

INTERNAL REVENUE SERVICE
P. O. BOX 2508
CINCINNATI, OH 45201

DEPARTMENT OF THE TREASURY

Date: DEC 15 2004

SEDONA-OAK CREEK AIRPORT AUTHORITY
INC
235 AIR TERMINAL DR
SEDONA, AZ 86336

Employer Identification Number:
86-0251142
DLN:
17053027018034
Contact Person:
ANDREA SPECK ID# 95044
Contact Telephone Number:
(877) 829-5500
Accounting Period Ending:
December 31
Public Charity Status:
509(a)(2)
Form 990 Required:
Yes
Effective Date of Exemption:
January 22, 2004
Contribution Deductibility:
Yes

Dear Applicant:

We are pleased to inform you that upon review of your application for tax exempt status we have determined that you are exempt from Federal income tax under section 501(c)(3) of the Internal Revenue Code. Contributions to you are deductible under section 170 of the Code. You are also qualified to receive tax deductible bequests, devises, transfers or gifts under section 2055, 2106 or 2522 of the Code. Because this letter could help resolve any questions regarding your exempt status, you should keep it in your permanent records.

Organizations exempt under section 501(c)(3) of the Code are further classified as either public charities or private foundations. We determined that you are a public charity under the Code section(s) listed in the heading of this letter.

Please see enclosed Information for Exempt Organizations Under Section 501(c)(3) for some helpful information about your responsibilities as an exempt organization.

If you distribute funds to other organizations, your records must show whether they are exempt under section 501(c)(3). In cases where the recipient organization is not exempt under section 501(c)(3), you must have evidence the funds will be used for section 501(c)(3) purposes.

If you distribute funds to individuals, you should keep case histories showing the recipient's name and address; the purpose of the award; the manner of selection; and the relationship of the recipient to any of your officers, directors, trustees, members, or major contributors.

Letter 947 (DO/CG)

SEDONA-OAK CREEK AIRPORT AUTHORITY

We have sent a copy of this letter to your representative as indicated in your power of attorney.

Sincerely,

A handwritten signature in cursive script, appearing to read "Lois S. Lerner".

Lois S. Lerner
Director, Exempt Organizations
Rulings and Agreements

Enclosures: Information for Organizations Exempt Under Section 501(c)(3)

SEDONA-OAK CREEK AIRPORT AUTHORITY

INFORMATION FOR ORGANIZATIONS EXEMPT UNDER SECTION 501(c)(3)

WHERE TO GET FORMS AND HELP

Forms and instructions may be obtained by calling toll free 1-800-829-3676, through the Internet Web Site at www.irs.gov, and also at local tax assistance centers.

Additional information about any topic discussed below may be obtained through our customer service function by calling toll free 1-877-829-5500 between 8:00 a.m. - 6:30 p.m. Eastern time.

NOTIFY US ON THESE MATTERS

If you change your name, address, purposes, operations or sources of financial support, please inform our TE/GE Customer Account Services Office at the following address: Internal Revenue Service, P.O. Box 2508, Cincinnati, Ohio 45201. If you amend your organizational document or by-laws, or dissolve your organization, provide the Customer Account Services Office with a copy of the amended documents. Please use your employer identification number on all returns you file and in all correspondence with the Internal Revenue Service.

FILING REQUIREMENTS

In your exemption letter we indicated whether you must file Form 990, Return of Organization Exempt From Income Tax. Form 990 (or Form 990-EZ) is filed with the Ogden Submission Processing Center, Ogden UT 84201-0027.

You are required to file a Form 990 only if your gross receipts are normally more than \$25,000.

If your gross receipts are normally between \$25,000 and \$100,000, and your total assets are less than \$250,000, you may file Form 990-EZ. If your gross receipts are over \$100,000, or your total assets are over \$250,000, you must file the complete Form 990. The Form 990 instructions show how to compute your "normal" receipts.

Form 990 Schedule A is required for both Form 990 and Form 990-EZ.

If a return is required, it must be filed by the 15th day of the fifth month after the end of your annual accounting period. There are penalties for failing to timely file a complete return. For additional information on penalties, see Form 990 instructions or call our toll free number.

If your receipts are below \$25,000, and we send you a Form 990 Package, follow the instructions in the package on how to complete the limited return to advise us that you are not required to file.

If your exemption letter states that you are not required to file Form 990, you

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are exempt from these requirements.

UNRELATED BUSINESS INCOME TAX RETURN

If you receive more than \$1,000 annually in gross receipts from a regular trade or business you may be subject to Unrelated Business Income Tax and required to file Form 990-T, Exempt Organization Business Income Tax Return. There are several exceptions to this tax.

1. Income you receive from the performance of your exempt activity is not unrelated business income.
2. Income from fundraisers conducted by volunteer workers, or where donated merchandise is sold, is not unrelated business income.
3. Income from routine investments such as certificates of deposit, savings accounts, or stock dividends is usually not unrelated business income.

There are special rules for income derived from real estate or other investments purchased with borrowed funds. This income is called "debt financed" income. For additional information regarding unrelated business income tax see Publication 598, Tax on Unrelated Business Income of Exempt Organizations, or call our toll free number shown above.

PUBLIC INSPECTION OF APPLICATION AND INFORMATION RETURN

You are required to make your annual information return, Form 990 or Form 990-EZ, available for public inspection for three years after the later of the due date of the return, or the date the return is filed. You are also required to make available for public inspection your exemption application, any supporting documents, and your exemption letter. Copies of these documents are also required to be provided to any individual upon written or in person request without charge other than reasonable fees for copying and postage. You may fulfill this requirement by placing these documents on the Internet. Penalties may be imposed for failure to comply with these requirements. Additional information is available in Publication 557, Tax-Exempt Status for Your Organization, or you may call our toll free number shown above.

FUNDRAISING

Contributions to you are deductible only to the extent that they are gifts and no consideration is received in return. Depending on the circumstances, ticket purchases and similar payments in conjunction with fundraising events may not qualify as fully deductible contributions.

CONTRIBUTIONS OF \$250 OR MORE

Donors must have written substantiation from the charity for any charitable contribution of \$250 or more. Although it is the donor's responsibility to obtain written substantiation from the charity, you can assist donors by

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providing a written statement listing any cash contribution or describing any donated property.

This written statement must be provided at the time of the contribution. There is no prescribed format for the written statement. Letters, postcards and electronic (e-mail) or computer-generated forms are acceptable.

The donor is responsible for the valuation of donated property. However, your written statement must provide a sufficient description to support the donor's contribution. For additional information regarding donor substantiation, see Publication 1771, Charitable Contributions - Substantiation and Disclosure Requirements. For information about the valuation of donated property, see Publication 561, Determining the Value of Donated Property.

