

BALANCE SHEETS

December 31, 2003 and 2002

Assets	2003	2002
Cash and cash equivalents	\$ 5,562,019	\$ 2,945,920
Traditional investments	209,585,700	190,793,982
Mission-related investments (see Note 1)	42,497,737	32,366,152
Other assets	357,686	301,690
Fixed assets, net	368,340	442,182
Total assets	\$258,371,482	\$226,849,926
Liabilities and Net Assets	2003	2002
Liabilities:		
Accounts payable and accrued expenses	\$ 79,734	\$ 73,513
Grants payable (see Note 2)	3,970,000	2,580,000
Deferred Federal excise tax payable	218,425	—
Total liabilities	4,268,159	2,653,513
Net assets—unrestricted	254,103,323	224,196,413
Total liabilities and net assets	\$258,371,482	\$226,849,926

The financial information in this report has been summarized by the Foundation from its audited financial statements. A copy of the independent auditor's report, complete financial statements and notes are on file at the Foundation's office.

NOTE 1. MISSION-RELATED INVESTMENTS

Mission-related investments advance the mission of the Foundation using the core program strategies articulated in the Program Guidelines. These include both risk-adjusted, market-rate investments that advance the mission and program-related investments (PRIs).

PRIs, defined in IRC §4944(c), have a primary purpose of advancing the mission of the Foundation without a significant purpose of the production of income or the appreciation of property. PRIs are treated as charitable distributions on Internal Revenue Service form 990-PF, the tax and information return filed by private foundations for minimum-distribution requirement purposes. The Foundation's PRI loans bear interest at below-market rates, from 1% to 6%, generally payable on March 31 and September 30 of each year. Three PRIs are limited partnership interests in New Market Venture Capital Companies. The Foundation expects to hold all PRIs to maturity.

At December 31, 2003 and 2002, mission-related investments consisted of the following:

	2003		2002	
	Fair or carrying value	Cost	Fair or carrying value	Cost
Invested cash and cash equivalents	\$ 544,996	\$ 544,996	\$ 318,003	\$ 318,003
Insured and uninsured deposits in Community Development Credit Unions and Community Development Banks	4,300,000	4,300,000	3,700,000	3,700,000
Fixed-income securities	18,594,425	18,284,437	13,169,605	12,669,453
Limited partnership interests	3,573,795	3,583,222	2,805,419	2,805,419
Program-related investments	15,484,521	15,484,521	12,373,125	12,373,125
	\$ 42,497,737	\$ 42,197,176	\$ 32,366,152	\$ 31,866,000

At December 31, 2003 and 2002, the Foundation had capital commitments of approximately \$4,820,000 and \$3,340,000, respectively, to mission-related limited partnerships.

STATEMENTS OF ACTIVITIES*Years ended December 31, 2003 and 2002*

Net investment income:	2003	2002
Interest and dividends	\$ 7,180,528	\$ 8,160,881
Less investment expenses	(980,999)	(816,995)
Less current Federal excise tax	(56,164)	(77,000)
Net investment income	<u>\$ 6,143,365</u>	<u>\$ 7,266,886</u>
Expenses:	2003	2002
Program services:		
Grants (see Note 2)	\$ 10,037,426	\$ 7,662,575
Program expenses	1,706,603	1,923,596
Total program services	11,744,029	9,586,171
Supporting services—administrative expenses	338,444	304,556
Total expenses	<u>12,082,473</u>	<u>9,890,727</u>
Net appreciation (depreciation) in fair value of investments, net of deferred Federal excise tax in 2003	35,846,018	(24,438,497)
Increase (decrease) in net assets	29,906,910	(27,062,338)
Net assets at beginning of year	224,196,413	251,258,751
Net assets at end of year	<u>\$254,103,323</u>	<u>\$224,196,413</u>

*See accompanying notes to financial statements.***NOTE 2. GRANTS PAYABLE**

The following summarizes changes in grants payable as of December 31, 2003 and 2002:

	2003	2002
Balance at beginning of year	\$ 2,580,000	\$ 4,560,000
Additions:		
Grants authorized	10,037,426	7,662,575
Deductions:		
Grants paid	(8,647,426)	(9,642,575)
Balance at end of year	<u>\$ 3,970,000</u>	<u>\$ 2,580,000</u>