



Form **990-PF**

# Return of Private Foundation

OMB No 1545-0052

## 2002

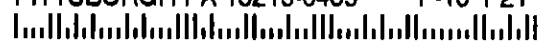
Department of the Treasury  
Internal Revenue Service

or Section 4947(a)(1) Nonexempt Charitable Trust Treated as a Private Foundation  
Note The organization may be able to use a copy of this return to satisfy state reporting requirements

For calendar year 2002, or tax year beginning , 2002, and ending

G Check all that apply Initial return Final return Amended return Address change Name change

Use the IRS label Otherwise, print or type See Specific Instructions

Name of organization  
**SARAH SCAIFF FOUNDATION INCORPORATED**  
  
29 IG VL 25-1113452 200312  
**SARAH SCAIFE FOUNDATION INC**  
  
301 GRANT ST STE 3900  
PITTSBURGH PA 15219-6409 P-10 P21  


A Employer Identification number  
**25-1113452**  
  
B Telephone number (see page 10 of the instructions)  
**(412) 392-2900**

H Check type of organization  Section 501(c)(3) exempt private foundation  
 Section 4947(a)(1) nonexempt charitable trust  Other taxable private foundation  
  
I Fair market value of all assets at end of year (from Part II, col (c), line 16) **267,797,656**  
  
J Accounting method  Cash  Accrual  
 Other (specify) \_\_\_\_\_  
(Part I, column (d) must be on cash basis)

C If exemption application is pending check here   
D 1 Foreign organizations check here   
2 Foreign organizations meeting the 85% test, check here and attach computation   
E If private foundation status was terminated under section 507(b)(1)(A) check here   
F If the foundation is in a 60-month termination under section 507(b)(1)(B) check here

### Part I Analysis of Revenue and Expenses

(The total of amounts in columns (b), (c), and (d) may not necessarily equal the amounts in column (a) (see page 10 of the instructions))

	(a) Revenue and expenses per books	(b) Net investment income	(c) Adjusted net income	(d) Disbursements for charitable purposes (cash basis only)
1 Contributions, gifts, grants, etc. received (attach schedule). Check <input checked="" type="checkbox"/> if the foundation is not required to attach Sch. B				
2 Distributions from split-interest trusts				
3 Interest on savings and temporary cash investments				
4 Dividends and interest from securities	7,074,793	7,044,731		STMT 1
5a Gross rents				
b (Net rental income or (loss))				
6a Net gain or (loss) from sale of assets not on line 10	1,866,878			
b Gross sales price for all assets on line 6a				
7 Capital gain net income (from Part IV, line 2)		1,866,878		
8 Net short-term capital gain				
9 Income modifications				
10a Gross sales less returns and allowances				
b Less Cost of goods sold				
c Gross profit or (loss) (attach schedule)				
11 Other income (attach schedule)	417,703	417,703		STMT 2
12 Total. Add lines 1 through 11	9,359,374	9,329,312		
13 Compensation of officers, directors, trustees, etc.	713,227	51,045		662,182
14 Other employee salaries and wages	381,117	34,671		346,446
15 Pension plans, employee benefits	283,632	26,577		257,055
16a Legal fees (attach schedule) STMT 3	12,132	NONE	NONE	12,132
b Accounting fees (attach schedule) STMT 4	69,500	34,750	NONE	34,750
c Other professional fees (attach schedule) STMT 5	255,348	255,348		
17 Interest				
18 Taxes (attach schedule) (see page 13 of the instructions) STMT 6	135,886	4,352		42,095
19 Depreciation (attach schedule) and depletion	99,553			
20 Occupancy	210,839	19,755		191,084
21 Travel, conferences, and meetings	62,065			62,067
22 Printing and publications				
23 Other expenses (attach schedule) STMT 7	125,576	24,468		101,108
24 Total operating and administrative expenses. Add lines 13 through 23	2,348,875	450,966	NONE	1,708,919
25 Contributions, gifts, grants paid	12,322,000			15,342,000
26 Total expenses and disbursements. Add lines 24 and 25	14,670,875	450,966	NONE	17,050,919
27 Subtract line 26 from line 12				
a Excess of revenue over expenses and disbursements	-5,311,501			
b Net investment income (if negative, enter -0-)		8,878,346		
c Adjusted net income (if negative, enter -0-)				