CONTRIBUTIONS OF MORE THAN \$75 AND
CHARITY PROVIDES GOODS OR SERVICES

You must provide a written disclosure statement to donors who receive goods or services from you in exchange for contributions in excess of \$75.

Contribution deductions are allowable to donors only to the extent their contributions exceed the value of the goods or services received in exchange. Ticket purchases and similar payments in conjunction with fundraising events may not necessarily qualify as fully deductible contributions, depending on the circumstances. If your organization conducts fundraising events such as benefit dinners, shows, membership drives, etc., where something of value is received, you are required to provide a written statement informing donors of the fair market value of the specific items or services you provided in exchange for contributions of more than \$75.

You should provide the written disclosure statement in advance of any event, determine the fair market value of any benefit received, determine the amount of the contribution that is deductible, and state this information in your fundraising materials such as solicitations, tickets, and receipts. The amount of the contribution that is deductible is limited to the excess of any money (and the value of any property other than money) contributed by the donor less the value of goods or services provided by the charity. Your disclosure statement should be made, no later than, at the time payment is received. Subject to certain exceptions, your disclosure responsibility applies to any fundraising circumstances where each complete payment, including the contribution portion, exceeds \$75. For additional information, see Publication 1771 and Publication 526, Charitable Contributions.

EXCESS BENEFIT TRANSACTIONS

Excess benefit transactions are governed by section 4958 of the Code. Excess benefit transactions involve situations where a section 501(c)(3) organization provides an unreasonable benefit to a person who is in a position to exercise substantial influence over the organization's affairs. If you believe there may be an excess benefit transaction involving your organization, you should report the transaction on Form 990 or 990-EZ. Additional information can be

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found in the instructions for Form 990 and Form 990-EZ, or you may call our toll free number to obtain additional information on how to correct and report this transaction.

EMPLOYMENT TAXES

If you have employees, you are subject to income tax withholding and the social security taxes imposed under the Federal Insurance Contribution Act (FICA). You are required to withhold Federal income tax from your employee's wages and you are required to pay FICA on each employee who is paid more than \$100 in wages during a calendar year. To know how much income tax to withhold, you should have a Form W-4, Employee's Withholding Allowance Certificate, on file for each employee. Organizations described in section 501(c)(3) of the Code are not required to pay Federal Unemployment Tax (FUTA).

Employment taxes are reported on Form 941, Employer's Quarterly Federal Tax Return. The requirements for withholding, depositing, reporting and paying employment taxes are explained in Circular E, Employer's Tax Guide, (Publication 15), and Employer's Supplemental Tax Guide, (Publication 15-A). These publications explain your tax responsibilities as an employer.

CHURCHES

Churches may employ both ministers and church workers. Employees of churches or church-controlled organizations are subject to income tax withholding, but may be exempt from FICA taxes. Churches are not required to pay FUTA tax. In addition, although ministers are generally common law employees, they are not treated as employees for employment tax purposes. These special employment tax rules for members of the clergy and religious workers are explained in Publication 517, Social Security and Other Information for Members of the Clergy and Religious Workers. Churches should also consult Publications 15 and 15-A. Publication 1828, Tax Guide for Churches and Religious Organizations, also discusses the various benefits and responsibilities of these organizations under Federal tax law.

PUBLIC CHARITY STATUS

Every organization that qualifies for tax-exemption as an organization described in section 501(c)(3) is a private foundation unless it falls into one of the categories specifically excluded from the definition of that term [referred to in section 509(a)(1), (2), (3), or (4)]. In effect, the definition divides these organizations into two classes, namely private foundations and public charities.

Public charities are generally those that either have broad public support or actively function in a supporting relationship to those organizations.

Public charities enjoy several advantages over private foundations. There are certain excise taxes that apply to private foundations but not to public charities. A private foundation must also annually file Form 990-PF, Return of Private Foundation, even if it had no revenue or expenses.

SEDONA-OAK CREEK AIRPORT AUTHORITY

The Code section under which you are classified as a public charity is shown in the heading of your exemption letter. This determination is based on the information you provided and the request you made on your Form 1023 application. Please refer to Publication 557 for additional information about public charity status.

GRANTS TO INDIVIDUALS

The following information is provided for organizations that make grants to individuals. If you begin an individual grant program that was not described in your exemption application, please inform us about the program.

Funds you distribute to an individual as a grant must be made on a true charitable basis in furtherance of the purposes for which you are organized. Therefore, you should keep adequate records and case histories that demonstrate that grants to individuals serve your charitable purposes. For example, you should be in a position to substantiate the basis for grants awarded to individuals to relieve poverty or under a scholarship or education loan program. Case histories regarding grants to individuals should show names, addresses, purposes of grants, manner of selection, and relationship (if any) to members, officers, trustees, or donors of funds to you.

For more information on the exclusion of scholarships from income by an individual recipient, see Publication 520, Scholarships and Fellowships.

**User Fee for Exempt Organization
 Determination Letter Request**

▶ **Attach this form to determination letter application.
 (Form 8718 is NOT a determination letter application.)**

For IRS Use Only	OMB No. 1545-1798
	Control number _____
	Amount paid _____ User fee screener _____

1 Name of organization SEDONA-OAK CREEK AIRPORT AUTHORITY, INC.	2 Employer Identification Number 86-0251142
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Caution: Do not attach Form 8718 to an application for a pension plan determination letter. Use Form 8717 instead.

3 Type of request	Fee
a <input type="checkbox"/> Initial request for a determination letter for: <ul style="list-style-type: none"> • An exempt organization that has had annual gross receipts averaging not more than \$10,000 during the preceding 4 years, or • A new organization that anticipates gross receipts averaging not more than \$10,000 during its first 4 years ▶ \$150 <p>Note: If you checked box 3a, you must complete the Certification below.</p>	

Certification

I certify that the annual gross receipts of _____
name of organization
 have averaged (or are expected to average) not more than \$10,000 during the preceding 4 (or the first 4) years of operation.
 Signature ▶ _____ Title ▶ _____

b <input checked="" type="checkbox"/> Initial request for a determination letter for: <ul style="list-style-type: none"> • An exempt organization that has had annual gross receipts averaging more than \$10,000 during the preceding 4 years or • A new organization that anticipates gross receipts averaging more than \$10,000 during its first 4 years . . ▶ \$500 	
c <input type="checkbox"/> Group exemption letters ▶ \$500	

Instructions

The law requires payment of a user fee with each application for a determination letter. The user fees are listed on line 3 above. For more information, see Rev. Proc. 2003-8, 2003-1, I.R.B. 236, or latest annual update.

Check the box or boxes on line 3 for the type of application you are submitting. If you check box 3a, you must complete and sign the certification statement that appears under line 3a.

