



BOSTON FOUNDATION, INC.

Consolidated Financial Statements

June 30, 2003 and 2002

(With Independent Auditors' Report Thereon)



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Independent Auditors' Report

The Board of Directors
Boston Foundation, Inc.:

We have audited the accompanying consolidated statements of financial position of Boston Foundation, Inc. (the Foundation) as of June 30, 2003 and 2002, and the related consolidated statements of activities and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these consolidated 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 audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of June 30, 2003 and 2002, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

KPMG LLP

August 22, 2003



BOSTON FOUNDATION, INC.

Consolidated Statements of Financial Position

June 30, 2003 and 2002

Assets	2003	2002
Cash	\$ 2,134,075	468,451
Receivables for investments sold	9,097,230	1,826,298
Interest and dividends receivable	1,150,645	1,698,967
Receivables and other assets (note 3)	1,865,551	1,567,203
Contributions receivable, net (note 4)	17,286,760	17,180,802
Investments, at market value (note 5)	537,736,094	537,433,236
Fixed assets, net (note 9)	2,362,027	2,692,298
Total assets	\$ <u>571,632,382</u>	<u>562,867,255</u>
Liabilities and Net Assets		
Liabilities:		
Payables for investments purchased	\$ 3,663,237	1,617,923
Accounts payable and accrued liabilities (notes 10 and 12)	1,933,125	1,969,933
Long-term debt (note 10)	1,984,352	2,201,544
Grants payable (note 11)	1,555,321	1,676,631
Total liabilities	<u>9,136,035</u>	<u>7,466,031</u>
Commitments (notes 11 and 12)		
Net asset (note 2):		
Unrestricted	173,721,005	174,520,025
Temporarily restricted (note 6)	199,857,180	200,095,669
Permanently restricted (note 7)	188,918,162	180,785,530
Total net assets	<u>562,496,347</u>	<u>555,401,224</u>
Total liabilities and net assets	\$ <u>571,632,382</u>	<u>562,867,255</u>

See accompanying notes to consolidated financial statements.

BOSTON FOUNDATION, INC.

Consolidated Statement of Activities

Year ended June 30, 2003

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Revenues and gains:				
Contributions	\$ 29,898,171	—	8,132,632	38,030,803
Investment income, net of fees (note 5)	4,593,143	5,142,047	—	9,735,190
Unrealized and realized net gains on investments and trusts (note 5)	4,013,397	11,526,358	—	15,539,755
Net assets released from restrictions (note 8)	<u>16,906,894</u>	<u>(16,906,894)</u>	<u>—</u>	<u>—</u>
Total revenues and (losses) gains	<u>55,411,605</u>	<u>(238,489)</u>	<u>8,132,632</u>	<u>63,305,748</u>
Expenses:				
Grants	47,972,424	—	—	47,972,424
Program support	2,389,142	—	—	2,389,142
Operating expenses:				
Grantmaking	2,940,010	—	—	2,940,010
Development and donor relations	1,924,562	—	—	1,924,562
Finance administration	<u>984,487</u>	<u>—</u>	<u>—</u>	<u>984,487</u>
Total operating expenses	<u>5,849,059</u>	<u>—</u>	<u>—</u>	<u>5,849,059</u>
Total expenses	<u>56,210,625</u>	<u>—</u>	<u>—</u>	<u>56,210,625</u>
Change in net assets	(799,020)	(238,489)	8,132,632	7,095,123
Net assets as of beginning of year	<u>174,520,025</u>	<u>200,095,669</u>	<u>180,785,530</u>	<u>555,401,224</u>
Net assets as of end of year	<u>\$ 173,721,005</u>	<u>199,857,180</u>	<u>188,918,162</u>	<u>562,496,347</u>

See accompanying notes to consolidated financial statements.

BOSTON FOUNDATION, INC.