SCANNED JUN 24 2003

Operating and Administrative Expenses

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OGDEN, UT

Part II Balance Sheets		Attached schedules and amounts in the description column should be for end-of year amounts only. (See instructions.)		Beginning of year	End of year	
		(a) Book Value	(b) Book Value	(c) Fair Market Value		
Assets	1	Cash - non-interest-bearing		19,265	20,198	20,198
	2	Savings and temporary cash investments		9,915,122	1,867,230	1,867,230
	3	Accounts receivable				
		Less allowance for doubtful accounts				
	4	Pledges receivable				
		Less allowance for doubtful accounts				
	5	Grants receivable				
	6	Receivables due from officers, directors, trustees, and other disqualified persons (attach schedule) (see page 15 of the instructions)				
	7	Other notes and loans receivable (attach schedule)				
		Less allowance for doubtful accounts				
	8	Inventories for sale or use				
	9	Prepaid expenses and deferred charges	STMT 8	5,410	6,295	6,295
	10 a	Investments - US and state government obligations (attach schedule)	STMT 9	65,864,602	82,578,704	87,963,348
	b	Investments - corporate stock (attach schedule)	STMT 10	91,682,002	102,719,844	155,927,515
	c	Investments - corporate bonds (attach schedule)	STMT 11	9,515,825	6,361,609	6,832,418
	11	Investments - land, buildings, and equipment basis				
	Less accumulated depreciation (attach schedule)					
12	Investments - mortgage loans					
13	Investments - other (attach schedule)	STMT 12	41,046,832	16,292,669	14,815,774	
14	Land, buildings and equipment basis	Stmt 19	801,905			
	Less accumulated depreciation (attach schedule)	Stmt 19	510,505	390,953	291,400	
15	Other assets (describe)	STMT 13	102,917	73,478	73,478	
16	Total assets (to be completed by all filers - see page 16 of the instructions. Also, see page 1, item I)		218,542,928	210,211,427	267,797,656	
Liabilities	17	Accounts payable and accrued expenses				
	18	Grants payable		7,560,000	4,540,000	
	19	Deferred revenue				
	20	Loans from officers, directors, trustees, and other disqualified persons				
	21	Mortgages and other notes payable (attach schedule)				
	22	Other liabilities (describe)				
23	Total liabilities (add lines 17 through 22)		7,560,000	4,540,000		
Net Assets or Fund Balances	Organizations that follow SFAS 117, check here <input checked="" type="checkbox"/> and complete lines 24 through 26 and lines 30 and 31					
	24	Unrestricted		210,982,928	205,671,427	
	25	Temporarily restricted				
	26	Permanently restricted				
	Organizations that do not follow SFAS 117, check here <input type="checkbox"/> and complete lines 27 through 31					
	27	Capital stock, trust principal, or current funds				
	28	Paid-in or capital surplus or land, bldg, and equipment fund				
	29	Retained earnings, accumulated income, endowment, or other funds				
30	Total net assets or fund balances (see page 16 of the instructions)		210,982,928	205,671,427		
31	Total liabilities and net assets/fund balances (see page 16 of the instructions)		218,542,928	210,211,427		

**Part III Analysis of Changes in Net Assets or Fund Balances**

1	Total net assets or fund balances at beginning of year - Part II, column (a) line 30 (must agree with end-of-year figure reported on prior year's return)	1	210,982,928
2	Enter amount from Part I, line 27a	2	-5,311,501
3	Other increases not included in line 2 (itemize)	3	
4	Add lines 1, 2, and 3	4	205,671,427
5	Decreases not included in line 2 (itemize)	5	
6	Total net assets or fund balances at end of year (line 4 minus line 5) - Part II, column (b), line 30	6	205,671,427

**Part IV Capital Gains and Losses for Tax on Investment Income**

(a) List and describe the kind(s) of property sold (e.g., real estate, 2-story brick warehouse, or common stock, 200 shs MLC Co.)			(b) How acquired P-Purchase D-Donation	(c) Date acquired (mo, day, yr)	(d) Date sold (mo, day, yr)
<b>1a - SEE PART IV SCHEDULE</b>					
b					
c					
d					
e					
(e) Gross sales price	(f) Depreciation allowed (or allowable)	(g) Cost or other basis plus expense of sale	(h) Gain or (loss) (e) plus (f) minus (g)		
a					
b					
c					
d					
e					
Complete only for assets showing gain in column (h) and owned by the foundation on 12/31/69			(i) Gains (Col (h) gain minus col (k), but not less than -0-) or Losses (from col (h))		
(i) F M V as of 12/31/69	(j) Adjusted basis as of 12/31/69	(k) Excess of col (i) over col (j), if any			
a					
b					
c					
d					
e					
2 Capital gain net income or (net capital loss) <span style="float:right">If gain, also enter in Part I, line 7 If (loss), enter -0- in Part I, line 7</span>			2	1,866,878	
3 Net short-term capital gain or (loss) as defined in sections 1222(5) and (6) If gain, also enter in Part I, line 8, column (c) (see pages 12 and 17 of the instructions) If (loss), enter -0- in Part I, line 8			3		

