthropy, she supported a number of the Catholic high schools in the Valley as they sought to serve more students in the burgeoning community. Recognizing the ever-increasing pressures on these schools to expand, the Trust has invested \$20 million since 2000 to assist the six high schools enhance their facilities, strengthen their academic programs and ensure that more young people have the opportunity for both academic and spiritual education.

In keeping with Mrs. Piper's giving, the Trust awarded \$5 million each to Brophy College Preparatory and Xavier College Preparatory in December 2000. The grants supported two state-of-the-art facilities: Brophy's Virginia G. Piper Center for Math and Science and Xavier's Virginia G. Piper Performing Arts Center.

The board of trustees in 2003 and 2004 awarded an additional \$10 million to four Catholic high schools. With the assistance of a \$3 million grant from the Piper Trust, Bourgade Catholic High School constructed a new 17,000-square-foot student services building, renovated the Hillmann Center and completed a \$1 million challenge grant to fund athletic facilities. St. Mary's High School also received \$3 million including a \$1 million challenge grant to help construct classrooms, a foreign language lab and a computer center, and to enhance athletic facilities. At Seton Catholic High School, the Trust awarded \$3 million to support an expansion scheduled to begin in July 2006 that will include an administration building, education wing and chapel as well as relocation of athletic facilities. The Trust also awarded \$1 million toward construction of Notre Dame Preparatory High School in Scottsdale, which opened in 2002.

Enhancing Quality of Life for Older Adults

The needs of older adults are rapidly changing as baby boomers transition to another life stage – that of meaningful retirement or next careers. The Piper Trust supports programs that enhance the physical and emotional wellness of older adults, encourage participation in rewarding and productive activities and promote independence.

In fiscal years 2004 and 2005, the Trust awarded more than \$4 million for programs that serve older adults.

\$1,444,905	Preventing Disease and Disability
\$2,137,679	Encouraging Participation in Rewarding and Productive Activities
\$417,492	Encouraging Peak Physical and Psychological Functioning

Benefits at Your Fingertips

Art Brown knows that finding information about benefits and how to apply for them, no matter what your age, can be a daunting task. A retired engineer, Brown works with older adults at two senior centers every week, many of whom are overwhelmed by the research, paperwork and regulations that surround the benefits qualification process. But, in about 30 minutes of questions and with the click of a few buttons, Brown can produce a comprehensive report of federal, state and local benefits for which his customers can apply. Better yet, the whole process is free.

Brown, 70, volunteers with BenefitsCheckUp Arizona, the nation's most comprehensive online service that screens more than 1,300 benefits for which older adults age 55 and over may qualify. According to the National Council on Aging, which developed the program, more than 200,000 older adults in Arizona are not receiving benefits for which they're eligible, with a likely value of \$32 million in uncollected support. By bringing BenefitsCheckUp to the state through a unique public-private partnership, three foundations together with the State of Arizona set out to significantly decrease those numbers.

After hearing about the successful launch of BenefitsCheckUp at 10 sites across the country, The Virginia G. Piper Charitable Trust in collaboration with St. Luke's Health Initiatives and the BHHS Legacy Foundation began to explore how to bring the national model to residents of Maricopa County.

Housed in the Office of the Governor and guided by an advisory committee of senior services providers, BenefitsCheckUp was launched in May 2004 with initial funding of \$836,000 provided by the three foundations and the Governor's Office. While the program began in Maricopa County and expanded to Mohave County, the Governor's Office plans to roll it out statewide by the end of 2005 and will fully support it beginning in 2007, according to Karla Averill, project director for BenefitsCheckUp Arizona.

"We've had a lot of great outcomes for people who are eligible for benefits. The whole program is a quality of life issue, especially with the new prescription drug benefits that have been added," Averill remarked. "The impact can be great, particularly for an older adult who is having trouble paying household and medical bills."

According to the National Council on Aging, more than 200,000 older adults in Arizona are not receiving benefits for which they're eligible, with a likely value of \$32 million in uncollected support.

Since its launch, the online search tool has provided screenings to nearly 12,000 older adults, who can access it at 83 sites statewide including senior centers, hospitals, libraries and social service agencies. Individuals or their families can also log on to www.benefitscheckup.org/link/az to access eligibility information. Once the screening is complete, staff at the sites as well as a cadre of volunteers like Brown can help older adults through the application process.

Looking Toward the Next Chapter

While Brown is slightly older than the defined baby boomer generation, his attitude about retirement and his interest in meaningful public service reflects the sentiments of most people nearing the age of 60 – retirement no longer means kicking back and checking out. Instead, it marks a new chapter of growth and fulfillment, a time of connections and productivity. And like Brown, nearly 80 percent of baby boomers plan to work after they retire, either for money or enjoyment, in jobs that provide a sense of purpose and contribute to their communities.

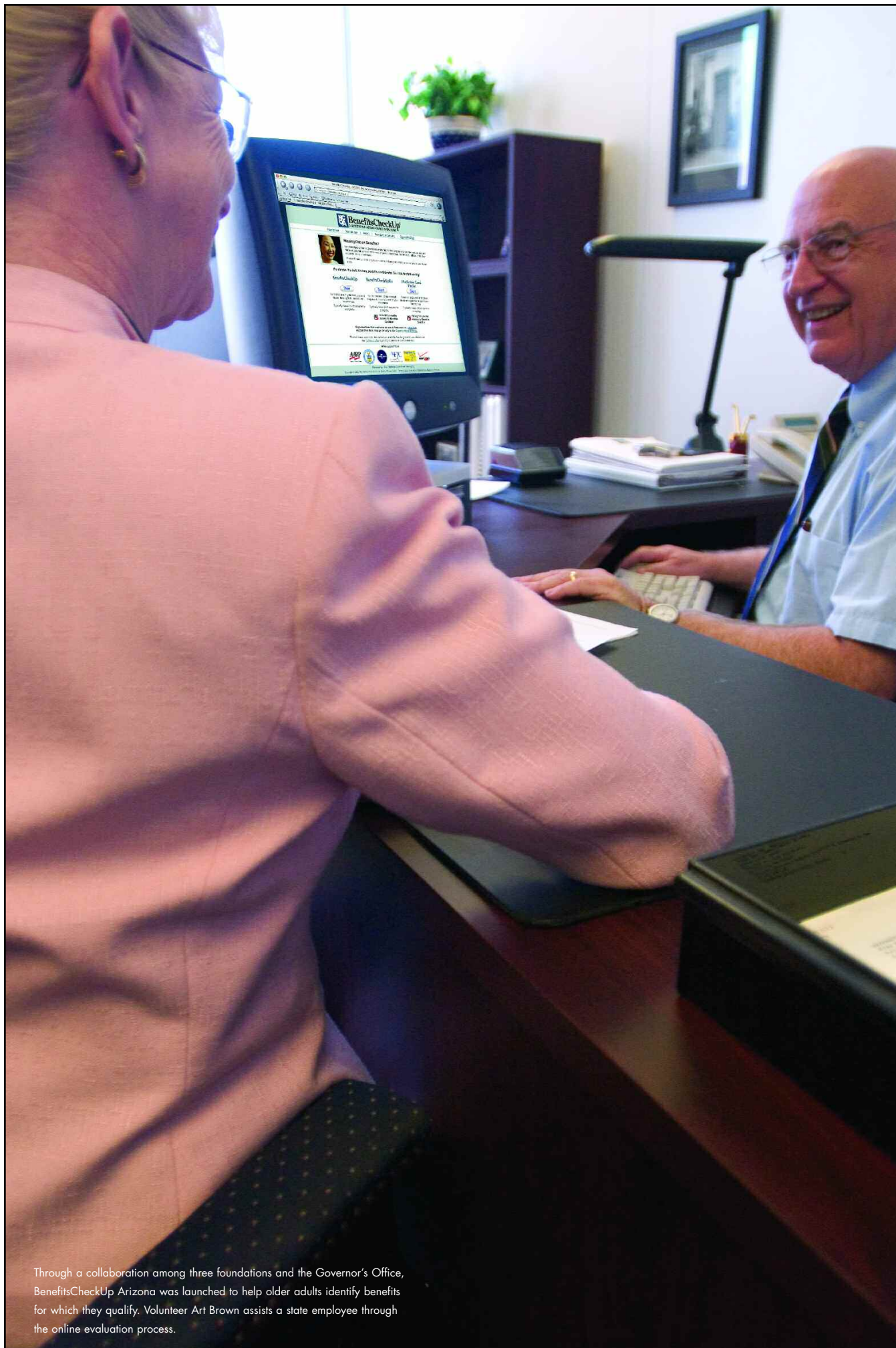
"Baby boomers are turning the traditional definition of seniors, and the programs that serve seniors, on their head," remarked Carol Kratz, senior program officer for the Piper Trust. "This generation is entering retirement with 20 to 30 years of healthy living ahead of them. As a community, we must provide adequate resources and meaningful opportunities for boomers to share their skills, knowledge and passion in ways that both enrich their lives and help improve the quality of life of all who live here."

This changing vision of retirement prompted San Francisco-based Civic Ventures and Libraries for the Future, with support from the Piper Trust, to launch an extensive process to analyze and plan for this next chapter of aging. An initial meeting of the Maricopa County Commission on Productive Aging in early 2003 convened 71 community leaders who began to look at productive aging and to map out a new vision for retirement and civic engagement. The result was the *Life Options Blueprint*, a roadmap outlining the process for creating Next Chapter Initiatives in the Valley.



Throughout 2003, collaborative planning continued, as Civic Ventures and Libraries for the Future provided technical support for seven projects interested in the Next Chapter Initiative. From those, four projects in Tempe, Chandler, Mesa and Scottsdale received funding totaling more than \$1.6 million to implement their plans. Each project combines the resources of community colleges, libraries, city departments and senior service organizations to determine how to begin offering programs and spaces for boomers. Guided by community advisory committees made up of baby boomers, each initiative is creating programs that emphasize life planning, civic engagement, lifelong learning and social connections.