Attach to Form 8718 a check or money order payable to the "United States Treasury" for the full amount of the user fee. If you do not include the full amount, your application will be returned. Attach Form 8718 to your determination letter application.

Generally, the user fee will be refunded only if the Internal Revenue Service declines to issue a determination.

Where To File

Send the determination letter application and Form 8718 to:

Internal Revenue Service
 P.O. Box 192
 Covington, KY 41012-0192

If you are using express mail or a delivery service, send the application and Form 8718 to:

Internal Revenue Service
 201 West Rivercenter Blvd.
 Attn: Extracting Stop 312
 Covington, KY 41011

Paperwork Reduction Act Notice. We ask for the information on this form to carry out the Internal Revenue laws of the United States. If you want your organization to be recognized as tax-exempt by the IRS, you are required to give us this information. We need it to determine whether the organization meets the legal requirements for tax-exempt status.

You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. The rules governing the confidentiality of Form 8718 are covered in Code section 6104.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is 5 minutes. If you have comments concerning the accuracy of this time estimate or suggestions for making this form simpler, we would be happy to hear from you. You can write to the Tax Products Coordinating Committee, Western Area Distribution Center, Rancho Cordova, CA 95743-0001. **Do not** send this form to this address. Instead, see **Where To File** above.

Attach Check or Money Order Here

Power of Attorney and Declaration of Representative

OMB No. 1545-0150
 For IRS Use Only

▶ See the separate instructions.

Received by:
 Name _____
 Telephone _____
 Function _____
 Date / /

Part I **Power of Attorney** (Type or print.)

1 Taxpayer information. Taxpayer(s) must sign and date this form on page 2, line 9.

Taxpayer name(s) and address SEDONA-OAK CREEK AIRPORT AUTHORITY, INC. 235 AIR TERMINAL DRIVE SEDONA, AZ 86336	Social security number(s) _____ Daytime telephone number 928 282-4487	Employer identification number 86-0251142 Plan number (if applicable)
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hereby appoint(s) the following representative(s) as attorney(s)-in-fact:

2 Representative(s) must sign and date this form on page 2, Part II.

Name and address Robert R. Lyons 6701 Democracy Blvd. Suite 600 Bethesda, MD 86336	CAF No. <u>5005-24312R</u> Telephone No. <u>(301) 581-2644</u> Fax No. <u>(301) 897-2020</u> Check if new: Address <input type="checkbox"/> Telephone No. <input type="checkbox"/>
Name and address David Lowenthal 6701 Democracy Blvd. Suite 600 Bethesda, MD 86336	CAF No. <u>4005-55303R</u> Telephone No. <u>(301) 897-3200</u> Fax No. <u>(301) 897-2020</u> Check if new: Address <input type="checkbox"/> Telephone No. <input type="checkbox"/>
Name and address	CAF No. _____ Telephone No. _____ Fax No. _____ Check if new: Address <input type="checkbox"/> Telephone No. <input type="checkbox"/>

to represent the taxpayer(s) before the Internal Revenue Service for the following tax matters:

3 Tax matters

Type of Tax (Income, Employment, Excise, etc.) or Civil Penalty (See the instructions for line 3.)	Tax Form Number (1040, 941, 720, etc.)	Year(s) or Period(s)
Application for Exemption	1023	2004

4 Specific use not recorded on Centralized Authorization File (CAF). If the power of attorney is for a specific use not recorded on CAF, check this box. See the instructions for **Line 4. Specific uses not recorded on CAF.** ▶

5 Acts authorized. The representatives are authorized to receive and inspect confidential tax information and to perform any and all acts that I (we) can perform with respect to the tax matters described on line 3, for example, the authority to sign any agreements, consents, or other documents. The authority does not include the power to receive refund checks (see line 6 below), the power to substitute another representative, the authority to execute a request for a tax return, or a consent to disclose tax information unless specifically added below, or the power to sign certain returns. See the instructions for **Line 5. Acts authorized.**

List any specific additions or deletions to the acts otherwise authorized in this power of attorney: _____

Note: In general, an unenrolled preparer of tax returns cannot sign any document for a taxpayer. See Revenue Procedure 81-38, printed as Pub. 470, for more information.

Note: The tax matters partner of a partnership is not permitted to authorize representatives to perform certain acts. See the separate instructions for more information.

6 Receipt of refund checks. If you want to authorize a representative named on line 2 to receive. **BUT NOT TO ENDORSE OR CASH**, refund checks, initial here _____ and list the name of that representative below.

Name of representative to receive refund check(s) ▶ _____

7 Notices and communications. Original notices and other written communications will be sent to you and a copy to the first representative listed on line 2 unless you check one or more of the boxes below.

- a If you want the first representative listed on line 2 to receive the original, and yourself a copy, of such notices or communications, check this box
- b If you also want the second representative listed to receive a copy of such notices and communications, check this box
- c If you do not want any notices or communications sent to your representative(s), check this box

8 Retention/revocation of prior power(s) of attorney. The filing of this power of attorney automatically revokes all earlier power(s) of attorney on file with the Internal Revenue Service for the same tax matters and years or periods covered by this document. If you **do not** want to revoke a prior power of attorney, check here

YOU MUST ATTACH A COPY OF ANY POWER OF ATTORNEY YOU WANT TO REMAIN IN EFFECT.

9 Signature of taxpayer(s). If a tax matter concerns a joint return, **both** husband and wife must sign if joint representation is requested, otherwise, see the instructions. If signed by a corporate officer, partner, guardian, tax matters partner, executor, receiver, administrator, or trustee on behalf of the taxpayer, I certify that I have the authority to execute this form on behalf of the taxpayer.

▶ IF NOT SIGNED AND DATED, THIS POWER OF ATTORNEY WILL BE RETURNED.

Signature	Date	Title (if applicable)
Print Name		
Signature	Date	Title (if applicable)
Print Name		

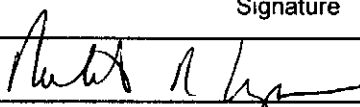
Part II Declaration of Representative

Caution: *Students with a special order to represent taxpayers in Qualified Low Income Taxpayer Clinics or the Student Tax Clinic Program, see the separate instructions for Part II.*

Under penalties of perjury, I declare that:

- I am not currently under suspension or disbarment from practice before the Internal Revenue Service;
- I am aware of regulations contained in Treasury Department Circular No. 230 (31 CFR, Part 10), as amended, concerning the practice of attorneys, certified public accountants, enrolled agents, enrolled actuaries, and others;
- I am authorized to represent the taxpayer(s) identified in Part I for the tax matter(s) specified there; and
- I am one of the following:
 - a Attorney — a member in good standing of the bar of the highest court of the jurisdiction shown below.
 - b Certified Public Accountant — duly qualified to practice as a certified public accountant in the jurisdiction shown below.
 - c Enrolled Agent — enrolled as an agent under the requirements of Treasury Department Circular No. 230.
 - d Officer — a bona fide officer of the taxpayer's organization.
 - e Full-Time Employee — a full-time employee of the taxpayer.
 - f Family Member — a member of the taxpayer's immediate family (i.e., spouse, parent, child, brother, or sister).
 - g Enrolled Actuary — enrolled as an actuary by the Joint Board for the Enrollment of Actuaries under 29 U.S.C. 1242 (the authority to practice before the Service is limited by section 10.3(d)(1) of Treasury Department Circular No. 230).
 - h Unenrolled Return Preparer — an unenrolled return preparer under section 10.7(c)(1)(viii) of Treasury Department Circular No. 230.