**Part V Qualification Under Section 4940(e) for Reduced Tax on Net Investment Income**

(For optional use by domestic private foundations subject to the section 4940(a) tax on net investment income)

If section 4940(d)(2) applies, leave this part blank

Was the organization liable for the section 4942 tax on the distributable amount of any year in the base period? . . .  Yes  No  
If "Yes," the organization does not qualify under section 4940(e) Do not complete this part.

1 Enter the appropriate amount in each column for each year, see page 17 of the instructions before making any entries

(a) Base period years Calendar year (or tax year beginning in)	(b) Adjusted qualifying distributions	(c) Net value of noncharitable-use assets	(d) Distribution ratio (col (b) divided by col. (c))
2001	19,520,180	330,938,881	0.05898424489
2000	22,741,995	385,715,155	0.05896059490
1999	22,103,323	360,156,781	0.06137139203
1998	15,879,095	316,660,990	0.05014540945
1997	15,825,785	283,171,440	0.05588764531
2 Total of line 1, column (d)			0.28534928658
3 Average distribution ratio for the 5-year base period - divide the total on line 2 by 5, or by the number of years the foundation has been in existence if less than 5 years			0.05706985732
4 Enter the net value of noncharitable-use assets for 2002 from Part X, line 5		290,472,551	
5 Multiply line 4 by line 3			16,577,227
6 Enter 1% of net investment income (1% of Part I, line 27b)			88,783
7 Add lines 5 and 6			16,666,010
8 Enter qualifying distributions from Part XII, line 4			17,050,919

If line 8 is equal to or greater than line 7, check the box in Part VI, line 1b and complete that part using a 1% tax rate See the Part VI instructions on page 17

Part VI Excise Tax Based on Investment Income (Section 4940(a), 4940(b), 4940(e), or 4948 - see page 17 of the instructions)

Table with 11 rows and 2 columns. Row 1: 1 88,783. Row 2: 2. Row 3: 3 88,783. Row 4: 4 NONE. Row 5: 5 88,783. Row 6: 6 Credits/Payments. Row 6a: 6a 162,336. Row 6b: 6b NONE. Row 6c: 6c NONE. Row 6d: 6d. Row 7: 7 162,336. Row 8: 8 NONE. Row 9: 9. Row 10: 10 73,553. Row 11: 11 73,553. Refunded.

Part VII-A Statements Regarding Activities

Table with 13 rows and 3 columns (Yes, No, and a third column). Row 1a: 1a Yes No X. Row 1b: 1b Yes No X. Row 1c: 1c Yes No X. Row 2: 2 Yes No X. Row 3: 3 Yes No X. Row 4a: 4a Yes No X. Row 4b: 4b Yes No X. Row 5: 5 Yes No X. Row 6: 6 Yes No X. Row 7: 7 Yes No X. Row 8a: 8a Yes No X. Row 8b: 8b Yes No X. Row 9: 9 Yes No X. Row 10: 10 Yes No X. Row 11: 11 Yes No X. Row 12: 12 Yes No X. Row 13: 13 Yes No X.

Part VII-B Statements Regarding Activities for Which Form 4720 May Be Required

File Form 4720 if any item is checked in the "Yes" column, unless an exception applies