From a café in the Tempe Public Library scheduled to open in January 2006 to Chandler Public Library's virtual center, myboomerang.org, Maricopa County's Next Chapter Initiatives are national models of innovative programs that prepare baby boomers, and communities, for the third third of life.



Through a collaboration among three foundations and the Governor's Office, BenefitsCheckUp Arizona was launched to help older adults identify benefits for which they qualify. Volunteer Art Brown assists a state employee through the online evaluation process.

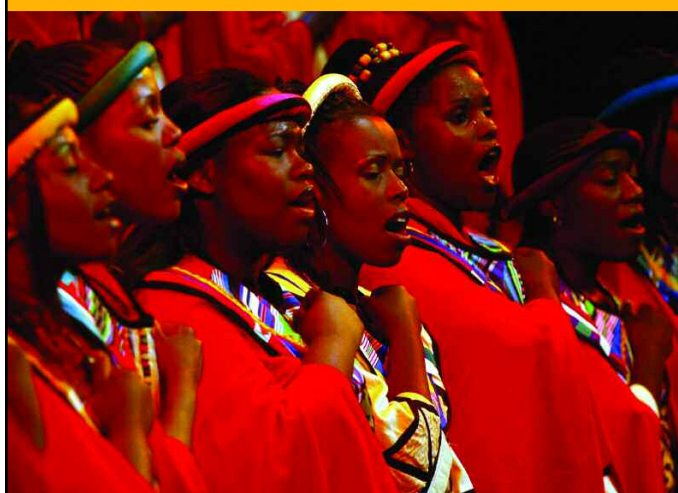
Advancing Arts and Culture Organizations

The Piper Trust believes that healthy communities are characterized by vibrant arts and culture organizations. The Trust works to strengthen cultural organizations through grants that encourage audience growth, increase revenue, support strategic planning and provide new efficiencies through technology. In order to increase the influence and resources of the arts community, we also encourage and support collaborations.

In the past two years, arts and culture organizations received nearly \$6.6 million in grants.

\$3,603,434	Fostering Collaborations
\$2,990,950	Strengthening Organizations

Arts and culture enhances Maricopa County's quality of life and is vital to the region's long-term economic competitiveness. The Maricopa Partnership for Arts and Culture (MPAC) is reshaping and expanding the role of arts and culture in the economic future of the Valley. Clockwise from top left: The Phoenix Symphony; "Indigenous Evolution," 2005, by Tony Jojola, Isleta, and Rosemary Lonewolf, Santa Clara Tewa, Heard Museum; Soweto Gospel Choir, Scottsdale Center for the Performing Arts, photo by Jay Town.



Impact Through Alliances

Imagine a community where arts and culture takes center stage, where arts enterprises are valued as a major factor in economic competitiveness, where artistic passion resonates with audiences at every level. Imagine a community where public-private partnerships build nationally recognized arts and culture organizations.

That ambitious vision led The Virginia G. Piper Charitable Trust together with the Flinn Foundation, the J.W. Kieckhefer Foundation and the Margaret T. Morris Foundation to explore how arts and culture programs across the Valley could be strengthened.

"The Valley's nonprofit arts scene generates the same money and jobs as some major corporations ... The financial footprint is comparable to revenues of some of the state's top 25 publicly listed firms."

The Arizona Republic, August 9, 2002

After an initial study of the region's arts community and its fragility, the foundations supported the formation of a 30-member Maricopa Regional Arts and Culture Task Force in June 2003. The task force – made up of business, arts and community leaders – commissioned Batelle Memorial Institute to compare the health of arts and culture in 10 cities including metropolitan Phoenix.

The task force's findings, reported in *Vibrant Culture – Thriving Economy*, described the Valley's arts organizations as resourceful and professional, producing impressive

programs in an environment of limited resources and shifting demographics. It also warned that Phoenix compared poorly with the benchmark cities in terms of financial support. Without a regional vision and significant public funding, the report concluded that the Valley could not foster the creative culture that knowledge workers and 21st century businesses expect.

The report also recommended formation of a new organization – Maricopa Partnership for Arts and Culture (MPAC) – whose charge is to develop a regional vision and strategies to position arts and culture as central to future community development. Led by Myra Millinger, MPAC is at work building regional distinction, reaching new audiences, developing youth education programs and expanding the role of arts and culture in the economic future of the Valley.

"What emerged throughout the task force deliberations was an awareness that if this region is to position itself as a competitor in an economy that now is fueled by innovation and creativity in a global marketplace, we cannot be successful without a vibrant arts and culture sector," remarked Millinger.

One Stop Shopping for the Arts

Another collaborative arts initiative, Alliance for Audience, began when a group of arts marketing and box office professionals from a variety of performance and visual arts organizations discovered a shared interest in making the arts more accessible to the community and building audiences. Their concept began simply: What if people could find information about arts happenings right at their fingertips?

Nurtured by the Arizona Commission on the Arts and the Phoenix Office of Arts and Culture, a volunteer committee worked for two years to develop a business plan for an innovative and dynamic collaboration linking arts organizations with new audiences. In November 2003, the Piper Trust awarded a \$250,000 grant to support the new organization over its first three years.

Nearly two years after Alliance for Audience began and a year after its Web site *ShowUp.com* launched, visitors can easily choose from thousands of events and activities offered by more than 500 arts organizations in a comprehensive, easy-to-use format. Presently, more than 1,200 visitors access *ShowUp.com* every day. While people can purchase discount tickets directly from the site, countless more access the arts organizations' Web sites for full-price ticket purchases, explained Matt Lehrman, the alliance's executive director.

In 2000, nonprofit Valley arts organizations and their audiences had a total economic impact of nearly \$344 million.

"Raising awareness of the Valley's arts organizations and making the arts easily accessible to the public is the heart of our mission," Lehrman commented. The excitement for Alliance for Audience is catching on, as more and more media outlets are noting the site as a one-of-a-kind tool for planning leisure-time activities.

As word spreads, site visitation is expected to grow as more people like Scottsdale resident Terri Thorson discover how easy it is to attend arts events. "I'm always looking for interesting things to do with friends or with my daughter, and it's great to see everything all in one place. *ShowUp.com* provides such a range of options for performances and art exhibitions on any given weekend. And the opportunity to buy tickets last minute, and at a discount, is so convenient."

In less than two years, Alliance for Audience has set the stage to become a long-term force in marketing the arts, noted Carol Kratz, senior program officer for the Trust. The organization's innovation and collaborative spirit were recognized in August 2005 with the Arts and Business Council's Arts Organization of the Year award. Looking forward, the alliance will continue to build on its successes while developing additional marketing opportunities.



The Black Theatre Troupe is one of more than 500 organizations that feature performances, exhibitions and events on ShowUp.com, a comprehensive Web site that highlights arts and cultural activities in the Valley. Erahn Patton-Stinson (left) and Evelyn Brown-Gray perform in "Dinah Was." Photo by Laura Durant.

Renewal, Growth and Professional Development

The Piper Fellows Program offers nonprofit leaders sabbaticals to retool, refresh and renew their skills. The program annually provides a maximum of five awards of up to \$30,000 each to support the fellowships as well as up to \$10,000 to match new or increased professional development for each organization's staff.

Pamela Martin, president and executive director of Homeward Bound and a 2003 Piper Fellow, attended a program at the National Training Laboratories in Bethel, Maine. "I left [Maine] ... with the knowledge that I did not have to carry the whole load, that I could be empowered by sharing the load with others. Importantly, by laying some of the load down, by trusting others, I would become a better leader, cast less shadow and more light."

Of the 13 nonprofit leaders who have received Piper Fellowships since 2001, two were awarded in 2003 and four were awarded in 2004.



Katrina Mueller, manager of the Chandler Center for the Arts, used her Piper Fellowship to broaden her leadership skills, visit other arts organizations and attend theater training.

2003

Pamela Martin

Through two intensive one-week programs offered by the National Training Laboratories in Bethel, Maine, Homeward Bound President and Executive Director Pamela Martin honed her leadership and communications skills and gained stronger self-awareness. She also spent a week in New York City researching model transitional and permanent housing programs serving domestic violence and homeless families with children.

Kenneth Schutz

During his eight-week sabbatical, Kenneth Schutz, executive director of the Desert Botanical Garden, participated in a Spanish-language immersion program in Cuernavaca, Mexico, to assist him in leading the organization toward a new bilingual and crosscultural emphasis. Schutz also visited gardens and ecosystems throughout Mexico. "In every way my sabbatical exceeded my expectations," Schutz noted. "I developed more language skills in a short period of time than I ever thought was possible."

2004

Katrina Mueller

Katrina Mueller's career since 1988 has grown along with the Chandler Center for the Arts, where she serves as manager. Through her fellowship, Mueller participated in the Nonprofit Leadership Institute at Georgetown University followed by site visits to six leading arts institutions in the Washington, D.C., area. She also attended the Second City Theatre Adult Intensive Training in Chicago and visited arts organizations in Tucson to learn about audience development in the Hispanic community.

Laura Larson

As director of clinical services for EMPACT-Suicide Prevention Center, Laura Larson provides oversight of all agency clinical services and programs. Larson's fellowship included attending executive management programs at the Wharton School of Business at the University of Pennsylvania to strengthen her leadership and management skills and earn a Certificate of Professional Development.

Luz Sarmina-Gutierrez

Since 1995, Luz Sarmina-Gutierrez has led Valle del Sol, Inc., a community organization that provides a variety of behavioral health programs, social services and Latino leadership development to the community. During her fellowship, she attended professional fundraising courses at the University of Indiana's Philanthropy School to obtain a core degree with a focus on capital campaigns. She spent the second part of her fellowship developing a strategic fundraising plan.

Robin Dunn Marcos

Robin Dunn Marcos, regional director of the International Rescue Committee's Arizona office, attended the International Summer School in Forced Migration at the Refugee Studies Centre at Oxford University. She also will use her experience to help educate IRC's staff and the larger community about the root causes of forced migration leading to refugee crises and the need for resettlement.