▶ IF THIS DECLARATION OF REPRESENTATIVE IS NOT SIGNED AND DATED, THE POWER OF ATTORNEY WILL BE RETURNED.

Designation — Insert above letter (a-h)	Jurisdiction (state) or Enrollment Card No.	Signature	Date
b	Fla, Va		1\16\2004
a, b	Ill		1\16\2004

**Application for Recognition of Exemption
 Under Section 501(c)(3) of the Internal Revenue Code**

Note: If exempt status is approved, this application will be open for public inspection.

Read the instructions for each Part carefully.

A User Fee must be attached to this application.

If the required information and appropriate documents are not submitted along with Form 8718 (with payment of the appropriate user fee), the application may be returned to you.

Complete the Procedural Checklist on page 8 of the instructions.

Part I Identification of Applicant

1a Full name of organization (as shown in organizing document)		2 Employer identification number (EIN) (If none, see page 3 of the Specific Instructions .)
SEDONA-OAK CREEK AIRPORT AUTHORITY, INC.		86-0251142
1b c/o Name (if applicable)		3 Name and telephone number of person to be contacted if additional information is needed
1c Address (number and street)		Robert R. Lyons (POA) (301) 581-2644
235 AIR TERMINAL DRIVE	Room/Suite	
1d City, town, or post office, state, and ZIP + 4. If you have a foreign address, see Specific Instructions for Part I, page 3.		4 Month the annual accounting period ends
SEDONA, AZ 86336		December
1e Web site address		5 Date incorporated or formed
		June 28, 1970
		6 Check here if applying under section: a <input type="checkbox"/> 501(e) b <input type="checkbox"/> 501(f) c <input type="checkbox"/> (501(k)) d <input type="checkbox"/> 501(n)
7 Did the organization previously apply for recognition of exemption under this Code section or under any other section of the Code? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If "Yes," attach an explanation.		
8 Is the organization required to file Form 990 (or Form 990-EZ)? <input type="checkbox"/> N/A <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If "No," attach an explanation (see page 3 of the Specific Instructions).		
9 Has the organization filed Federal income tax returns or exempt organization information returns? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If "Yes," state the form numbers, years filed, and Internal Revenue office where filed.		

CLIENT'S COPY

10 Check the box for the type of organization. ATTACH A CONFORMED COPY OF THE CORRESPONDING ORGANIZING DOCUMENTS TO THE APPLICATION BEFORE MAILING. (See **Specific Instructions** for Part I, Line 10, on page 3.) See also Pub. 557 for examples of organizational documents.)

- a Corporation — Attach a copy of the Articles of Incorporation (including amendments and restatements) showing approval by the appropriate state official; also include a copy of the bylaws.
- b Trust — Attach a copy of the Trust indenture or Agreement, including all appropriate signatures and dates.
- c Association — Attach a copy of the Articles of Association, Constitution, or other creating document, with a declaration (see instructions) or other evidence the organization was formed by adoption of the document by more than one person; also include a copy of the bylaws.

If the organization is a corporation or an unincorporated association that has not yet adopted bylaws, check here

I declare under the penalties of perjury that I am authorized to sign this application on behalf of the above organization and that I have examined this application, including the accompanying schedules and attachments, and to the best of my knowledge it is true, correct, and complete.

Please Sign Here _____ (Signature) _____ (Type or print name and title or authority of signer) _____ (Date)

For Paperwork Reduction Act Notice, see page 7 of the instructions.

Part II **Activities and Operational Information**

- 1** Provide a detailed narrative description of all the activities of the organization — past, present, and planned. **Do not merely refer to or repeat the language in the organizational document.** List each activity separately in the order of importance based on the relative time and other resources devoted to the activity. Indicate the percentage of time for each activity. Each description should include, as a minimum, the following: **(a)** a detailed description of the activity including its purpose and how each activity furthers your exempt purpose; **(b)** when the activity was or will be initiated; and **(c)** where and by whom the activity will be conducted.

See Attached Explanation

-
- 2** What are or will be the organization's sources of financial support? List in order of size.

See Attached Explanation

-
- 3** Describe the organization's fundraising program, both actual and planned, and explain to what extent it has been put into effect. Include details of fundraising activities such as selective mailings, formation of fundraising committees, use of volunteers or professional fundraisers, etc. Attach representative copies of solicitations for financial support.

See Attached Explanation

Part II Activities and Operational Information (Continued)

4 Give the following information about the organization's governing body:

<p>a Names, addresses, and titles of officers, directors, trustees, etc. See Attached Schedule</p>	<p>b Annual compensation None</p>
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c Do any of the above persons serve as members of the governing body by reason of being public officials or being appointed by public officials? Yes No
If "Yes," name those persons and explain the basis of their selection or appointment.

d Are any members of the organization's governing body "disqualified persons" with respect to the organization (other than by reason of being a member of the governing body) or do any of the members have either a business or family relationship with "disqualified persons"? (See **Specific Instructions** for Part II, Line 4d, on page 3.) Yes No
If "Yes," explain.

5 Does the organization control or is it controlled by any other organization? Yes No
Is the organization the outgrowth of (or successor to) another organization, or does it have a special relationship with another organization by reason of interlocking directorates or other factors? Yes No
If either of these questions is answered "Yes," explain.

SAA operates the Sedona-Oak Creek Airport Authority of under a lease agreement with Sedona Arizona. SAA also has a working relationship with Yavapai County Board of Supervisors. New board members are approved by the county after selection.

6 Does or will the organization directly or indirectly engage in any of the following transactions with any political organization or other exempt organization (other than a 501(c)(3) organization): (a) grants; (b) purchases or sales of assets; (c) rental of facilities or equipment; (d) loans or loan guarantees; (e) reimbursement arrangements; (f) performance of services, membership, or fundraising solicitations; or (g) sharing of facilities, equipment, mailing lists or other assets, or paid employees? Yes No
If "Yes," explain fully and identify the other organizations involved.