		Yes	No
1 a	During the year did the organization (either directly or indirectly)		
	(1) Engage in the sale or exchange, or leasing of property with a disqualified person? . . . . .	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
	(2) Borrow money from, lend money to, or otherwise extend credit to (or accept it from) a disqualified person? . . . . .	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
	(3) Furnish goods, services, or facilities to (or accept them from) a disqualified person? . . . . .	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
	(4) Pay compensation to, or pay or reimburse the expenses of, a disqualified person? <i>Part VIII</i> . . . . .	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
	(5) Transfer any income or assets to a disqualified person (or make any of either available for the benefit or use of a disqualified person)? . . . . .	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
	(6) Agree to pay money or property to a government official? (Exception: Check "No" if the organization agreed to make a grant to or to employ the official for a period after termination of government service, if terminating within 90 days) . . . . .	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
b	If any answer is "Yes" to 1a(1)-(6), did any of the acts fail to qualify under the exceptions described in Regulations section 53.4941(d)-3 or in a current notice regarding disaster assistance (see page 19 of the instructions)? . . . . .		<input checked="" type="checkbox"/>
	Organizations relying on a current notice regarding disaster assistance check here . . . . .		<input type="checkbox"/>
c	Did the organization engage in a prior year in any of the acts described in 1a, other than excepted acts, that were not corrected before the first day of the tax year beginning in 2002? . . . . .		<input checked="" type="checkbox"/>
2	Taxes on failure to distribute income (section 4942) (does not apply for years the organization was a private operating foundation defined in section 4942(j)(3) or 4942(j)(5))		
a	At the end of tax year 2002, did the organization have any undistributed income (lines 6d and 6e, Part XIII) for tax year(s) beginning before 2002? . . . . .	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
	If "Yes," list the years ▶ . . . . .		
b	Are there any years listed in 2a for which the organization is not applying the provisions of section 4942(a)(2) (relating to incorrect valuation of assets) to the year's undistributed income? (If applying section 4942(a)(2) to all years listed, answer "No" and attach statement - see page 19 of the instructions) . . . . .		N/A
c	If the provisions of section 4942(a)(2) are being applied to any of the years listed in 2a, list the years here ▶ . . . . .		
3 a	Did the organization hold more than a 2% direct or indirect interest in any business enterprise at any time during the year? . . . . .	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
b	If "Yes," did it have excess business holdings in 2002 as a result of (1) any purchase by the organization or disqualified persons after May 26, 1969, (2) the lapse of the 5-year period (or longer period approved by the Commissioner under section 4943(c)(7)) to dispose of holdings acquired by gift or bequest, or (3) the lapse of the 10-, 15-, or 20-year first phase holding period? (Use Schedule C, Form 4720, to determine if the organization had excess business holdings in 2002) . . . . .		N/A
4 a	Did the organization invest during the year any amount in a manner that would jeopardize its charitable purposes? . . . . .		<input checked="" type="checkbox"/>
b	Did the organization make any investment in a prior year (but after December 31, 1969) that could jeopardize its charitable purpose that had not been removed from jeopardy before the first day of the tax year beginning in 2002? . . . . .		<input checked="" type="checkbox"/>
5 a	During the year did the organization pay or incur any amount to		
	(1) Carry on propaganda, or otherwise attempt to influence legislation (section 4945(e))? . . . . .	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
	(2) Influence the outcome of any specific public election (see section 4955), or to carry on, directly or indirectly, any voter registration drive? . . . . .	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
	(3) Provide a grant to an individual for travel, study, or other similar purposes? . . . . .	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
	(4) Provide a grant to an organization other than a charitable, etc., organization described in section 509(a)(1), (2), or (3), or section 4940(d)(2)? . . . . .	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
	(5) Provide for any purpose other than religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals? . . . . .	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
b	If any answer is "Yes" to 5a(1)-(5), did any of the transactions fail to qualify under the exceptions described in Regulations section 53.4945 or in a current notice regarding disaster assistance (see page 20 of the instructions)? . . . . .		N/A
	Organizations relying on a current notice regarding disaster assistance check here ▶ . . . . .		<input type="checkbox"/>
c	If the answer is "Yes" to question 5a(4), does the organization claim exemption from the tax because it maintained expenditure responsibility for the grant? . . . . .	N/A	<input type="checkbox"/> Yes <input type="checkbox"/> No
	If "Yes," attach the statement required by Regulations section 53.4945-5(d)		
6 a	Did the organization, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract? . . . . .	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
b	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? . . . . .		<input checked="" type="checkbox"/>
	If you answered "Yes" to 6b, also file Form 8870		

**Part VIII Information About Officers, Directors, Trustees, Foundation Managers, Highly Paid Employees, and Contractors**

**1 List all officers, directors, trustees, foundation managers and their compensation (see page 20 of the instructions):**

(a) Name and address	(b) Title, and average hours per week devoted to position	(c) Compensation (If not paid, enter -0-)	(d) Contributions to employee benefit plans and deferred compensation	(e) Expense account, other allowances
SEE STATEMENT 16		713,227	77,600	-0-

**2 Compensation of five highest-paid employees (other than those included on line 1 - see page 20 of the instructions) If none, enter "NONE."**