Piper Academies

By participating in Piper Academies, nonprofits can learn from experts in a variety of fields. Ranging from half-day to multi-day programs, Piper Academies offer professional development opportunities for nonprofit staff and board members.

"The skills I developed during my [Piper Fellowship] sabbatical were transforming for me."

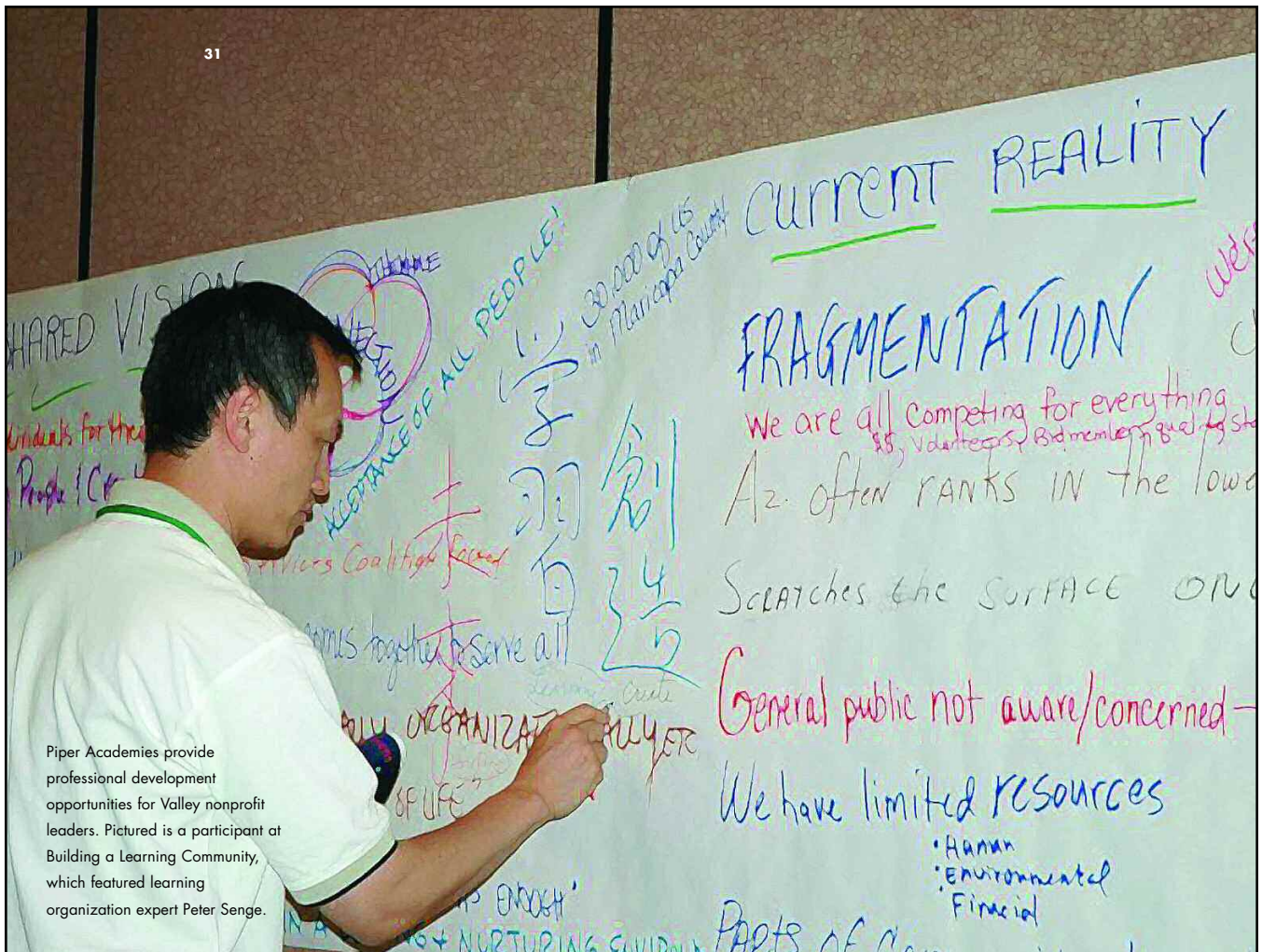
Ken Schutz
Executive Director
Desert Botanical Garden

Elderly Initiative Dialogue, June 2003

In the planning phase of what is now the Trust's Next Chapter Initiative, the Trust invited nonprofit organizations working with older adults to an Elderly Initiative Dialogue to share research data about baby boomers.

Fundraising with Jerry Panas, December 2003

Nationally recognized philanthropic consultant Jerry Panas provided seminars on governance and fund development for board members, executive directors and development professionals in a daylong Piper Academy.



Piper Academies provide professional development opportunities for Valley nonprofit leaders. Pictured is a participant at Building a Learning Community, which featured learning organization expert Peter Senge.

Elements of Effective Mentoring, April 2004

Dr. Wayne Parker, director of research and evaluation at the Trust, shared research on best practices in mentoring and moderated a panel of nonprofit leaders discussing the challenges of implementing mentoring programs.

Building a Learning Community, May 2004

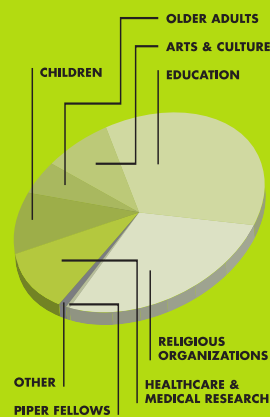
In a five-day seminar, the Piper Trust in conjunction with the Society of Organizational Learning offered teams from nonprofits an opportunity to learn about individual and collective learning and hear Peter Senge, author of *The Fifth Discipline*, discuss the characteristics of learning organizations.

Introduction to Evaluation for Nonprofits, January 2005

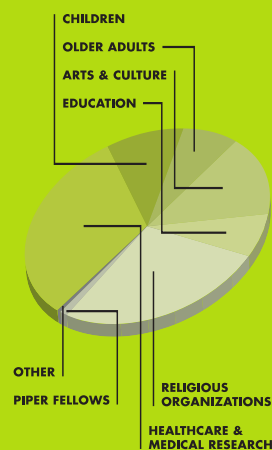
Presented by Dr. Wayne Parker, this seminar focused on the role of evaluation in program development and the use of logic models and evaluation in grant proposals.

Grantmaking by the numbers

FY 2004 Grants by Core Area



FY 2005 Grants by Core Area



Mission

The Virginia G. Piper Charitable Trust seeks to enhance and strengthen the quality of life for the people in Maricopa County through support of healthcare and medical research, children, older adults, arts and culture, education and religious organizations.

	FY 2004	FY 2005
Total Number of Grants Awarded	233	298
Total Dollar Amount of Grants Awarded	\$29,889,214	\$29,748,844
Total Number of Grants Awarded to Date	624	922
Total Dollar Amount of Grants Awarded to Date	\$99,218,497	\$128,967,341

FY 2004 Grants by Core Area	Awarded	Percent of Total
Healthcare and Medical Research	\$3,572,855	12%
Children	\$2,897,759	10%
Older Adults	\$1,516,891	5%
Arts and Culture	\$2,299,799	8%
Education	\$10,812,483	36%
Religious Organizations	\$8,457,656	28%
Piper Fellows	\$41,352	<1%
Other	\$290,419	1%

FY 2005 Grants by Core Area	Awarded	Percent of Total
Healthcare and Medical Research	\$9,403,583	32%
Children	\$3,075,844	10%
Older Adults	\$2,498,240	8%
Arts and Culture	\$4,370,760	15%
Education	\$1,996,516	7%
Religious Organizations	\$8,117,076	27%
Piper Fellows	\$160,000	1%
Other	\$126,825	<1%

Note: Amounts include all grants made by the Piper Trust including competitive, trust initiated, trustee advised, employee matching and historical grants.

Total of Grants Awarded by Fiscal Year Ended March 31



Total Number of Grants Awarded by Fiscal Year Ended March 31



Note: Amounts include all grants made by the Piper Trust including competitive, trust initiated, trustee advised, employee matching and historical grants.

How We Make Grants

The Piper Trust funds projects that make a demonstrable difference in the lives of Maricopa County residents. It supports projects that have broad community impact, are effective and can be sustained after the grant period. Specifically, the Trust funds in six priority grantmaking areas: healthcare and medical research, children, older adults, arts and culture, education and religious organizations.

The Trust awards grants throughout the year with no official deadlines; proposals should be submitted when they are ready. Grants support a variety of programs, capital campaigns and operating support and may be awarded for more than one year.

Who is Eligible?

Grantseekers must serve residents of Maricopa County, have operated as a Section 501(c)(3) organization or governmental entity for at least three years and not be a private foundation.

How to Apply

All organizations interested in applying for a grant are invited to attend a Piper 101 session held the first Wednesday of each month to learn more about the Trust's areas of focus. More specific information about the grantmaking process can be found on the Trust's Web site, www.pipertrust.org.

Grantmaking is competitive, and all grantseekers are encouraged to work with Trust staff prior to submitting a letter of inquiry. Staff can often provide feedback to strengthen the project and ensure that the request meets Trust guidelines. Additionally, staff may identify collaborative possibilities and other potential sources of support.

Grantseekers may submit a two-page letter of inquiry at any time along with a Summary Form that can be found on the Trust's Web site. The letter of inquiry should include background information about the organization as well as address the following:

Impact – The community need and the proposed solution.

Effectiveness – The results expected and measure(s) of success.

Feasibility – The amount of funding and time needed to complete the project as well as the organization's operating budget.

Sustainability – The current and future sources of funding for the project.

Trust staff and trustees review all requests, and trustees make the final determination. Approximately 50 percent of organizations that submit letters of inquiry are asked to submit a full proposal. Successful grantseekers typically can expect an award between five and seven months after submitting the letter of inquiry. An organization is encouraged to submit no more than one request for funding per year and normally would not submit a request if it already has an active grant.