Sedona Airport Authority currently has a lease to function as an operating company for the airport facility until 2050. The Yavapai County Board of Supervisors acts as sponsor for airport improvement programs, including runways, taxiways, aprons, etc.

7 Is the organization financially accountable to any other organization? Yes No
If "Yes," explain and identify the other organization. Include details concerning accountability or attach copies of reports if any have been submitted.

Part II Activities and Operational Information (Continued)

8 What assets does the organization have that are used in the performance of its exempt function? (Do not include property producing investment income.) If any assets are not fully operational, explain their status, what additional steps remain to be completed, and when such final steps will be taken. If none, indicate "N/A."
See attached balance sheet

9 Will the organization be the beneficiary of tax-exempt bond financing within the next 2 years? Yes No

10a Will any of the organization's facilities or operations be managed by another organization or individual under a contractual agreement? Yes No

b Is the organization a party to any leases? Yes No
If either of these questions is answered "Yes," attach a copy of the contracts and explain the relationship between the applicant and the other parties.

11 Is the organization a membership organization? Yes No
If "Yes," complete the following:

a Describe the organization's membership requirements and attach a schedule of membership fees and dues.
N/A

b Describe the organization's present and proposed efforts to attract members and attach a copy of any descriptive literature or promotional material used for this purpose.
N/A

c What benefits do (or will) the members receive in exchange for their payment of dues?
N/A

12a If the organization provides benefits, services, or products, are the recipients required, or will they be required, to pay for them? N/A Yes No
If "Yes," explain how the charges are determined and attach a copy of the current fee schedule.

Standard fuel charges and space charges for aircraft, hangars, etc.

b Does or will the organization limit its benefits, services, or products to specific individuals or classes of individuals? N/A Yes No
If "Yes," explain how the recipients or beneficiaries are or will be selected.

N/A

13 Does or will the organization attempt to influence legislation? Yes No
If "Yes," explain. Also, give an estimate of the percentage of the organization's time and funds that it devotes or plans to devote to this activity.

N/A

14 Does or will the organization intervene in any way in political campaigns, including the publication or distribution of statements? Yes No
If "Yes," explain fully.

N/A

Part III Technical Requirements

1 Are you filing Form 1023 within 15 months from the end of the month in which your organization was created or formed? Yes No

If you answer "Yes," do not answer questions on lines 2 through 6 below.

2 If one of the exceptions to the 15-month filing requirement shown below applies, check the appropriate box and proceed to question 7.

Exceptions — You are not required to file an exemption application within 15 months if the organization:

- a Is a church, interchurch organization of local units of a church, a convention or association of churches, or an integrated auxiliary of a church. See **Specific Instructions**, Line 2a, on page 4;
- b Is not a private foundation and normally has gross receipts of not more than \$5,000 in each tax year; or
- c Is a subordinate organization covered by a group exemption letter, but only if the parent or supervisory organization timely submitted a notice covering the subordinate.

3 If the organization does not meet any of the exceptions on line 2 above, are you filing Form 1023 within 27 months from the end of the month in which the organization was created or formed? Yes No

If "Yes," your organization qualifies under Regulation section 301.9100-2, for an automatic 12-month extension of the 15-month filing requirement. Do not answer questions 4 through 6.

If "No," answer question 4.

4 If you answer "No" to question 3, does the organization wish to request an extension of time to apply under the "reasonable action and good faith" and the "no prejudice to the interest of the government" requirements of Regulations section 301.9100-3? Yes No

If "Yes," give the reasons for not filing this application within the 27-month period described in question 3. See **Specific Instructions**, Part III, Line 4, before completing this item. Do not answer questions 5 and 6.

If "No," answer questions 5 and 6.

5 If you answer "No" to question 4, your organization's qualification as a section 501(c)(3) organization can be recognized only from the date this application is filed. Therefore, do you want us to consider the application as a request for recognition of exemption as a section 501(c)(3) organization from the date the application is received and not retroactively to the date the organization was created or formed? Yes No

6 If you answer "Yes" to question 5 above and wish to request recognition of section 501(c)(4) status for the period beginning with the date the organization was formed and ending with the date the Form 1023 application was received (the effective date of the organization's section 501(c)(3) status), check here and attach a completed page 1 of Form 1024 to this application.

Part III Technical Requirements (Continued)**7** Is the organization a private foundation?

- Yes** (Answer question 8.)
- No** (Answer question 9 and proceed as instructed.)

8 If you answer "Yes" to question 7, does the organization claim to be a private operating foundation?

- Yes** (Complete Schedule E.)
- No**

After answering question 8 on this line, go to line 14 on page 7.

9 If you answer "No" to question 7, indicate the public charity classification the organization is requesting by checking the box below that most appropriately applies:**THE ORGANIZATION IS NOT A PRIVATE FOUNDATION BECAUSE IT QUALIFIES:**

- | | | |
|----------|---|--|
| a | <input type="checkbox"/> As a church or a convention or association of churches
(CHURCHES MUST COMPLETE SCHEDULE A.) | Sections 509(a)(1)
and 170(b)(1)(A)(i) |
| b | <input type="checkbox"/> As a school (MUST COMPLETE SCHEDULE B.) | Sections 509(a)(1)
and 170(b)(1)(A)(ii) |
| c | <input type="checkbox"/> As a hospital or cooperative hospital service organization, or a medical research organization operated in conjunction with a hospital (These organizations, except for hospital service organizations, MUST COMPLETE SCHEDULE C.) | Sections 509(a)(1)
and 170(b)(1)(A)(iii) |
| d | <input type="checkbox"/> As a governmental unit described in section 170(c)(1). | Sections 509(a)(1)
and 170(b)(1)(A)(v) |
| e | <input type="checkbox"/> As being operated solely for the benefit of, or in connection with, one or more of the organizations described in a through d, g, h, or i (MUST COMPLETE SCHEDULE D.) | Section 509(a)(3) |
| f | <input type="checkbox"/> As being organized and operated exclusively for testing for public safety. | Section 509(a)(4) |
| g | <input type="checkbox"/> As being operated for the benefit of a college or university that is owned or operated by a governmental unit. | Sections 509(a)(1)
and 170(b)(1)(A)(vi) |
| h | <input type="checkbox"/> As receiving a substantial part of its support in the form of contributions from publicly supported organizations, from a governmental unit, or from the general public. | Sections 509(a)(1)
and 170(b)(1)(A)(vi) |
| i | <input checked="" type="checkbox"/> As normally receiving not more than one-third of its support from gross investment income and more than one-third of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions (subject to certain exceptions). | Section 509(a)(2) |
| j | <input type="checkbox"/> The organization is a publicly supported organization but is not sure whether it meets the public support test of h or i. The organization would like the IRS to decide the proper classification. | Sections 509(a)(1)
and 170(b)(1)(A)(vi)
or Section 509(a)(2) |

If you checked one of the boxes a through f in question 9, go to question 14. If you checked box g in question 9, go to questions 11 and 12. If you checked box h, i, or j, in question 9, go to question 10.