(a) Name and address of each employee paid more than \$50,000	(b) Title and average hours per week devoted to position	(c) Compensation	(d) Contributions to employee benefit plans and deferred compensation	(e) Expense account other allowances
JOANN MESZAROS PITTSBURGH, PA 15219	EMPLOYEE FULL	116,500	26,875	
ALEXIS KONKOL PITTSBURGH, PA 15219	EMPLOYEE PART	51,400	11,850	

Total number of other employees paid over \$50,000 ▶ NONE

**3 Five highest-paid independent contractors for professional services - (see page 20 of the instructions) If none, enter "NONE."**

(a) Name and address of each person paid more than \$50,000	(b) Type of service	(c) Compensation
PNC BANK PITTSBURGH, PA	FISCAL AGENT	255,348
KPMG LLP PITTSBURGH, PA 15219	ACCOUNTING SERVICES	77,042
OXFORD DEVELOPMENT COMPANY/GRANT ST LP PITTSBURGH, PA 15219	FACILITY RENTAL	201,111

Total number of others receiving over \$50,000 for professional services ▶ NONE

**Part IX-A Summary of Direct Charitable Activities**

List the foundation's four largest direct charitable activities during the tax year. Include relevant statistical information such as the number of organizations and other beneficiaries served, conferences convened, research papers produced, etc.

	Expenses
1 NOT APPLICABLE	
2	
3	
4	

**Part IX-B Summary of Program-Related Investments** (see page 21 of the instructions)

Describe the two largest program-related investments made by the foundation during the tax year on lines 1 and 2	Amount
1 <b>NOT APPLICABLE</b>	
2	
All other program-related investments See page 21 of the instructions	
3 <b>NONE</b>	
<b>Total</b> Add lines 1 through 3	

**Part X Minimum Investment Return** (All domestic foundations must complete this part Foreign foundations, see page 21 of the instructions)

1 Fair market value of assets not used (or held for use) directly in carrying out charitable, etc., purposes		
a Average monthly fair market value of securities	1a	294,879,671
b Average of monthly cash balances	1b	16,320
c Fair market value of all other assets (see page 22 of the instructions)	1c	NONE
d Total (add lines 1a, b, and c)	1d	294,895,991
e Reduction claimed for blockage or other factors reported on lines 1a and 1c (attach detailed explanation)	1e	
2 Acquisition indebtedness applicable to line 1 assets	2	NONE
3 Subtract line 2 from line 1d	3	294,895,991
4 Cash deemed held for charitable activities Enter 1 1/2% of line 3 (for greater amount, see page 22 of the instructions)	4	4,423,440
5 Net value of noncharitable-use assets. Subtract line 4 from line 3 Enter here and on Part V, line 4	5	290,472,551
6 Minimum Investment return Enter 5% of line 5	6	14,523,628

**Part XI Distributable Amount** (see page 23 of the instructions) (Section 4942(j)(3) and (j)(5) private operating foundations and certain foreign organizations check here and do not complete this part)

1 Minimum investment return from Part X, line 6	1	14,523,628
2a Tax on investment income for 2002 from Part VI, line 5	2a	88,783
b Income tax for 2002 (This does not include the tax from Part VI)	2b	
c Add lines 2a and 2b	2c	88,783
3 Distributable amount before adjustments Subtract line 2c from line 1	3	14,434,845
4a Recoveries of amounts treated as qualifying distributions	4a	NONE
b Income distributions from section 4947(a)(2) trusts	4b	
c Add lines 4a and 4b	4c	NONE
5 Add lines 3 and 4c	5	14,434,845
6 Deduction from distributable amount (see page 23 of the instructions)	6	NONE
7 Distributable amount as adjusted Subtract line 6 from line 5 Enter here and on Part XIII, line 1	7	14,434,845

**Part XII Qualifying Distributions** (see page 23 of the instructions)

1 Amounts paid (including administrative expenses) to accomplish charitable, etc., purposes		
a Expenses, contributions, gifts, etc - total from Part I, column (d), line 26	1a	17,050,919
b Program-related investments - Total from Part IX-B	1b	NONE
2 Amounts paid to acquire assets used (or held for use) directly in carrying out charitable, etc., purposes	2	NONE
3 Amounts set aside for specific charitable projects that satisfy the		
a Suitability test (prior IRS approval required)	3a	NONE
b Cash distribution test (attach the required schedule)	3b	NONE
4 Qualifying distributions Add lines 1a through 3b Enter here and on Part V, line 8, and Part XIII, line 4	4	17,050,919
5 Organizations that qualify under section 4940(e) for the reduced rate of tax on net investment income Enter 1% of Part I, line 27b (see page 24 of the instructions)	5	88,783
6 Adjusted qualifying distributions Subtract line 5 from line 4	6	16,962,136