If there are questions about the grantmaking process, please contact the Trust at 480.948.5853 or info@pipertrust.org.

Grants Awarded (April 1, 2003 to March 31, 2005)

Arts & Culture

ALLIANCE FOR AUDIENCE

\$250,000 – November 2003

To support a new collaborative effort of more than 40 arts and cultural organizations to market and promote cultural experiences in the Valley.
www.AllianceForAudience.org

BATTELLE MEMORIAL INSTITUTE

\$135,834 – May 2003

To support the development of a strategic plan for the Regional Task Force on Arts and Culture.
www.battelle.org/tpp

EAST VALLEY CHILDREN'S THEATRE

\$12,000 – March 2005

To support marketing and advertising related to the organization's move to the new Mesa Arts Center.
www.evct.org

HEARD MUSEUM

\$750,000 – September 2004

To renovate and expand the signature exhibition entitled "HOME: Native People in the Southwest."
www.heard.org

MARICOPA PARTNERSHIP FOR ARTS AND CULTURE

\$217,600 – September 2004

To assist in the initial development of the Maricopa Partnership for Arts and Culture. www.mpacarts.org

MARICOPA PARTNERSHIP FOR ARTS AND CULTURE

\$3,000,000 – December 2004

To support MPAC's efforts to strengthen arts and cultural organizations and link a vital cultural community to regional economic development.
www.mpacarts.org

NATIONAL ARTS STRATEGIES

\$5,000 – April 2004

To support a tuition grant for the executive director of The Phoenix Zoo to attend the National Arts Strategies and Stanford Graduate School of Business Executive Program for Nonprofit Leaders. www.artstrategies.org

NATIONAL ARTS STRATEGIES

\$5,000 – April 2004

To support a tuition grant for the president and CEO of the Arizona Science Center to attend the National Arts Strategies and Stanford Graduate School of Business Executive Program for Nonprofit Leaders.
www.artstrategies.org

NATIONAL ARTS STRATEGIES

\$5,500 – December 2004

To support a tuition grant for the managing director of Arizona Opera to attend the National Arts Strategies and Stanford Graduate School of Business Executive Program for Nonprofit Leaders. www.artstrategies.org

NATIONAL ARTS STRATEGIES

\$5,500 – December 2004

To support a tuition grant for the executive director of the Arizona Science Center to attend the National Arts Strategies and Stanford Graduate School of Business Executive Program for Nonprofit Leaders.
www.artstrategies.org

NPOWER ARIZONA INC.

\$7,950 – March 2005

To perform a technology assessment to determine the feasibility of a collaboration among several arts organizations to utilize Tessitura software.
www.npoweraz.org

PHOENIX ART MUSEUM

\$1,250,000 – October 2003

To endow the Virginia G. Piper Exhibition Endowment Fund. www.phxart.org

THE PHOENIX SYMPHONY

\$350,000 – November 2003

To purchase, install and implement Tessitura software and related hardware. www.phoenixsymphony.org

PHOENIX THEATRE

\$200,000 – June 2004

To purchase upgraded ticketing, telephone and accounting system software to increase efficiency and patron services. www.phoenixtheatre.net

TRINITY CATHEDRAL

\$200,000 – May 2003

To support the construction cost of replacing the organ destroyed by fire that serves musicians throughout the Valley. www.trinitycathedral.com

ARIZONA COALITION FOR TOMORROW CHARITABLE FUND, INC.

\$30,000 – July 2003

To support an annual health fair providing health screenings and services to Head Start children and their families. www.acthealthfair.org

ARIZONA COMMUNITY FOUNDATION

\$15,000 – July 2003

To support a research project to determine public interest in investing in early childhood education.
www.azfoundation.org

ARIZONA COMMUNITY FOUNDATION

\$110,000 – December 2004

To support the Child Abuse Prevention License Plate Program. www.azfoundation.org

ARIZONA INSTITUTE FOR PUBLIC LIFE

\$100,000 – November 2003

To develop a model center in faith-based communities to help immigrant families provide for the needs of young children. www.azinstitute.org

ARIZONA MUSEUM FOR YOUTH FRIENDS, INC.

\$200,000 – June 2004

To complete "Artville," a new permanent exhibition for children under 5. www.ci.mesa.az.us/amfy

ARIZONA QUEST FOR KIDS

\$250,000 – May 2003

To expand and enhance the mentoring program for academically successful youth from economically disadvantaged families. www.azquestforkids.org

ARIZONA SUPREME COURT

\$54,173 – July 2004

To support a workshop to examine court oversight of child welfare cases and improve the processing of dependency cases in the courts.
www.supreme.state.az.us

ASSISTANCE LEAGUE OF PHOENIX

\$150,000 – May 2003

To support a capital campaign to purchase and renovate a building in the Sunnyslope area for expanded support services for disadvantaged children.
www.phoenix.assistanceleague.org

Children



8.2 million people
attended Valley arts
events in 2000.

The Phoenix Art Museum's latest expansion – a \$41.2 million project that will add a dramatic new entrance, a new four-level gallery wing, a new sculpture court and an expanded Museum Shop – will open in Fall 2006.

ASSOCIATION FOR SUPPORTIVE CHILD CARE
\$50,000 – September 2003

To support a collaborative effort to develop and pilot quality assessment standards and tools for child care centers in Maricopa County. www.asccaz.org

AUDUBON ARIZONA
\$50,000 – March 2004

To support education and outreach efforts to area youth through the Rio Salado Education Center. www.audubon.org

BIG BROTHERS BIG SISTERS OF CENTRAL ARIZONA
\$200,000 – March 2005

To strengthen the individual giving campaign by providing a match for new and increased individual contributions. www.bbbsaz.org

BOYS HOPE GIRLS HOPE OF ARIZONA
\$50,000 – May 2003

To provide matching endowment funds to support the growth and financial stability of the residential program for at-risk adolescents. www.boyshopegirlshope.org

CHICANOS POR LA CAUSA, INC.
\$150,000 – November 2003

To support a capital project to strengthen funding for programs serving children and families. www.cplc.org

CHILD CRISIS CENTER EAST VALLEY, INC.
\$93,840 – June 2003

To support an ongoing collaborative project to provide portable assessments for children entering crisis care. www.childcrisis.org

COMMUNITY ASSET & RESOURCE ENTERPRISE PARTNERSHIP
\$42,000 – September 2003

To relocate two portable classrooms to expand the space available for out-of-school programs. 480.962.5197

COMMUNITY BRIDGES
\$280,000 – June 2004

To support a therapeutic, transitional housing program for homeless, pregnant/postpartum women and their children. 480.831.7566

DESERT VOICES ORAL LEARNING CENTER
\$150,000 – March 2004

To support the Birth to Three Program for children diagnosed as deaf or hard of hearing. www.oraldeafed.org

DYSART COMMUNITY CENTER
\$46,789 – September 2003

To hire a staff person to develop a teen program and recruit volunteers to operate the program. 623.583.0016

FOUNDATION FOR BLIND CHILDREN
\$300,000 – June 2004

To support a capital project to expand early childhood intervention programs at the central facility. www.the-FBC.org

FRIENDS OF SCOTTSDALE PUBLIC LIBRARY
\$50,000 – September 2004

To create an afterschool teen center at the Civic Center Branch of the Scottsdale Public Library. <http://library.ci.scottsdale.az.us/atmylibrary/fol-info.htm>

GABRIEL'S ANGELS, INC.
\$60,000 – September 2004

To partially support an executive director position. www.petshelpingkids.org

THE GREATER PHOENIX YOUTH AT RISK FOUNDATION

\$75,000 – March 2005

To expand the New Pathways Mentoring Program utilizing individual and community mentoring experiences. www.gpyar.org

HOMEBASE YOUTH SERVICES
\$650,000 – June 2004

To build a new outreach center and renovate transitional living facilities for homeless youth. www.hbys.org

JUNIOR ACHIEVEMENT OF ARIZONA, INC.
\$230,000 – June 2004

To expand the Exchange City program. www.jaaz.org

LIFE TEEN, INC.

\$250,000 – February 2004

To provide capital support for the development of a new international headquarters in Mesa. www.lifeteen.com

LITERACY VOLUNTEERS OF MARICOPA COUNTY, INC.

\$70,000 – November 2003

To support enhanced GED instruction to 200 students ages 16 to 20. www.literacyvolunteers-maricopa.org

MAGGIE'S PLACE

\$125,000 – June 2004

To establish a new temporary shelter in the East Valley for at-risk pregnant women and their infants. www.maggiesplace.org

MAGGIE'S PLACE

\$50,000 – November 2004

To complete construction of the chapel and support services at Elizabeth House, a new shelter for women and infants in the East Valley. www.maggiesplace.org

MERCY HOUSING SOUTHWEST

\$98,000 – September 2003

To support afterschool and summer programs for at-risk children and youth ages 7 to 12 residing at five housing sites. www.mercyhousing.org

PHOENIX DEVELOPING FAMILIES CENTER

\$44,000 – March 2004

To support services for high-risk pregnant women in the South Phoenix community. www.cradlingthefuture.com

SAVE THE FAMILY FOUNDATION OF ARIZONA

\$125,000 – May 2003

To support a capital project to strengthen funding to serve homeless children. www.savethefamily.org

SISTERS OF NOTRE DAME DE NAMUR

\$30,000 – May 2003

To support a volunteer program serving South Phoenix youth. www.sndohio.org

ST. JOSEPH'S FOUNDATION

\$325,000 – June 2003

To support the development of an innovative multilevel physician training program in Developmental and Behavioral Pediatrics conducted through the Arizona Child Study Center. www.ichosestjoes.com

ST. MARY'S FOOD BANK
\$225,000 – March 2005

To enable three major food banks in the Valley to gather and distribute donated food from Albertson's stores. www.firstfoodbank.org

THOMAS J. PAPPAS SCHOOLS FOR THE HOMELESS
\$425,000 – March 2004

To provide capital and program support for the Tempe Campus. www.tjpappasschool.org