Consolidated Statement of Activities

Year ended June 30, 2002

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Revenues and gains:				
Contributions	\$ 23,493,118	—	9,790,330	33,283,448
Investment income, net of fees (note 5)	5,001,058	5,328,600	—	10,329,658
Unrealized and realized net losses on investments and trusts (note 5)	(26,614,847)	(46,171,499)	—	(72,786,346)
Net assets released from restrictions (note 8)	<u>18,505,607</u>	<u>(18,505,607)</u>	<u>—</u>	<u>—</u>
Total revenues and (losses) gains	<u>20,384,936</u>	<u>(59,348,506)</u>	<u>9,790,330</u>	<u>(29,173,240)</u>
Expenses:				
Grants	53,731,240	—	—	53,731,240
Program support	1,832,772	—	—	1,832,772
Operating expenses:				
Grantmaking	2,429,537	—	—	2,429,537
Development and donor relations	2,536,620	—	—	2,536,620
Finance administration	<u>877,088</u>	<u>—</u>	<u>—</u>	<u>877,088</u>
Total operating expenses	<u>5,843,245</u>	<u>—</u>	<u>—</u>	<u>5,843,245</u>
Total expenses	<u>61,407,257</u>	<u>—</u>	<u>—</u>	<u>61,407,257</u>
Change in net assets	(41,022,321)	(59,348,506)	9,790,330	(90,580,497)
Net assets as of beginning of year	<u>215,542,346</u>	<u>259,444,175</u>	<u>170,995,200</u>	<u>645,981,721</u>
Net assets as of end of year	<u>\$ 174,520,025</u>	<u>200,095,669</u>	<u>180,785,530</u>	<u>555,401,224</u>

See accompanying notes to consolidated financial statements.

BOSTON FOUNDATION, INC.
Consolidated Statements of Cash Flows
Years ended June 30, 2003 and 2002

	2003	2002
Cash flows from operating activities:		
Cash received from contributions	\$ 29,792,212	25,852,964
Interest and dividends received, net of fees	10,283,512	10,939,274
Grants paid	(48,729,529)	(52,836,326)
Cash paid:		
For program expenses	(2,207,573)	(1,832,772)
To employees and suppliers	(5,315,022)	(4,758,950)
Net cash used in operating activities	(16,176,400)	(22,635,810)
Cash flows from investing activities:		
Proceeds from sales of investments	452,033,148	740,912,529
Purchases of investments	(442,021,870)	(730,437,315)
Purchases of equipment	(466,509)	(2,691,386)
Proceeds from investments in notes receivable	381,815	365,726
Net cash provided by investing activities	9,926,584	8,149,554
Cash flows from financing activities:		
Contributions to permanently restricted funds	8,132,632	12,355,129
(Payments on) proceeds from secured term loan	(217,192)	2,201,544
Net cash provided by financing activities	7,915,440	14,556,673
Net change in cash	1,665,624	70,417
Cash, beginning of year	468,451	398,034
Cash, end of year	\$ 2,134,075	468,451
Reconciliation of change in net assets to net cash used in operating activities:		
Increase (decrease) in net assets	\$ 7,095,123	(90,580,497)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	398,390	322,922
Change in contributions receivable, net	(105,958)	4,924,644
Change in other assets and liabilities	108,432	2,265,904
Contributions to permanently restricted funds	(8,132,632)	(12,355,129)
Unrealized and realized net (gains) losses on investments	(15,539,755)	72,786,346
Net cash used in operating activities	\$ (16,176,400)	(22,635,810)

See accompanying notes to consolidated financial statements.

BOSTON FOUNDATION, INC.

Notes to Consolidated Financial Statements

June 30, 2003 and 2002

(1) Description of the Boston Foundation

(a) Organization

The Boston Foundation was established in 1915 by an Agreement and Declaration of Trust. A Massachusetts charitable corporation, now named Boston Foundation, Inc., was organized in 1917 to administer and distribute the income of The Boston Foundation, which was received by the Trustees from assets held under the Agreement and Declaration of Trust. In January 1999, the Supreme Judicial Court for Suffolk County, Massachusetts, rendered a judgment terminating the Agreement and Declaration of Trust and directed that the assets held by the Trustees be transferred to Boston Foundation, Inc., to be held and administered by it under the same terms, thus leaving Boston Foundation, Inc. as the successor to the Trustees. Boston Foundation, Inc. (the Foundation) is a tax-exempt organization as described in Section 501(c)(3) of the Internal Revenue Code, is generally exempt from income taxes pursuant to Section 501(a) of the Code, and, as a community foundation, qualifies as a public charity under Section 170(b)(1)(A)(vi) of the Internal Revenue Code.