**Note** The amount on line 6 will be used in Part V, column (b), in subsequent years when calculating whether the foundation qualifies for the section 4940(e) reduction of tax in those years

**Part XIII Undistributed Income** (see page 24 of the instructions)

	(a) Corpus	(b) Years prior to 2001	(c) 2001	(d) 2002
1 Distributable amount for 2002 from Part XI, line 7 . . . . .				14,434,845
2 Undistributed income if any as of the end of 2001				
a Enter amount for 2001 only . . . . .			NONE	
b Total for prior years <u>2000</u> . . . . .		NONE		
3 Excess distributions carryover, if any, to 2002				
a From 1997 . . . . .	2,173,553			
b From 1998 . . . . .	553,888			
c From 1999 . . . . .	4,455,037			
d From 2000 . . . . .	3,867,037			
e From 2001 . . . . .	3,642,972			
f Total of lines 3a through e . . . . .	14,692,487			
4 Qualifying distributions for 2002 from Part XII, line 4 ▶ \$ <u>17,050,919</u>				
a Applied to 2001, but not more than line 2a . . . . .			NONE	
b Applied to undistributed income of prior years (Election required - see page 24 of the instructions) . . . . .		NONE		
c Treated as distributions out of corpus (Election required - see page 24 of the instructions) . . . . .	NONE			
d Applied to 2002 distributable amount . . . . .				14,434,845
e Remaining amount distributed out of corpus . . . . .	2,616,074			
5 Excess distributions carryover applied to 2002 (If an amount appears in column (d), the same amount must be shown in column (a) ) . . . . .	NONE			NONE
6 Enter the net total of each column as indicated below				
a Corpus Add lines 3f, 4c, and 4e Subtract line 5 . . . . .	17,308,561			
b Prior years' undistributed income Subtract line 4b from line 2b . . . . .		NONE		
c Enter the amount of prior years' undistributed income for which a notice of deficiency has been issued, or on which the section 4942(a) tax has been previously assessed . . . . .		NONE		
d Subtract line 6c from line 6b Taxable amount - see page 24 of the instructions . . . . .		NONE		
e Undistributed income for 2001 Subtract line 4a from line 2a Taxable amount - see page 24 of the instructions . . . . .			NONE	
f Undistributed income for 2002 Subtract lines 4d and 5 from line 1 This amount must be distributed in 2003 . . . . .				NONE
7 Amounts treated as distributions out of corpus to satisfy requirements imposed by section 170(b)(1)(E) or 4942(g)(3) (see page 24 of the instructions) . . . . .	NONE			
8 Excess distributions carryover from 1997 not applied on line 5 or line 7 (see page 25 of the instructions) . . . . .	2,173,553			
9 Excess distributions carryover to 2003 Subtract lines 7 and 8 from line 6a . . . . .	15,135,008			
10 Analysis of line 9				
a Excess from 1998 . . . . .	553,888			
b Excess from 1999 . . . . .	4,455,037			
c Excess from 2000 . . . . .	3,867,037			
d Excess from 2001 . . . . .	3,642,972			
e Excess from 2002 . . . . .	2,616,074			



**Part XIV Private Operating Foundations** (see page 25 of the instructions and Part VII-A, question 9) **NOT APPLICABLE**

1 a If the foundation has received a ruling or determination letter that it is a private operating foundation, and the ruling is effective for 2002, enter the date of the ruling ▶

b Check box to indicate whether the organization is a private operating foundation described in section 4942(j)(3) or 4942(j)(5)

	Prior 3 years				(e) Total
	(a) 2002	(b) 2001	(c) 2000	(d) 1999	
2 a Enter the lesser of the adjusted net income from Part I or the minimum investment return from Part X for each year listed					
b 85% of line 2a					
c Qualifying distributions from Part XII, line 4 for each year listed					
d Amounts included in line 2c not used directly for active conduct of exempt activities					
e Qualifying distributions made directly for active conduct of exempt activities. Subtract line 2d from line 2c					
3 Complete 3a, b, or c for the alternative test relied upon					
a "Assets" alternative test - enter					
(1) Value of all assets					
(2) Value of assets qualifying under section 4942(j)(3)(B)(i)					
b "Endowment" alternative test - Enter 2/3 of minimum investment return shown in Part X line 6 for each year listed					
c "Support" alternative test - enter					
(1) Total support other than gross investment income (interest, dividends, rents, payments on securities loans (section 512(a)(5)) or royalties)					
(2) Support from general public and 5 or more exempt organizations as provided in section 4942(j)(3)(B)(ii)					
(3) Largest amount of support from an exempt organization					
(4) Gross investment income					

**Part XV Supplementary Information** (Complete this part only if the organization had \$5,000 or more in assets at any time during the year - see page 25 of the instructions.)