VALLEY OF THE SUN UNITED WAY
\$10,000 – May 2003

To support the development of a marketing campaign and research to reframe the public's perception of early childhood issues. www.vsuw.org

VALLEY OF THE SUN UNITED WAY
\$50,000 – December 2004

To support a social marketing campaign for the Success by 6 program to ensure children have the resources necessary for healthy physical growth, social-emotional development and quality early learning experiences. www.vsuw.org

WESTSIDE FOOD BANK
\$160,000 – September 2003

To expand the Kids Cafe program that provides healthy evening meals to hungry children. www.firstfoodbank.org

THE WHEEL COUNCIL, INC.
\$35,000 – December 2004

To adapt and apply science-based substance abuse and HIV prevention programs to afterschool settings. www.wheelcouncil.org

NORTHERN ARIZONA UNIVERSITY FOUNDATION
\$400,000 – March 2005

To support the GEAR UP program that assists economically disadvantaged middle-school youth in Maricopa County increase their preparedness for post-secondary education. www.nau.edu

ARIZONA COMMUNITY FOUNDATION
\$35,000 – December 2004

To support the Maricopa Youth Sports and Physical Activity Council, a public-private partnership focused on improving the physical health of Valley youth. www.azfoundation.org

**BANNER DESERT MEDICAL CENTER/
CHILDREN'S CENTER**
\$228,250 – March 2004

To implement the Healthy Steps program, which monitors development of infants who receive care in the neonatal intensive care unit. www.bannerhealth.com

CLINICA ADELANTE, INC.
\$145,000 – December 2004

To purchase a mobile medical clinic and equipment to increase health services to economically disadvantaged residents of western Maricopa County. 623.583.3001

HACIENDA, INC.
\$480,000 – June 2004

To construct a freestanding pediatric skilled nursing facility in South Phoenix. www.haciendainc.org

JOHN C. LINCOLN HEALTH FOUNDATION
\$1,000,000 – June 2004

To expand Mendy's Place, a pediatric emergency care facility at John C. Lincoln Hospital – Deer Valley. www.jcl.com

MAYO CLINIC ARIZONA
\$201,000 – December 2004

To support the implementation of the Healthy Steps program at the Mayo Clinic to enhance the child development practices of family physicians. www.mayoclinic.org/scottsdale

PHOENIX CHILDREN'S HOSPITAL FOUNDATION
\$185,000 – September 2003

To support the Crews'n Healthmobile, a mobile clinic that provides primary and preventative health care to homeless and runaway youth in Greater Phoenix. www.phoenixchildrens.com

PHOENIX CHILDREN'S HOSPITAL FOUNDATION
\$130,000 – June 2004

To expand and enhance pediatric resident and physician training in the Healthy Steps program. www.phoenixchildrens.com

SCOTTSDALE HEALTHCARE FOUNDATION
\$3,000,000 – December 2003

To support the expansion of the Virginia G. Piper Special Care Unit at Scottsdale Healthcare Osborn Hospital. www.shc.org

SCOTTSDALE HEALTHCARE FOUNDATION
\$4,550,000 – March 2005
To create the Scottsdale Clinical Research Institute, which will increase clinical trials for new cancer drugs, recruit and retain talent, work in concert with the Translational Genomics Research Institute and build alliances in the biomedical industry. www.shc.org

**Healthcare
& Medical
Research**

Education

ARIZONA COMMUNITY FOUNDATION
\$10,000 – January 2005

To support the printing and distribution of the State School Readiness Board Action Plan. www.azfoundation.org

ARIZONA PROJECT CHALLENGE FOUNDATION
\$500,000 – March 2005

To support a capital campaign to expand a dropout prevention program for youth. www.azpc.org

ARIZONA STATE UNIVERSITY
\$10,000,000 – August 2003

To endow the Virginia G. Piper Center for Creative Writing, Creative Writing Chair in Residence and fund partial renovation of the Virginia G. Piper Writers House. www.asu.edu

**MARICOPA COUNTY COMMUNITY COLLEGE
DISTRICT FOUNDATION**
\$1,000,000 – December 2004

To support a \$30 million capital campaign to expand and sustain the Achieving a College Education (ACE) dropout prevention program. www.dist.maricopa.edu/foundation

MCLEAN HOSPITAL
\$698,535 – September 2003

To support a research project developed by McLean Hospital, Harvard University and Tufts University to test the New 3R's, a promising strategy to help struggling elementary school readers, in Maricopa County. www.mcleanhospital.org



"... in Arizona alone, effective early intervention programs can save our state \$5 billion over the normal life expectancy of today's young citizens with autism."

Southwest Autism Research & Resource Center

In March 2005, the Southwest Autism Research & Resource Center opened its Campus for Exceptional Children, a new \$7 million state-of-the-art complex to serve children with autism.

SOUTHWEST AUTISM RESEARCH & RESOURCE CENTER

\$700,000 – June 2004

To support the establishment of a new expanded facility to better serve autistic children.

www.autismcenter.org

ST. JOSEPH'S FOUNDATION

\$1,000,000 – March 2005

To support a capital project that includes a new children's cardiac intensive care unit and expansion and rehabilitation of the existing neonatal intensive care unit. www.ichosestjoes.com

WHISPERING HOPE RANCH FOUNDATION

\$1,000,000 – June 2004

To expand and enhance the camp facility for children with physical and developmental disabilities.

www.whisperinghoperanch.org

ARIZONA COMMUNITY FOUNDATION

\$307,071 – January 2004

To implement BenefitsCheckUp, the nation's most comprehensive online benefits screening program for older adults, in coordination with the Governor's Office of Children, Youth and Families.

www.azfoundation.org

ARIZONA SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS

\$60,000 – March 2004

To support the Companion Animal Medical Aid program, which provides veterinary services to the pets of elderly, disabled and/or low-income individuals. www.azspca.org

ARIZONA STATE LIBRARY, ARCHIVES AND PUBLIC RECORDS

\$15,000 – November 2003

To support a collaborative planning process to develop a Life Options/Next Chapter center for older adults to explore options including health, wellness, education, volunteer and paid opportunities. www.lib.az.us

CENTENNIAL VILLAGE CORPORATION

\$45,434 – November 2003

To provide safe and reliable transportation for low-income, mobility impaired seniors. 480.833.6036

CHANDLER PUBLIC LIBRARY

\$15,000 – November 2003

To support a collaborative planning process to develop a Life Options/Next Chapter center for older adults to explore options including health, wellness, education, volunteer and paid opportunities. www.chandlerlibrary.org

Older Adults

AREA AGENCY ON AGING, REGION ONE, INC.

\$275,000 – May 2003

To provide program support for new, safe, affordable transitional housing for victims of late-life domestic violence and elder abuse. www.aaaphx.org

AREA AGENCY ON AGING, REGION ONE, INC.

\$20,000 – January 2005

To develop a pilot for the Cafe Plus program designed to empower older adults to remain healthy, engaged and independent at two sites in Maricopa County. www.aaaphx.org

CHANDLER PUBLIC LIBRARY
\$255,660 – September 2004

To support the implementation of a Life Options/Next Chapter project for older adults to explore options including health, wellness, education, volunteer and paid opportunities. www.chandlerlibrary.org

CITY OF TEMPE COMMUNITY SERVICES DEPARTMENT

\$15,000 – November 2003

To support a collaborative planning process to develop a Life Options/Next Chapter center for older adults to explore options including health, wellness, education, volunteer and paid opportunities. www.tempe.gov/socialservices

CITY OF TEMPE COMMUNITY SERVICES DEPARTMENT

\$547,644 – September 2004

To support the implementation of a Life Options/Next Chapter project for older adults to explore options including health, wellness, education, volunteer and paid opportunities. www.tempe.gov/socialservices

CIVIC VENTURES

\$256,000 – March 2005

To support the implementation of Life Options/Next Chapter centers, and to provide the Trust with information and advice about Next Chapter initiatives and supportive services. www.civicventures.org

COMMUNITY CARE CONNECTIONS, INC.

\$215,000 – June 2004

To support the Technical Assistance for Seniors Homebound (TASH) program, which provides computers, Internet connections and training to homebound older adults. www.4ccc.org

FOUNDATION FOR SENIOR LIVING

\$85,000 – May 2003

To support the architectural design and project management for the proposed Central Village, an innovative, non-traditional community health and wellness center for older adults and their families. www.fsl.org

FOUNDATION FOR SENIOR LIVING

\$240,000 – June 2004

To acquire and rehabilitate a training facility for staff working with older adults. www.fsl.org

FRIENDSHIP FOUNDATION, INC.

\$12,940 – March 2005

To purchase a computer system designed for older adults living with dementia and residing at Glencroft. www.glencroft.com/FriendFound

HOSPICE OF THE VALLEY

\$242,400 – March 2004

To improve care for persons with advanced dementia. www.hov.org

LIBRARIES FOR THE FUTURE

\$99,000 – July 2003

To support collaborative planning efforts to develop Life Options/Next Chapter centers for older adults in Maricopa County. www.lff.org

MARICOPA COUNTY LIBRARY DISTRICT

\$12,000 – November 2003

To support a collaborative planning process to develop a Life Options/Next Chapter center for older adults to explore options including health, wellness, education, volunteer and paid opportunities. <http://mcl.d.maricopa.gov>

MESA COMMUNITY COLLEGE

\$533,946 – September 2004

To support the implementation of a Life Options/Next Chapter project for older adults to explore options including health, wellness, education, volunteer and paid opportunities. www.mc.maricopa.edu

MESA SENIOR SERVICES, INC.

\$130,000 – May 2003

To provide matching grant funds for the annual Friends Campaign to strengthen fundraising capacity. www.mesaseniorservices.com

MESA SENIOR SERVICES, INC.

\$15,000 – November 2003

To support a collaborative planning process to develop a Life Options/Next Chapter center for older adults to explore options including health, wellness, education, volunteer and paid opportunities. www.mesaseniorservices.com

NEIGHBORS WHO CARE, INC.