(b) Activity

The Foundation's main purpose is to make charitable grants to qualified recipients within the greater Boston community and to provide philanthropic support to donors. The Foundation receives its support directly from the public.

(2) Summary of Significant Accounting Policies

(a) Basis of Presentation

The consolidated financial statements include the accounts of the Foundation and those of its affiliated supporting organizations. The affiliated supporting organizations are the Bruce J. Anderson Fund, Horace Moses Fund, and Bancroft Fund. The total net assets of the supporting organizations were \$13,405,396 and \$13,539,946 as of June 30, 2003 and 2002, respectively. Interorganizational transactions and balances have been eliminated.

(b) Use of Estimates

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

(c) Classification of Net Assets

Unrestricted net assets comprise those assets upon which donors have placed no restrictions on expenditure of the principal or income that the Foundation may use at its discretion.

Temporarily restricted net assets comprise those assets the expenditure of which is restricted for use during a specific time period or for a particular purpose.

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Notes to Consolidated Financial Statements

June 30, 2003 and 2002

Permanently restricted net assets comprise those assets promised or contributed to the Foundation where the assets are to remain in perpetuity as permanent assets of the Foundation. All income related to these net assets is classified as temporarily restricted and released to unrestricted net assets during the year. All unrealized and realized net gains on investments related to these net assets are classified as temporarily restricted and released to unrestricted net assets as the Foundation appropriates its annual spending amounts based on the use of a spending rule.

Permanently restricted net assets are comprised of individual fund balances stated at historic dollar value. At June 30, 2003 and 2002, the fair market value of certain of these individual funds was less than their historic dollar value by \$742,810 and \$791,092, respectively, due to investment losses. In accordance with Statement of Financial Accounting Standards (SFAS) No. 124, *Accounting for Certain Investments Held by Not-for-Profit Organizations*, unrestricted net assets have been charged for the deficiency caused by these losses.

The Foundation's board adopted a spending rule that was implemented during fiscal year 1999. Annually, the board sets a rate to determine the amount available for spending. The rate for fiscal year 2003 was set at 5.5% of the Foundation's net investment assets as measured by the average value of such assets over a sixteen-quarter period ending the prior December 31.

(d) Investments

The Foundation's portfolio is managed by outside investment managers who invest according to the investment guidelines established by the Investment Committee of the Board. Investments are stated at market value in the case of marketable securities and at estimated fair value for certain nonmarketable securities. The market value of publicly traded securities is based upon quotes from the principal exchanges on which the security is traded.

Nonmarketable securities include alternative investments such as private equity, venture capital, and real estate, which are valued using current estimates of fair value obtained from the general partner or investment manager in the absence of readily determinable public market values. Such valuations generally reflect discounts for liquidity and consider variables such as financial performance of investments, including comparison of comparable companies' earning multiples, cash flow analysis, recent sales prices of investments, and other pertinent information. The estimated fair value of these investments is based on valuations provided by the external investment managers as of March 31, adjusted for cash receipts, cash disbursements and securities distributions through June 30. Because of the inherent uncertainty of valuation for these investments, the investment manager or general partner's estimate may differ from the values that would have been used had a ready market existed, and the differences could be materially higher or lower. These investments represent 10.8% and 7.6% of the Foundation's investments at June 30, 2003 and 2002, respectively.

The Foundation's financial instruments consist primarily of cash and investments that are carried at market value, and investment receivables and payables that are short-term. The differences between the carrying amount and market value of the short-term financial instruments are not material.

Realized and unrealized investment gains or losses are determined by comparison of average asset cost to net proceeds received at the time of disposition and comparison of the difference between

BOSTON FOUNDATION, INC.