1 Information Regarding Foundation Managers

a List any managers of the foundation who have contributed more than 2% of the total contributions received by the foundation before the close of any tax year (but only if they have contributed more than \$5,000) (See section 507(d)(2) )

N/A

b List any managers of the foundation who own 10% or more of the stock of a corporation (or an equally large portion of the ownership of a partnership or other entity) of which the foundation has a 10% or greater interest

N/A

2 Information Regarding Contribution, Grant, Gift, Loan, Scholarship, etc., Programs

Check here  if the organization only makes contributions to preselected charitable organizations and does not accept unsolicited requests for funds. If the organization makes gifts, grants, etc. (see page 25 of the instructions) to individuals or organizations under other conditions, complete items 2a, b, c, and d

a The name, address, and telephone number of the person to whom applications should be addressed

SEE STATEMENT 20

b The form in which applications should be submitted and information and materials they should include

SEE STATEMENT 20

c Any submission deadlines

SEE STATEMENT 20

d Any restrictions or limitations on awards, such as by geographical areas, charitable fields, kinds of institutions, or other factors

SEE STATEMENT 20

**Part XV** Supplementary Information (continued)

**3 Grants and Contributions Paid During the Year or Approved for Future Payment**

Recipient Name and address (home or business)	If recipient is an individual show any relationship to any foundation manager or substantial contributor	Foundation status of recipient	Purpose of grant or contribution	Amount
a Paid during the year SEE STATEMENT 21				15,342,000
<b>Total</b>				<b>15,342,000</b>
b Approved for future payment SEE STATEMENT 21				4,540,000
<b>Total</b>				<b>4,540,000</b>



Part XVII Information Regarding Transfers To and Transactions and Relationships With Noncharitable Exempt Organizations

1 Did the organization directly or indirectly engage in any of the following with any other organization described in section 501(c) of the Code (other than section 501(c)(3) organizations) or in section 527, relating to political organizations?
a Transfers from the reporting organization to a noncharitable exempt organization of
(1) Cash
(2) Other assets
b Other Transactions
(1) Sales of assets to a noncharitable exempt organization
(2) Purchases of assets from a noncharitable exempt organization
(3) Rental of facilities, equipment, or other assets
(4) Reimbursement arrangements
(5) Loans or loan guarantees
(6) Performance of services or membership or fundraising solicitations
c Sharing of facilities, equipment, mailing lists, other assets, or paid employees
d If the answer to any of the above is "Yes," complete the following schedule Column (b) should always show the fair market value of the goods, other assets, or services given by the reporting organization

Table with 4 columns: (a) Line no, (b) Amount involved, (c) Name of noncharitable exempt organization, (d) Description of transfers transactions, and sharing arrangements

2 a Is the organization directly or indirectly affiliated with, or related to, one or more tax-exempt organizations described in section 501(c) of the Code (other than section 501(c)(3)) or in section 527?
b If "Yes," complete the following schedule

Table with 3 columns: (a) Name of organization, (b) Type of organization, (c) Description of relationship

Under penalties of perjury, I declare that I have examined this return including accompanying schedules and statements and to the best of my knowledge and belief, it is true correct, and complete Declaration of preparer (other than taxpayer or fiduciary) is based on all information of which preparer has any knowledge
Signature of officer or trustee: Barbara L. Slaney
Preparer's signature: Thomas D Bone CPA
Firm's name (or yours if self-employed), address, and ZIP code: KPMG LLP, ONE MELLON CENTER, PITTSBURGH, PA

**FORM 990-PF - PART IV  
CAPITAL GAINS AND LOSSES FOR TAX ON INVESTMENT INCOME**

Kind of Property		Description				P or D	Date acquired	Date sold
Gross sale price less expenses of sale	Depreciation allowed/ allowable	Cost or other basis	FMV as of 12/31/69	Adj basis as of 12/31/69	Excess of FMV over adj basis		Gain or (loss)	
TOTAL GAIN (LOSS)		See stmt 22					----- 1,866,878. =====	