\$40,000 – November 2003

To support recruitment and training of volunteers providing assistance to frail and homebound seniors. 480.895.7133

PEORIA PUBLIC LIBRARY

\$11,419 – November 2003

To support a collaborative planning process to develop a Life Options/Next Chapter center for older adults to explore options including health, wellness, education, volunteer and paid opportunities. www.library.peoriaaz.com

SCOTTSDALE COMMUNITY COLLEGE

\$15,000 – November 2003

To support a collaborative planning process to develop a Life Options/Next Chapter center for older adults to explore options including health, wellness, education, volunteer and paid opportunities. www.sc.maricopa.edu

SCOTTSDALE COMMUNITY COLLEGE

\$347,010 – September 2004

To support the implementation of a Life Options/Next Chapter project for older adults to explore options including health, wellness, education, volunteer and paid opportunities. www.sc.maricopa.edu

SUN SOUNDS OF ARIZONA

\$60,000 – December 2004

To deliver reading and information access service to an expanded number of blind and visually impaired older adults to promote a more independent lifestyle. <http://sunsounds.rio.maricopa.edu/>

UNIVERSITY OF ARIZONA COOPERATIVE EXTENSION – MARICOPA COUNTY

\$129,552 – March 2004

To expand the Bone Builders Active for Life program for inactive seniors in Maricopa County. www.ag.arizona.edu/maricopa

Religious Organizations

ALL SAINTS CATHOLIC NEWMAN CENTER
\$500,000 – September 2004
To support a capital campaign for a new chapel, social hall and student center. www.newman-asu.org

BOURGADE CATHOLIC HIGH SCHOOL
\$3,000,000 – June 2004
To support construction of a new student services building and renovation of the Hillmann Center as well as provide a \$1 million challenge grant to fund athletic facilities. www.bourgade.org

MOUNT CLARET RETREAT CENTER
\$250,000 – March 2005
To support the renovation and construction of community retreat facilities. 602.840.5066

NOTRE DAME PREPARATORY HIGH SCHOOL
\$1,000,000 – June 2004
To help fund a \$14.6 million capital campaign to construct the new school that opened in 2002. www.diocesephoenix.com

OUR LADY OF GUADALUPE CATHOLIC MISSION
\$350,000 – September 2003
To help construct, furnish and equip a new religious education building that will be used to support community services for the Town of Queen Creek including afterschool programs. 480.963.3207

THE ROMAN CATHOLIC CHURCH OF PHOENIX
\$1,500,000 – April 2003
To complete a capital campaign to build the new Diocesan Center in downtown Phoenix. www.diocesephoenix.org

SAINT MARY'S HIGH SCHOOL
\$3,000,000 – March 2004
To help construct classrooms, a foreign language lab and a computer center, and to enhance athletic facilities. www.smks.org

SETON CATHOLIC HIGH SCHOOL
\$3,000,000 – May 2003
To support a capital campaign to expand the campus, increase student enrollment and strengthen the academic program. www.diocesephoenix.org/school/seton_catholic_hs

SOCIETY OF ST. VINCENT DE PAUL
\$250,000 – November 2003
To provide endowment support for the health clinic and help launch the Friends of St. Vincent de Paul Society fundraising campaign. www.stvincentdepaul.net

SOCIETY OF ST. VINCENT DE PAUL
\$3,000,000 – September 2004
To support an endowment and provide a challenge grant for the medical and dental clinics. www.stvincentdepaul.net

EMPACT – THE SUICIDE PREVENTION CENTER, INC.
\$40,000 – December 2004
To support Laura Larson's sabbatical as a Piper Fellow and related staff development. www.empact-spc.com

HOMEWARD BOUND
\$18,006 – November 2003
To support Pamela Martin's sabbatical as a Piper Fellow and related staff development. www.hbphx.org

INTERNATIONAL RESCUE COMMITTEE
\$40,000 – December 2004
To support Robin Dunn Marcos' sabbatical as a Piper Fellow and related staff development. www.theIRC.org

VALLE DEL SOL, INC.
\$40,000 – December 2004
To support Luz Sarmina-Gutierrez's sabbatical as a Piper Fellow and related staff development. www.valledelsol.com

ARIZONA FAMILY HOUSING FUND
\$10,000 – December 2004
To engage a consulting firm to work with the Workforce Housing Task Force to address the issues affecting the availability and affordability of workforce housing in Maricopa County. www.azfhf.org

ARIZONA GRANTMAKERS FORUM
\$10,000 – January 2004
To support the development of the organization and increase philanthropy in Arizona. www.arizonagrantomakersforum.org

ARIZONA GRANTMAKERS FORUM
\$10,000 – February 2005
To support the development of the organization and increase philanthropy in Arizona. www.arizonagrantomakersforum.org

ARIZONA STATE UNIVERSITY FOUNDATION
\$5,000 – December 2004
To support the publication of the Morrison Institute's Quality of Life Survey. www.asufoundation.org

COMMUNITY INFORMATION & REFERRAL
\$20,000 – June 2004
To further develop the Homeless Management Information System for agencies serving homeless children, adults, families and older adults. www.cirs.org

CONFERENCE OF SOUTHWEST FOUNDATIONS
\$2,500 – September 2004
To build an interactive Web site. www.c-s-f.org

NPOWER ARIZONA INC.
\$225,000 – May 2003
To provide matching funds to launch a project to serve the technology needs of nonprofits in Maricopa County. www.npoweraz.org

TRUST INITIATED GRANTS
2004 – \$466,239
2005 – \$762,421

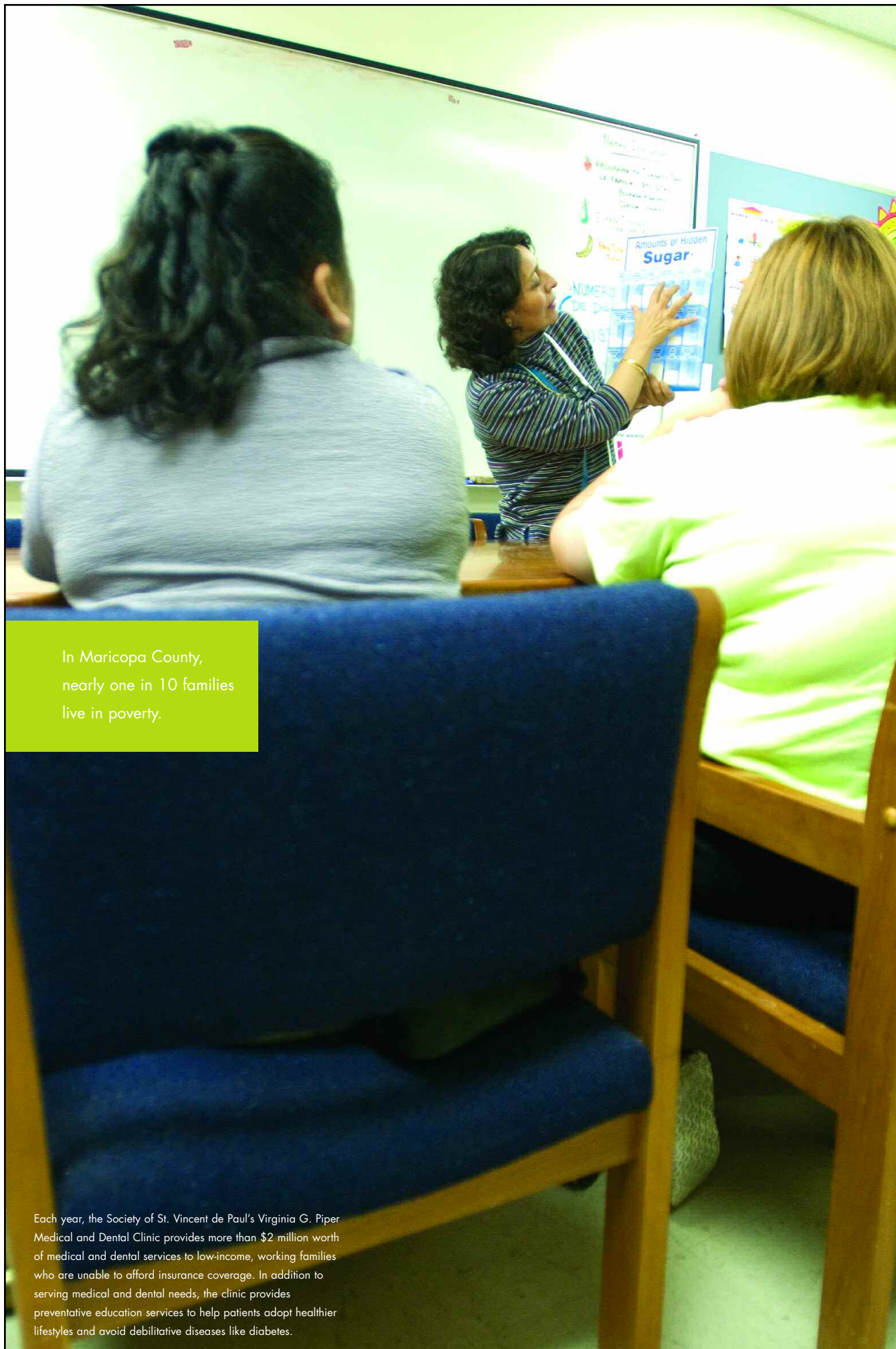
GRANTS TO ORGANIZATIONS VIRGINIA PIPER HISTORICALLY SUPPORTED
2004 – \$520,000
2005 – \$489,500

Other

Piper Fellows

CHANDLER CENTER FOR THE ARTS
\$32,500 – December 2004
To support Katrina Mueller's sabbatical as a Piper Fellow and related staff development. www.chandlercenter.org

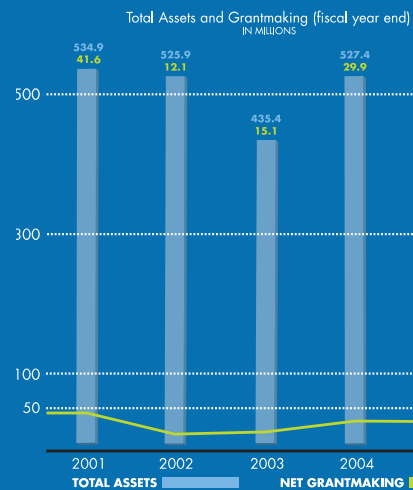
DESERT BOTANICAL GARDEN
\$15,846 – November 2003
To support Kenneth Schutz's sabbatical as a Piper Fellow and related staff development. www.dbg.org



In Maricopa County,
nearly one in 10 families
live in poverty.