Part III Technical Requirements (Continued)

10 If you checked box **h**, **i**, or **j** in question 9, has the organization completed a tax year of at least 8 months?
 Yes — Indicate whether you are requesting:
 A definitive ruling. (Answer questions 11 through 14.)
 An advance ruling. (Answer questions 11 and 14 and attach two Forms 872-C completed and signed.)
 No — You must request an advance ruling by completing and signing two Forms 872-C and attaching them to the Form 1023.

11 If the organization received any unusual grants during any of the tax years shown in Part IV-A, **Statement of Revenue and Expenses**, attach a list for each year showing the name of the contributor; the date and the amount of the grant; and a brief description of the nature of the grant.
 N/A

12 If you are requesting a definitive ruling under section 170(b)(1)(A)(iv) or (vi), check here and:
a Enter 2% of line 8, column (e), Total, of Part IV-A
b Attach a list showing the name and amount contributed by each person (other than a governmental unit or "publicly supported" organization) whose total gifts, grants, contributions, etc., were more than the amount entered on line **12a** above.

13 If you are requesting a definitive ruling under section 509(a)(2), check here and:
a For each of the years included on lines 1, 2, and 9 of Part IV-A, attach a list showing the name of and amount received from each "disqualified person." (For a definition of "disqualified person," see **Specific Instructions**, Part II, Line 4d, on page 3.)
b For each of the years included on line 9 of Part IV-A, attach a list showing the name of and amount received from each payer (other than a "disqualified person") whose payments to the organization were more than \$5,000. For this purpose, "payer" includes, but is not limited to, any organization described in sections 170(b)(1)(A)(i) through (vi) and any governmental agency or bureau.

14 Indicate if your organization is one of the following. If so, complete the required schedule. (Submit only those schedules that apply to your organization. Do not submit blank schedules.)	Yes	No	If "Yes," complete Schedule:
Is the organization a church?		X	A
Is the organization, or any part of it, a school?		X	B
Is the organization, or any part of it, a hospital or medical research organization?		X	C
Is the organization a section 509(a)(3) supporting organization?		X	D
Is the organization a private operating foundation?		X	E
Is the organization, or any part of it, a home for the aged or handicapped?		X	F
Is the organization, or any part of it, a child care organization?		X	G
Does the organization provide or administer any scholarship benefits, student aid, etc.?		X	H
Has the organization taken over, or will it take over, the facilities of a "for profit" institution?		X	I

Part IV Financial Data

Complete the financial statements for the current year and for each of the 3 years immediately before it. If in existence less than 4 years, complete the statements for each year in existence. If in existence less than 1 year, also provide proposed budgets for the 2 years following the current year.

A. Statement of Revenue and Expenses

	Current tax year	3 prior tax years or proposed budget for 2 years			(e) TOTAL
	(a) From _____ to _____	(b) _____	(c) _____	(d) _____	
Revenue					
1 Gifts, grants, and contributions received (not including unusual grants — see page 6 of the instructions)					
2 Membership fees received					
3 Gross investment income (see instructions for definition)	See Attached Schedule				0.00
4 Net income from organization's unrelated business activities not included on line 3					
5 Tax revenues levied for and either paid to or spent on behalf of the organization					
6 Value of services or facilities furnished by a governmental unit to the organization without charge (not including the value of services or facilities generally furnished the public without charge)					
7 Other income (not including gain or loss from sale of capital assets) (attach schedule)					
8 Total (add lines 1 through 7)			0.00		0.00
9 Gross receipts from admissions, sales of merchandise or services, or furnishing of facilities in any activity that is not an unrelated business within the meaning of section 513. Include related cost of sales on line 22.					
10 Total (add lines 8 and 9)			0.00		0.00
11 Gain or loss from sale of capital assets (attach schedule)					
12 Unusual grants					
13 Total revenue (add lines 10 through 12)			0.00		0.00
Expenses					
14 Fundraising expenses					
15 Contributions, gifts, grants, and similar amounts paid (attach schedule)					
16 Disbursements to or for benefit of members (attach schedule)					
17 Compensation of officers, directors, and trustees (attach schedule)					
18 Other salaries and wages					
19 Interest					
20 Occupancy (rent, utilities, etc.)					
21 Depreciation and depletion					
22 Other (attach schedule)					
23 Total expenses (add lines 14 through 22)					
24 Excess of revenue over expenses (line 13 minus line 23)			0.00		

Part IV Financial Data (Continued)

B. Balance Sheet (at the end of the period shown)		Current tax year Date _____
Assets		
1	Cash	1 See Attached
2	Accounts receivable, net	2
3	Inventories	3
4	Bonds and notes receivable (attach schedule)	4
5	Corporate stocks (attach schedule)	5
6	Mortgage loans (attach schedule)	6
7	Other investments (attach schedule)	7
8	Depreciable and depletable assets (attach schedule)	8
9	Land	9
10	Other assets (attach schedule)	10
11	Total assets (add lines 1 through 10)	11 0.00
Liabilities		
12	Accounts payable	12
13	Contributions, gifts, grants, etc., payable	13
14	Mortgages and notes payable (attach schedule)	14
15	Other liabilities (attach schedule)	15
16	Total liabilities (add lines 12 through 15)	16
Fund Balances or Net Assets		
17	Total fund balances or net assets	17
18	Total liabilities and fund balances or net assets (add line 16 and line 17)	18

If there has been any substantial change in any aspect of the organization's financial activities since the end of the period shown above, check the box and attach a detailed explanation. ▶

SEDONA-OAK CREEK AIRPORT AUTHORITY, INC.
EIN 86-0251142

Application for Exemption

Part II Activities and Operational Information

1. Provide a detailed description of all the activities of the organization – past, present, and planned. List each activity separately in the order of importance based on the relative time and other resources devoted to the activity.

The Sedona-Oak Creek Airport Authority (hereafter "SAA") effectively functions as the management company to operate the Federally Land Granted Airport for the Yavapai County located in Arizona. The SAA currently has a lease to perform these duties until 2050. The Authority was set up as a corporation with the Arizona Corporation Commission and has operated as a non-profit since its inception.

The airport is owned by Yavapai County, Arizona and, as noted above, is currently under lease to the Sedona Airport Administration. The Yavapai County Board of Supervisors, however, acts as sponsor for airport improvement programs.

From an historical prospective, land for the airport was acquired October 31, 1956 from the U.S. forest Service under the provisions of Section 16 of the Federal Airport Aid Program (FAAP). Application was made to the Federal Aviation Administration in 1957 to construct a paved runway, stub taxiway, aircraft-parking apron and fencing.