Notes to Consolidated Financial Statements

June 30, 2003 and 2002

market values and average cost, respectively. Dividend and interest income is recognized when earned.

The Foundation may have exposure from derivative financial instruments through its portfolio investments. Derivatives, such as forward foreign currency contracts and futures, are used by its outside investment managers to hedge against foreign currency and price risk. Management has estimated that the risk associated with these derivatives is not material to the Foundation as of June 30, 2003.

(e) Fixed Assets

The Foundation capitalizes all expenditures over \$1,000 incurred to purchase office equipment, computer systems, furniture, and leasehold improvements. Depreciation is recognized over the estimated useful life of the expenditures, typically three to five years, on a straight-line basis. Leasehold improvements are amortized over the remaining term of the lease.

(f) Grants Expense

The Foundation records grants when all conditions stipulated by the grant have been substantially met.

(g) Contributions and Bequests

Contributions are recorded as revenue when an unconditional gift or promise to give is received. Contributions subject to donor-imposed stipulations that are met in the same reporting period are reported as temporarily restricted revenue and released during the year. Promises to give subject to donor-imposed stipulations that the corpus be maintained permanently are shown as increases in permanently restricted net assets. Conditional promises to give are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met. Bequests generally are accrued as revenue when the respective will has been admitted to probate and all appeal periods have expired. Contributions to be received after one year are discounted at the appropriate rate commensurate with the risks and duration involved.

(h) Program Support

Program support consists primarily of additional expenses incurred related to individual programs or programs in which the funding is shared by others, that are separate and distinct from the Foundation's normal operating expenses.

(i) Operating Expenses

Operating expenses include salaries, rent, and other overhead expenses that are incurred in the operation of the Foundation overall and are not specifically attributable to a particular fund or program. Operating expenses of the Foundation are paid from an administrative fee assessed to each fund, typically ranging from 0.50% to 1.5% of market value. In addition, operating expenses are paid from income earned on income balances of the component funds prior to the time grants are paid.

BOSTON FOUNDATION, INC.

Notes to Consolidated Financial Statements

June 30, 2003 and 2002

(j) Disclosures About the Fair Value of Financial Instruments

In accordance with the requirements of SFAS No. 107, *Disclosures About the Fair Value of Financial Instruments*, the Foundation estimated the fair values of its consolidated financial instruments as of June 30, 2003 by using, where practicable, appropriate valuation methodologies.

Using discounted cash flow analysis, the Foundation determined that the estimated fair value of its long-term debt was substantially equivalent to its carrying value of \$1,984,352 as of June 30, 2003. The Foundation further determined that the differences between the carrying values and estimated fair values of its other financial assets and liabilities at June 30, 2003 were not material.

(k) Reclassifications

Certain 2002 balances have been reclassified to conform to 2003 reporting practices.

(3) Receivables and Other Assets

On December 27, 1993, the Foundation received two promissory notes in exchange for shares of stock of a privately held company that were previously contributed to the Foundation. The notes require payments to the Foundation on December 31 of each year until 2005 in annual installments of \$356,320, which includes simple interest at an annual rate of 6.06%. On January 4, 1999, the Foundation received another promissory note which requires payment to the Foundation on January 4 of each year until 2003 in annual installments of \$100,214, which includes an annual interest rate of 7.75%. The remaining principal of these promissory notes as of June 30, 2003 and 2002 was \$951,393 and \$1,333,207, respectively.

Included in other assets as of June 30, 2003 are \$454,226 for a program-related loan receivable, net of present value discount at the ten-year Treasury rate of 3.42% at June 30, 2003, a security deposit for the office space lease in the amount of \$183,500, and other miscellaneous receivables and prepayments in the amount of \$276,432. The loan receivable is due on May 30, 2013 and accrues interest at 1% per annum. Other assets as of June 30, 2002 included \$50,496 of prepaid assets and the security deposit for the office space lease.

(4) Contributions Receivable

Contributions receivable as of June 30, 2003 and 2002 consisted principally of pledges and contributions that represent the Foundation's remainder interest in charitable remainder trusts.