Each year, the Society of St. Vincent de Paul's Virginia G. Piper Medical and Dental Clinic provides more than \$2 million worth of medical and dental services to low-income, working families who are unable to afford insurance coverage. In addition to serving medical and dental needs, the clinic provides preventative education services to help patients adopt healthier lifestyles and avoid debilitating diseases like diabetes.

Financial review





MARY JANE RYND
Executive Vice President & CFO

Chief Financial Officer's Message

The Trustees believe that asset allocation is an important element in the determination of long-term investment results. After carefully studying expected return projections, the Trust revised its investment policy and implemented a new asset allocation strategy during the most recent fiscal year. The Trust formerly targeted a 60% equity/40% fixed income allocation for its managed assets, a policy adopted shortly after Virginia Piper's death in 1999. Today the Trust targets an allocation of 70% equity/20% fixed income/10% alternative assets. In addition to the asset allocation applied to managed assets, the Trust owns 625,000 shares of Motorola Inc., which was the original source of the Trust's wealth. The Trust also employs a cash overlay strategy and in 2004 implemented a securities lending program.

Investments yielded returns of 22.4% in 2003 and 10.8% in 2004, both of which were in line with the returns of other foundations of similar size. The fair market value of the Trust's investments increased from \$435 million to \$532 million during the last two fiscal years.

The chart on the opposite page displays the Trust's assets and grants for fiscal years ended March 31, 2001 through March 31, 2005.

The entire board receives detailed financial information on a monthly basis and approves the operating and grant budgets annually. During the last fiscal year, the Trustees established an audit committee that appointed the independent auditor and reviewed the results of internal and independent audits. Internal audits of the evaluation, grantmaking and financial reporting processes were conducted with favorable results. The independent audit resulted in a clean opinion, and no management letter was issued.



KPMG LLP
Suite 1100
One Arizona Center
400 East Van Buren Street
Phoenix, AZ 85004

Independent Auditors' Report

The Administrative Trustees
The Virginia G. Piper Charitable Trust:

We have audited the accompanying statements of financial position of The Virginia G. Piper Charitable Trust as of March 31, 2005 and 2004, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of The Virginia G. Piper Charitable Trust management. Our responsibility is to express an opinion on these financial statements based on our audits.

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 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 the Company's internal control over financial reporting. Accordingly, we express no such opinion. 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 audits provide 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 The Virginia G. Piper Charitable Trust as of March 31, 2005 and 2004, and its changes in net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

KPMG LLP

June 17, 2005

THE VIRGINIA G. PIPER CHARITABLE TRUST

Statements of Financial Position

March 31, 2005 and 2004

	2005	2004
Assets		
Cash and cash equivalents	\$ 119,078	320,915
Investments (notes 2 and 3)	532,797,062	527,374,351
Investments loaned under securities lending agreements [note 1 (f)]	19,168,132	—
Prepaid expenses and other assets	78,606	86,095
Property and equipment, net (note 4)	696,398	785,889
Total assets	<u>\$ 552,859,276</u>	<u>528,567,250</u>
Liabilities and Net Assets		
Accounts payable and accrued expenses	\$ 510,802	409,808
Payable under securities lending agreements [note 1 (f)]	19,706,909	—
Grants payable, net (note 5)	17,981,799	16,309,498
Deferred excise taxes	396,000	135,250
Total liabilities	<u>38,595,510</u>	<u>16,854,556</u>
Unrestricted net assets	514,263,766	511,712,694
Commitments and contingencies (notes 5, 7, 8, and 10)		
Total liabilities and net assets	<u>\$ 552,859,276</u>	<u>528,567,250</u>

See accompanying notes to financial statements.

THE VIRGINIA G. PIPER CHARITABLE TRUST

Statements of Activities

Years ended March 31, 2005 and 2004

	2005	2004
Revenue, gains, and other support:		
Contributions [note 1(h)]	\$ 169,655	—
Interest, dividends, and other investment income (note 2)	12,075,648	12,889,190
Investment fees	(1,706,795)	(1,564,864)
Net interest, dividends, and other investment income	10,368,853	11,324,326
Net realized/unrealized gains on investments (note 2)	19,077,431	109,091,610
Total revenue, gains, and other support	29,615,939	120,415,936
Grants and expenses:		
Grants and direct charitable activities [note 1(i)]	23,769,757	29,807,636
Occupancy and office	573,660	543,956
Salaries and employee benefits	1,637,615	1,496,930
Outside services	198,207	211,551
Meetings and conferences	70,318	98,073
Federal excise tax	560,750	462,100
Other expenses	254,560	209,627
Total grants and expenses	27,064,867	32,829,873
Increase in net assets	2,551,072	87,586,063
Net assets, unrestricted, at beginning of year	511,712,694	424,126,631
Net assets, unrestricted, at end of year	\$ 514,263,766	511,712,694

See accompanying notes to financial statements.

THE VIRGINIA G. PIPER CHARITABLE TRUST

Statements of Cash Flows

Years ended March 31, 2005 and 2004

	2005	2004
Cash flows from operating activities:		
Increase in net assets	\$ 2,551,072	87,586,063
Adjustments to reconcile increase in net assets to net cash used in operating activities:		
Depreciation and amortization expense	200,280	195,967
Amortization of discount on grants payable	105,849	210,954
Loss on disposal of equipment	13,592	—
Net realized and unrealized gains on investments	(19,077,431)	(109,091,610)
Increase in cash resulting from changes in:		
Prepaid expenses and other assets	7,489	23,071
Accounts payable and accrued expenses	100,994	61,107
Grants payable	1,566,452	4,127,593
Deferred excise taxes	260,750	135,250
Net cash used in operating activities	(14,270,953)	(16,751,605)
Cash flows from investing activities:		
Sales and purchases of investments, net	13,654,720	17,081,757
Change in investments loaned under securities lending agreements	(19,168,132)	—
Change in payable under securities loan agreements	19,706,909	—
Proceeds from sales of property and equipment	2,413	—
Purchase of property and equipment	(126,794)	(31,246)
Net cash provided by investing activities	14,069,116	17,050,511
Net increase (decrease) in cash and cash equivalents	(201,837)	298,906
Cash and cash equivalents, beginning of year	320,915	22,009
Cash and cash equivalents, end of year	\$ 119,078	320,915

See accompanying notes to financial statements.

THE VIRGINIA G. PIPER CHARITABLE TRUST

Notes to Financial Statements

March 31, 2005 and 2004

(1) Organization and Summary of Significant Accounting Policies

(a) Organization

The Virginia G. Piper Charitable Trust (the Trust) is a private foundation making grants and conducting direct charitable activities that support children, older adults, arts and culture, healthcare and medical research, education, and religious organizations. The Trust was formed in 1995 and was operated under the discretion of Virginia G. Piper as its sole Trustee. After her death in 1999, appointed Administrative Trustees succeeded Mrs. Piper.

(b) Basis of Presentation

The Trust presents its accounts in accordance with the American Institute of Certified Public Accountants Audit and Accounting Guide for Not-for-Profit Organizations (Audit Guide). Under the Audit Guide, not-for-profit organizations are required to provide a statement of financial position, a statement of activities, and a statement of cash flows which are prepared to focus on the organization as a whole and to present balances and transactions according to the existence or absence of donor-imposed restrictions. Organizations are required to maintain their accounts on the accrual basis of accounting.

Revenue is reported as an increase in unrestricted net assets unless use of the related assets are limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Realized and unrealized gains and losses on investments, and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. In the absence of donor stipulations, donor restrictions on the use of income of an endowment fund also extend to the net appreciation on the endowment fund. Gains and investment income that are limited to specific uses by donor-imposed restrictions are reported as increases in unrestricted net assets if the restrictions are met in the same reporting period as the gains and income are recognized. 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 between the applicable classes of net assets. Virginia G. Piper imposed no donor restrictions; therefore, the Trust has no restricted net assets.

(c) Management Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make a number of estimates and assumptions that affect the reported amount of assets, liabilities, and net assets and disclosure of contingent assets and liabilities at the date of the financial statements. Such estimates and assumptions affect the reported amounts of revenues, gains and other support, and expenses during the reporting period. On an ongoing basis, the Trust evaluates the estimates and assumptions based upon historical experience and various other factors and circumstances. The Trust believes that the estimates and assumptions are reasonable in the present circumstances; however, actual results may differ from these estimates under different future conditions.

(d) Cash Equivalents

Cash equivalents represent short-term investments with maturities of three months or less at the time of purchase, except for those short-term investments held by the Trust's investment managers.

(e) Investments

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the statement of financial position as determined by available market prices. Investment income or loss (including realized and unrealized gains and losses on investments, interest and dividends) is included in the change in unrestricted net assets.

(f) Securities Lending

The Trust occasionally lends securities to certain member firms of the New York Stock Exchange. The loans are collateralized at all times with cash or securities with a market value at least equal to 102% of the market value of the securities on loan. Any deficiencies of collateral must be delivered or transferred by the member firms no later than the close of business on the next business day. The Trust receives compensation, net of related expenses, for lending its securities, which is included in the statement of activities in interest, dividends and other investment income. At March 31, 2005, the Trust loaned securities having a total market value of \$19,168,132 (which consists of \$14,038,827 of domestic equities and \$5,129,305 of foreign equities) and received related collateral of \$19,706,909. The collateral consisted of cash and cash equivalents and debt and equity securities.