In 1970 the Sedona-Oak Creek Airport Authority was formed as a non-profit corporation. The following year Yavapai County Arizona leased the airport to SAA. There have been many improvements added to the Sedona Airport in subsequent years and in 1993 the airport was named as the Arizona Airport of the Year by the Arizona Department of Transportation.

In 1994 the Sedona-Oak Creek Airport Authority changed its business name to the Sedona Airport Administration (SAA). The Sedona-Oak Creek Airport Authority remains the legal designation for the corporation.

The SAA has functioned over the years with the understanding that they were exempt due to their relationship with Yavapai County. The Property Tax Division made a determination based on requirements outlined in the Statutes that:

Nonprofit organization status may be established by a letter of determination issued in the organization's name by the United States Internal Revenue Service or the department of revenue recognizing the organization's tax-exempt status under section 501(c)(3) of the Internal Revenue Code or under section 43-1201.

Correspondence was received on April 22, 2002 from the Internal Revenue Service [P.O. Box 2508, Cincinnati, OH 45201] indicating that the organization may be a governmental instrumentality or a political subdivision of a state. In the correspondence [attached], the Service took the position that SAA could fall into either a "governmental instrumentality" category or a 501(c)(3) charitable organization.

The intent on the part of the County is clear insofar as they require SAA to apply for tax exemption. This is needed, in addition to the "convenience" aspect, in order to meet the requirements for real estate exemption, which is only granted, to charitable organizations if they meet all of the requirements.

Lessening the Burdens of Government

Reg. Section 1.501(c)(3)-1(d)(2) defines the term charitable as including "lessening of the burdens of Government" and the "erection or maintenance of public buildings, monuments, or works. The initial concept relates more closely to the provision of governmental or municipal services rather than facilities, because of inclusion in the regulations of the exempt activity of erection or maintenance of public facilities.

A determination as to whether there is a lessening of the burdens of a government requires consideration of whether the organization's activities are activities that a governmental unit considers to be its burdens and whether the activities actually lessen a governmental burden.

As noted in Rev. Rul. 85-2, 1985-1 C.B. 178, to determine whether an activity is a burden of government, the question to be answered is whether there is an objective manifestation by the government that it considers such activity to be part of its burden. The fact that an organization is engaged in an activity that is sometimes undertaken by the government is insufficient to establish a burden of government. Similarly, the fact that the government expresses approval of an organization and its activities is also not sufficient to establish that the organization is lessening the burdens of government. The interrelationship between the organization and the government may provide evidence that the government considers the organization's activities to be its burden.

To determine whether the organization is actually lessening the burdens of government, all of the relevant facts and circumstances must be considered. A favorable working relationship between the government and the organization is strong evidence that the organization is actually "lessening" the burdens of the government.

For example, Rev. Rul. 71-29, 1971-1 C.B. 150 holds that an organization's grant of funds to a city's transit authority to insure continuation of bus services for the city is a charitable disbursement. The organization is assisting the municipal government and conferring a benefit upon the entire community.

Analogous to Rev. Rul. 78-68, 1978-1 CB 149, which analyzes bus transportation for isolated communities, SAA is providing airport facilities to a rural area not served by

existing airport facilities and is providing the services under the authority of Federal and local agencies and local government. The airport improves the public welfare by establishing better access between this isolated community and the surrounding parts of state in conjunction with our national system of airports under the control of the Federal Aviation Administration. The airport system provides residents with access to other locations and enables them to maintain employment and expand recreational facilities indigenous to the area. The airport serves an isolated part of the state not served by the existing transportation system. SAA has been approved by the local government and works in coordination with local governmental agencies such as police, fire and rescue.

In the present case, until approximately two years ago, SAA was not aware that they were not part of the government. As previously noted, the Yavapai County Board of Supervisors acts as sponsor for airport improvement programs. For example, the new terminal, new water system, the improvement to the road to airport and new signage were all provided through bonds, federal funds, state funds user fees and internal funds.

SAA is lessening the burden of Yavapai County government in carrying out the function of airport administrator, providing services normally carried out by a municipality with active involvement on the part of existing county government. Pursuant to the lease agreement, dated February 19, 2003, between SAA and Yavapai County of supervisors, SAA is obligated to operate the airport in accordance with the obligations of "Lessor" to the Federal Government as enumerated in applicable grant agreements. This would further support the fact that SAA is stepping into the role of county government.

Activities

Fuel and oil sales for aircraft – [Accounts for 70 percent of operations] Fuel sales to aircraft housed and temporarily parked consume approximately 30,000 gallons per month. This is in addition to normal repairs and maintenance activity performed on aircraft.

Aircraft rental space income – [Account for 25 percent of operations] Aircraft rental spaces are comprised of those used for aircraft housed at the facility as well as temporary rental spaces for overnight and short-term use.

Other fees and charges – [Account for 5 percent of operations] Consist of various miscellaneous related activities.

2. What are or will be the organization's sources of financial support? List in order of size.

Operation revenues:

Fuel and oil sales for aircraft	70%
Aircraft rental space income	25%
Other fees and charges	5%

3. Describe the organization's fundraising program, both actual and planned, and explain to what extent it has been put into effect.

SAA functions in much the same way as an Enterprise Fund in municipal accounting. As an exempt organization, it is funded through fees and charges rather than charitable in nature.

SEDONA-OAK CREEK AIRPORT AUTHORITY, INC.
EIN 86-0251142

Application for Exemption

Part II Activities and Operational Information

4. Give the following information about the organization's governing body -

a. Names, addresses, and titles of officers Directors, trustees, etc.:

David Webster 145 Little Scout Road Sedona AZ 86336	President	Director
Geoffrey Roth P.O. Box 2727 Sedona, AZ 86339	Vice President	Director
Russell Demaray P.O. Box 2339 Sedona, AZ 86339	Secretary/Treasurer	Director
Mike Bryant 110 mission Road Sedona, AZ 86336	-	Director
Marjorie Miller 15 Pinon Court Sedona, AZ 86336	-	Director

SEDONA-OAK CREEK AIRPORT AUTHORITY, INC.
EIN 86-0251142

Application for Exemption

Part III Technical Requirements

4. Give the reasons for not filing this application within the 27-month period described in question 3.

Pursuant to Reg. Section 301.9100, requests for relief will be granted when the taxpayer provides the evidence to establish to the satisfaction of the Commissioner that the taxpayer – (1) acted reasonably and in good faith; and, (2) the grant of relief will not prejudice the interests of the Government.