The Foundation began a collaborative campaign effort with the United Way of Massachusetts Bay, Inc. (the United Way) during fiscal year 2000. The purpose of this campaign is to establish a permanently restricted endowment at the Foundation for the benefit of the United Way. Pledges to this campaign and to the Boston Foundation's Arts Fund as of June 30, 2003 and 2002, less an allowance for uncollectible pledges and a discount to present value, are as follows:

BOSTON FOUNDATION, INC.

Notes to Consolidated Financial Statements

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Promises to give are expected to be collected in:

	<u>2003</u>	<u>2002</u>
Less than one year	\$ 2,965,539	568,486
One to five years	3,303,462	6,238,062
Less allowance for uncollectibles and discount	<u>(263,467)</u>	<u>(769,090)</u>
Pledges receivable, net	<u>\$ 6,005,534</u>	<u>6,037,458</u>

The Foundation's net interest in the charitable remainder trusts as of June 30, 2003 and 2002 was \$11,281,226 and \$11,143,344, respectively. None of the charitable remainder trusts are currently under the control of the Foundation. The Foundation's net interest in these charitable remainder trusts represents the fair value of assets in the trusts less the present value of payments expected to be made to other beneficiaries. In certain instances, the Foundation also receives a portion of the current income earned by these trusts.

(5) Investments

Investments as of June 30, 2003 consisted of the following:

	<u>Market value</u>	<u>Cost</u>
Short-term investments	\$ 24,551,126	24,249,034
Equity securities	343,506,614	396,670,387
U.S. Treasury debt securities	6,337,149	5,546,647
Corporate debt securities	43,798,594	39,405,330
Mortgage-backed debt securities	2,720,316	2,449,106
Fixed income securities	58,615,664	52,135,745
Alternative and other investments	<u>58,206,631</u>	<u>60,789,641</u>
	<u>\$ 537,736,094</u>	<u>581,245,890</u>
Total unrealized depreciation		<u>\$ (43,509,796)</u>

BOSTON FOUNDATION, INC.

Notes to Consolidated Financial Statements

June 30, 2003 and 2002

Investments as of June 30, 2002 consisted of the following:

	<u>Market value</u>	<u>Cost</u>
Short-term investments	\$ 25,443,470	25,456,511
Equity securities	338,535,464	421,527,072
U.S. Treasury debt securities	6,983,499	6,706,380
Corporate debt securities	48,049,570	46,783,339
Mortgage-backed debt securities	5,161,360	4,894,307
Fixed income securities	72,360,188	71,478,749
Alternative and other investments	40,899,685	41,434,852
	<u>\$ 537,433,236</u>	<u>618,281,210</u>
Total unrealized depreciation		\$ <u>(80,847,974)</u>

Investments by net asset class were as follows:

	<u>2003</u>	<u>2002</u>
Unrestricted	\$ 166,311,012	174,523,930
Temporarily restricted	199,857,180	199,304,577
Permanently restricted	171,567,902	163,604,729
Total investments at market value	<u>\$ 537,736,094</u>	<u>537,433,236</u>

Investment returns for the years ended June 30 were as follows:

	<u>2003</u>	<u>2002</u>
Interest and dividends, net of fees	\$ 9,735,190	10,329,658
Unrealized and realized gains (losses) on investments and trusts	15,539,755	(72,786,346)
Total return	<u>\$ 25,274,945</u>	<u>(62,456,688)</u>

Interest and dividends are shown net of investment management and custody fees. Approximate investment management and custody fees for the years ended June 30, 2003 and 2002 were \$2,690,000 and \$2,890,000, respectively. The Foundation has outstanding investment commitments for certain alternative investments of approximately \$63,118,000 as of June 30, 2003.

(6) Temporarily Restricted Net Assets

Temporarily restricted net assets consisted of the following at June 30:

	<u>2003</u>	<u>2002</u>
Purpose restrictions:		
Reinvested endowment gains	\$ 199,857,180	200,095,669

BOSTON FOUNDATION, INC.