THE VIRGINIA G. PIPER CHARITABLE TRUST

Notes to Financial Statements

March 31, 2005 and 2004

(g) Property and Equipment

Property and equipment are recorded at cost if purchased, or fair value, if donated. Depreciation is provided on a straight-line basis over the estimated useful lives (ranging from 3 to 10 years) of the assets.

(h) Contributions

During fiscal 2005, the Trust received cash from the Estate of Virginia G. Piper. No contributed assets were received during fiscal 2004.

(i) Grants and Direct Charitable Activities

Grants to qualified nonprofit organizations are reported as an expense and liability of the Trust when awarded by the Trust's Administrative Trustees unless conditions imposed on the grantee have not yet been fulfilled. Such conditional grants are recorded when the conditions have been satisfied. Direct charitable activities are reported as an expense and liability when the services or products are provided.

(j) Income and Excise Taxes

The Trust is exempt from payment of income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code, except for tax on unrelated business income. There was an insignificant amount of unrelated business taxable income during fiscal 2005 and none in 2004. The Trust must pay an excise tax on net investment income. The Trust incurred \$300,000 and \$326,850 of current excise tax, which represents 2% of interest and dividend income and realized gains earned during fiscal 2005 and 2004, respectively. In addition, the Trust incurred deferred excise tax of \$260,750 and \$135,250 during fiscal 2005 and 2004, respectively, for a total federal excise tax expense of \$560,750 in fiscal 2005 and \$462,100 in fiscal 2004.

The deferred provision for federal excise tax represents taxes provided on net unrealized appreciation on investments. The Trust has recorded approximate liabilities of \$396,000 and \$135,000 for such deferred excise taxes at the end of fiscal 2005 and 2004, respectively.

(2) Investments

A summary of the market value of investments at March 31, 2005 and 2004 follows:

	2005	2004
Domestic equities	\$ 273,279,508	311,927,923
Foreign equities	85,074,979	7,463,261
Corporate bonds	100,771,258	193,846,676
Short-term investments, including cash pending investment	73,671,317	14,136,491
	<u>\$ 532,797,062</u>	<u>527,374,351</u>

The net realized and unrealized gains for the year ended March 31, 2005 were \$6,065,853 and \$13,011,578, respectively. Interest, dividends, and other investment income for the year ended March 31, 2005 totaled \$12,075,648.

The net realized and unrealized gains for the year ended March 31, 2004 were \$5,026,755 and \$104,064,855, respectively. Interest, dividends, and other investment income for the year ended March 31, 2004 totaled \$12,889,190.

As of March 31, 2005 the Trust held cash pending investment of \$50,000,000 to be invested in two corporations on April 1, 2005. Each corporation invested in a Hedge Fund of Funds. A Hedge Fund of Funds is a fund whose investment strategy is to allocate capital to two or more hedge funds. A hedge fund is a private unregulated investment pool that invests in alternative investment strategies.

(CONTINUED)

THE VIRGINIA G. PIPER CHARITABLE TRUST

Notes to Financial Statements

March 31, 2005 and 2004

(3) Derivative Financial Instruments

During the years ended March 31, 2005 and 2004, the Trust used a combination of equity and fixed income derivatives in an effort to manage exposure on long-term investments. Due to the size of the Trust's overall investment balance and the related activity within its investment accounts, there always exists some amount not yet invested in either equity or fixed income investments, which value (excluding the cash pending investment specifically discussed in note 2) was \$3,964,408 and \$14,136,491 at March 31, 2005 and 2004, respectively. The Trust uses derivatives in an effort to expose an additional amount of the investment portfolio to the financial markets to essentially make the Trust fully invested in either equity or fixed income investments. The Trust utilizes positions in domestic future contracts to achieve such exposure. The Trust held no foreign currency derivative contracts at March 31, 2005 and 2004.

The notional amounts of the futures contracts at March 31, 2005 and 2004 were approximately \$16,269,740 and \$19,021,816, respectively. The future contracts were marked to market daily. Gains and losses were realized through margin account variations, which were balanced daily through the exchange of cash. The Trust recognized gains of \$2,886,536 and \$1,962,407 relating to these future contracts for the years ended March 31, 2005 and 2004, respectively.

(4) Property and Equipment

A summary of property and equipment at March 31, 2005 and 2004 follows:

	2005	2004
Leasehold improvements	\$ 511,125	511,125
Office furniture and fixtures	639,014	625,379
Office equipment	164,956	155,306
Computer software and website	134,033	104,762
Other	28,058	—
	<u>1,477,186</u>	<u>1,396,572</u>
Less accumulated depreciation and amortization	(780,788)	(610,683)
	<u>\$ 696,398</u>	<u>785,889</u>

(5) Grants Payable

A summary of grants payable at March 31, 2005 and 2004 follows:

Gross grants payable	\$ 18,404,748	16,838,296
Less unamortized discount	(422,949)	(528,798)
	<u>\$ 17,981,799</u>	<u>16,309,498</u>

The gross amounts payable are due as follows:

Less than one year	\$ 13,391,552	8,037,579
One to five years	5,013,196	8,800,717
	<u>\$ 18,404,748</u>	<u>16,838,296</u>

THE VIRGINIA G. PIPER CHARITABLE TRUST

Notes to Financial Statements

March 31, 2005 and 2004

The discount was calculated using a risk-free rate of return, ranging from 1.625% to 5.625%. The discount will be recognized as grants expense in the statement of activities as the discount is amortized using an effective yield over the life of the payables.

Grant payments for the years ended March 31, 2005 and 2004 were \$22,097,455 and \$25,469,089, respectively. Grants totaling approximately \$8,670,000 and \$2,080,000 were not recorded as grants expense or grants payable due to significant conditions that were not satisfied before March 31, 2005 and 2004, respectively.

(6) Program and Support Services – Expenses

The Trust incurred expenses in the conduct of the following program and support services for the years ended March 31, 2005 and 2004:

	2005	2004
Program services:		
The Trust makes grants and conducts direct charitable activities that support children, older adults, the arts, healthcare and medical research, education, and religious organizations	\$ 25,494,210	31,442,961
Support services:		
General and administrative expenses	1,570,657	1,386,912
	<u>\$ 27,064,867</u>	<u>32,829,873</u>
During the years ended March 31, 2005 and 2004, grants were made in the following categories:		
Children	\$ 3,155,560	4,018,374
Older adults	2,564,849	1,390,257
Arts and culture	4,669,685	2,299,334
Healthcare and medical research	4,853,569	4,158,250
Nonsectarian educational organizations	846,516	10,108,000
Religious organizations	7,217,076	7,107,000
Piper Fellows Program	95,285	59,547
Other	261,368	455,920
	<u>23,663,908</u>	<u>29,596,682</u>
Amortization of discount on prior year grants, net of current year discount	105,849	210,954
Total grants expense	<u>\$ 23,769,757</u>	<u>29,807,636</u>

In addition to grants, \$1,724,453 and \$1,635,325 in program support expenses were incurred for the years ended March 31, 2005 and 2004, respectively.

(CONTINUED)

THE VIRGINIA G. PIPER CHARITABLE TRUST

Notes to Financial Statements

March 31, 2005 and 2004

(7) Leases

The Trust leases its office facilities and certain equipment under noncancelable operating leases, which expire through fiscal 2010. Rent expense in fiscal 2005 and 2004 was \$241,578 and \$235,485, respectively. Future minimum lease payments under the noncancelable leases consist of:

Fiscal year ended:

2006	\$	229,985
2007		228,235
2008		184,539
2009		2,731
2010		570
	\$	646,060

(8) Defined Contribution Plan

The Trust has adopted a defined contribution plan covering eligible full-time employees. The Trust contributes 10% of a participant's eligible earnings annually. Retirement contribution expense was \$96,965 and \$100,596 for the years ended March 31, 2005 and 2004, respectively.

(9) Fair Value of Financial Instruments

The fair value of cash and cash equivalents, accounts payable, and accrued expenses approximates the carrying value because of the short maturity of these instruments. The fair values of investments (note 2) are estimated based on quoted market prices for those or similar instruments. The fair value of grants payable approximates carrying value due to the application of a discount rate (note 5).

(10) Contingencies

Financial instruments that potentially subject the Trust to concentrations of credit risk consist principally of cash and investments. The Trust places its cash and investments with high credit quality financial institutions or brokerage houses and generally limits the amount of credit exposure to the amount in excess of the FDIC insurance coverage limit of \$100,000. From time to time during the year, cash balances at financial institutions exceeded the FDIC insurance coverage limit. The Trust, however, does not anticipate nonperformance by the institutions.

Officers and Staff (as of August 31, 2005)



Judy Jolley Mohraz, Mary Jane Rynd, Karin H. Bishop, Marilee L. Dal Pra, Angelica Delgadillo, Debbie Dickey, Lynn R. Hoffman,
(bottom row) Carol A. Kratz, Juliet Martin, Leslee R. Oyen, Wayne D. Parker, Kim Purdy, Liselotte Sandell, Sue Switay

Officers

Judy Jolley Mohraz, Ph.D.
President and CEO

Mary Jane Rynd, CPA
Executive Vice President and CFO

Staff

Karin H. Bishop
Grants Manager

Leslee R. Oyen
Assistant to the President

Marilee L. Dal Pra
Senior Program Officer

Wayne D. Parker, Ph.D.
Director of Research and Evaluation

Angelica Delgadillo
Administrative Coordinator

Kim Purdy
Administrative Assistant

Debbie Dickey
Office Assistant

Liselotte Sandell
Receptionist/Administrative Assistant

Lynn R. Hoffman, CPA
Controller

Sue Switay
Administrative Assistant

Carol A. Kratz
Senior Program Officer

Juliet Martin
Director of Communications

Biennial Report Editor: Juliet Martin
Designer: Eddie Shea
Photography: Bruce Peterson

THE
VIRGINIA G.
PIPER
CHARITABLE TRUST

6720 North Scottsdale Road, Suite 350, Scottsdale, Arizona 85253