1. (a) Due diligence of the taxpayer - SAA is the outgrowth of a project which began in 1956. Because Sedona was not an incorporated area at the time, it could not be a legal sponsor to acquire Federal and State funding for an airport facility. The original committee formulated a plan and selected the existing site for their airport. In addition, a sponsor, Yavapai County, agreed to undertake the project. The airport is actually owned by Yavapai County and is currently under lease to the Sedona Airport Administration. SAA has functioned over the years as an enterprise fund assuming that their reporting responsibility was to the county alone. The Yavapai County Tax Assessor initiated the investigation into SAA's status by requiring the initial inquiry with the Service. In 2002, SAA requested a determination from the Service concerning their status. According to the Service, "Our records indicate that your organization may be a governmental instrumentality or a political subdivision of the state." As such, there would be no reporting requirement or a need to impose tax pursuant to Code section 115(1). The response from the Service dated April 22, 2002 also noted:

"Your organization may also qualify for exemption from federal income tax as an organization described in section 501(c)(3) of the Code. If the organization is an entity separate from the state, county, or municipal government, and if it does not have powers or purposes inconsistent with exemption, your organization would qualify under section 501(c)(3). To apply for exemption, complete Form 1023 and pay the required user fee."

- (b) Prompt action by taxpayer - Upon reaching the determination that SAA should be operated as an exempt organization; they sought legal council and began the process of applying for exemption. SAA worked with the County after receiving the April 2002 letter to determine what would be the best course of action.

- (c) Intent of the taxpayer - It has always been the taxpayers' intent to function within the limits of authority. They have an excellent history with the Federal Airport Aid Program, the Federal Aviation Administration, the state of Arizona and the County of Yavapai. Over the years, SAA has an unblemished history of reporting to the appropriate authorities.
- 2.
- (a) Prejudice to the interests of the Government – Granting the extension neither prejudices the interest of the Government nor causes undue administrative burden. Over the course of the years of operations, SSA's activities have been consistent with an organization meeting the requirements of Code section 501(c)(3). As such, all activities substantially relate to the organization's exempt purpose. Based on the information available, there would be no tax due on unrelated activities.
 - (b) Statutory and regulatory objectives - Granting the extension would be consistent with the objectives of the underlying statute and the regulatory election or application provisions. This would be consistent with Code sections 501(c)(3).

Sedona-Oak Creek Airport Authority Inc.
dba Sedona Airport Authority
Comparative Balance Sheet
As of October 31, 2003 and December 31, 2002 and 2001
Consolidated Statement for Sedona Airport Administration and Red Rock Aviation

	2003	2002	2001
Current Assets			
Cash & Cash Equivalents	\$ 632,165	\$ 694,792	\$ 529,198
Accounts Receivable	93,220	113,410	124,754
Prepaid Accounts	15,520	22,395	19,036
Inventories	20,500	13,464	9,873
Other Assets	101,408	14,944	18,256
Total Current Assets	<u>\$ 862,813</u>	<u>\$ 859,005</u>	<u>\$ 701,117</u>
Capital Assets			
Land, Building, Equipment	\$ 2,400,263	\$ 2,358,053	\$ 2,325,421
Accumulated Depreciation	986,680	895,772	786,682
Net Capital Assets	<u>\$ 1,413,583</u>	<u>\$ 1,462,281</u>	<u>\$ 1,538,739</u>
Total Assets	<u>\$ 2,276,396</u>	<u>\$ 2,321,286</u>	<u>\$ 2,239,856</u>
Current Liabilities			
Accounts Payable & Accrued Expenses	\$ 79,947	\$ 59,883	\$ 54,572
Prepaid Rents	17,600	32,834	35,992
Other Current Liabilities	13,354	12,655	11,731
Total Current Liabilities	<u>\$ 110,901</u>	<u>\$ 105,372</u>	<u>\$ 102,295</u>
Long-term Liabilities			
Notes Payable (inclusive of current maturities)	\$ 132,834	\$ 191,552	\$ 245,670
Bonds Payable (inclusive of current maturities)	195,000	250,000	300,000
Total Long-term Liabilities	<u>\$ 327,834</u>	<u>\$ 441,552</u>	<u>\$ 545,670</u>
Net Assets			
Capital Surplus	\$ 886,994	\$ 1,020,729	\$ 993,069
Unrestricted Assets	550,667	313,073	510,494
Restricted Assets	400,000	440,560	88,328
Total Net Assets	<u>\$ 1,837,661</u>	<u>\$ 1,774,362</u>	<u>\$ 1,591,891</u>
Total Liabilities and Net Assets	<u>\$ 2,276,396</u>	<u>\$ 2,321,286</u>	<u>\$ 2,239,856</u>

Sedona-Oak Creek Airport Authority Inc.
dba Sedona Airport Authority
Comparative Income Statement
As of October 31, 2003 and December 31, 2002 and 2001
Consolidated Statement for Sedona Airport Administration and Red Rock Aviation

	2003	2002	2001
Revenue			
Rents	\$ 280,625	\$ 499,528	\$ 495,662
Fees and Assessments	81,532	50,504	47,089
Sales	712,764	744,201	694,422
Other Operating Revenues	23,715	5,980	-
Total Operating Income	<u>\$ 1,098,636</u>	<u>\$ 1,300,213</u>	<u>\$ 1,237,173</u>
Expenses			
Purchases	<u>\$ 422,894</u>	<u>\$ 615,765</u>	<u>\$ 585,758</u>
Operating Expenses			
Salaries and Benefits	\$ 241,980	\$ 130,452	\$ 119,690
Professional Services	92,978	42,822	21,761
Supplies	7,316	13,233	12,759
Equipment Rental and Maintenance	46,675	46,853	57,842
Bank Fees	14,187	15,020	14,675
Advertising	5,618	6,499	4,793
Amortization	3,241	3,890	3,889
Depreciation	90,908	109,090	131,729
Bad Debt Expense	-	-	1,865
Contributions	100	-	2,050
Dues and Subscriptions	843	885	942
Insurance	25,258	37,871	39,090
Postage	1,020	1,046	1,046
Taxes and Licenses	5,320	142	225
Telephone	8,802	11,390	11,772
Travel	16,332	10,510	9,260
Utilities	28,211	34,610	35,641
Other Expenses	6660	9117	8457
Total Operating Expenses	<u>\$ 595,449</u>	<u>\$ 473,430</u>	<u>\$ 477,486</u>
Nonoperating Income and Expenses			
Interest and Dividend Income	\$ 10,255	\$ 12,671	\$ 17,968
Interest Expense	\$ (27,249)	\$ (41,219)	\$ (50,123)
Loss on Disposal	\$ -	\$ -	\$ (1,187)
Total Nonoperating Income/Expense	<u>\$ (16,994)</u>	<u>\$ (28,548)</u>	<u>\$ (33,342)</u>
Net Income	<u>\$ 63,299</u>	<u>\$ 182,470</u>	<u>\$ 140,587</u>