Notes to Consolidated Financial Statements

June 30, 2003 and 2002

(7) Permanently Restricted Net Assets

Permanently restricted net assets consisted of the following at June 30:

	<u>2003</u>	<u>2002</u>
Endowment funds for:		
General purposes	\$ 67,567,864	66,260,036
Specific purposes	121,350,298	114,525,494
	<u>\$ 188,918,162</u>	<u>180,785,530</u>

(8) Net Assets Released from Restrictions

Net assets are released from restrictions by the Foundation's application of the spending rule. Net assets released from restrictions as of June 30 were as follows:

	<u>2003</u>	<u>2002</u>
Spending rule applications	\$ 16,906,894	18,505,607

(9) Fixed Assets

Fixed assets consisted of the following as of June 30:

	<u>2003</u>	<u>2002</u>
Office equipment, computer system, and furniture	\$ 921,190	953,577
Leasehold improvements	2,196,113	2,161,514
	3,117,303	3,115,091
Less accumulated depreciation	<u>(755,276)</u>	<u>(422,793)</u>
	<u>\$ 2,362,027</u>	<u>2,692,298</u>

Depreciation expense was \$398,390 and \$322,922 for the years ended June 30, 2003 and 2002, respectively.

(10) Long-Term Debt

In order to finance the construction of leasehold improvements and other costs related to its office relocation in fiscal year 2002, the Foundation entered into a \$2,403,183 ten-year secured term loan with Wainwright Bank. Under the terms of the loan, monthly interest payments are made based on the prime rate, which was 4.25% and 4.75% at June 30, 2003 and 2002, respectively. The loan matures in December 2011. Future minimum payments are as follows:

BOSTON FOUNDATION, INC.

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2004	\$	214,312
2005		225,139
2006		236,224
2007		247,855
2008		259,911
Thereafter		<u>1,015,223</u>
Total debt		2,198,664
Less current portion		<u>(214,312)</u>
Long-term debt	\$	<u><u>1,984,352</u></u>

BOSTON FOUNDATION, INC.

Notes to Consolidated Financial Statements

June 30, 2003 and 2002

(11) Grant Commitments

Grants payable of \$1,555,321 and \$1,676,631 as of June 30, 2003 and 2002, respectively, represent unconditional promises to give. Grants payable after one year are discounted at a rate commensurate with the duration involved.

In addition, as of June 30, 2003 and 2002, the board had authorized the payment of certain grants in future periods, subject to conditions to be met by the grantees. Total grants, subject to conditions, are as follows:

	<u>2003</u>	<u>2002</u>
Approval of strategic plans	\$ 1,324,445	471,945
Matching requirements	64,400	46,980
Multiyear projects	87,500	300,000
Other	103,677	152,084
	<u>\$ 1,580,022</u>	<u>971,009</u>

The Foundation's collaborative effort with the United Way includes earmarking unrestricted net assets of the Foundation toward contributions raised, up to \$20 million, at a rate of 50%. As of June 30, 2003, a total match of \$6,269,082 has been earmarked.

(12) Lease Commitment

The Foundation entered into a ten-year lease for new office space effective September 2001. Minimum annual rent payments before real estate taxes and operating expense escalations are as follows: FY 2001 through 2005 – \$1,111,800; and 2006 through 2010 – \$1,239,300. The Foundation has calculated rent expense for the initial term of the office space lease on the straight-line basis. Amounts currently expensed for which payment is not yet due are included in accounts payable and accrued liabilities on the consolidated statements of financial position.

(13) Employee Benefit Plans

The Foundation participates in Teacher's Insurance Annuity Association/College Retirement Equity Fund, a 403(b) defined contribution plan. The amount contributed by the Foundation is 8% of annual gross salary up to the social security wage base and 13.7% on annual gross salary over the social security wage base. All employees are eligible for participation after one year of service. The Foundation's contribution was \$232,310 and \$190,730 for the years ended June 30, 2003 and 2002, respectively.

The Foundation provides deferred compensation plans for its executives as approved by the Compensation Committee of the board of directors. The amount contributed was \$72,807 and \$204,632 for the years ended June 30, 2003 and 2002, respectively.