**Part III Figuring the Penalty**

	(a)	(b)	(c)	(d)
<b>19</b> Enter the date of payment or the 15th day of the 3rd month after the close of the tax year, whichever is earlier (see instructions) (Form 990-PF and Form 990-T filers Use 5th month instead of 3rd month) . . . . .	<b>19</b>			
<b>20</b> Number of days from due date of installment on line 9 to the date shown on line 19 . . . . .	<b>20</b>			
<b>21</b> Number of days on line 20 after 4/15/2002 and before 1/1/2003	<b>21</b>			
<b>22</b> Underpayment on line 17 x <u>Number of days on line 21</u> x 6% 365	<b>22</b>			
<b>23</b> Number of days on line 20 after 12/31/2002 and before 4/1/2003 . . . . .	<b>23</b>			
<b>24</b> Underpayment on line 17 x <u>Number of days on line 23</u> x 5% 365	<b>24</b>			
<b>25</b> Number of days on line 20 after 3/31/2003 and before 7/1/2003 . . . . .	<b>25</b>			
<b>26</b> Underpayment on line 17 x <u>Number of days on line 25</u> x % 365	<b>26</b>			
<b>27</b> Number of days on line 20 after 6/30/2003 and before 10/1/2003	<b>27</b>			
<b>28</b> Underpayment on line 17 x <u>Number of days on line 27</u> x % 365	<b>28</b>			
<b>29</b> Number of days on line 20 after 9/30/2003 and before 1/1/2004 . . . . .	<b>29</b>			
<b>30</b> Underpayment on line 17 x <u>Number of days on line 29</u> x % 365	<b>30</b>			
<b>31</b> Number of days on line 20 after 12/31/2003 and before 2/16/2004 . . . . .	<b>31</b>			
<b>32</b> Underpayment on line 17 x <u>Number of days on line 31</u> x % 366	<b>32</b>			
<b>33</b> Add lines 22 24 26 28, 30 and 32 . . . . .	<b>33</b>			
<b>34</b> Penalty Add columns (a) through (d), of line 33 Enter the total here and on Form 1120, line 33, Form 1120-A, line 29, or the comparable line for other income tax returns . . . . .	<b>34</b>			<b>NONE.</b>

\*For underpayments paid after March 31, 2003\* For lines 26, 28, 30, and 32, use the penalty interest rate for each calendar quarter, which the IRS will determine during the first month in the preceding quarter. These rates are published quarterly in an IRS News Release and in a revenue ruling in the Internal Revenue Bulletin. To obtain this information on the Internet, access the IRS Web Site at [www.irs.gov](http://www.irs.gov). You can also call 1-800-829-1040 to get interest rate information.

FORM 990PF, PART I - DIVIDENDS AND INTEREST FROM SECURITIES

DESCRIPTION -----	REVENUE AND EXPENSES PER BOOKS -----	NET INVESTMENT INCOME -----
INTEREST INCOME	4,738,837.	4,708,775.
DIVIDEND INCOME	2,335,956.	2,335,956.
	-----	-----
TOTAL	7,074,793.	7,044,731.
	=====	=====



FORM 990PF, PART I - OTHER INCOME

DESCRIPTION -----	REVENUE AND EXPENSES PER BOOKS -----	NET INVESTMENT INCOME -----
VENTURE INCOME	417,677.	417,677.
OTHER INCOME	26.	26.
TOTALS	----- 417,703. -----	----- 417,703. -----

FORM 990PF, PART I - LEGAL FEES

DESCRIPTION -----	REVENUE AND EXPENSES PER BOOKS -----	NET INVESTMENT INCOME -----	ADJUSTED NET INCOME -----	CHARITABLE PURPOSES -----
LEGAL FEES	12,132.	-----	-----	12,132.
TOTALS	12,132.	NONE	NONE	12,132.

FORM 990PF, PART I - ACCOUNTING FEES

DESCRIPTION -----	REVENUE AND EXPENSES PER BOOKS -----	NET INVESTMENT INCOME -----	ADJUSTED NET INCOME -----	CHARITABLE PURPOSES -----
AUDIT, COMPLIANCE, AND TAX SER	69,500.	34,750.	----- NONE	34,750.
TOTALS	69,500.	34,750.	----- NONE	34,750.

## FORM 990PF, PART I - OTHER PROFESSIONAL FEES

DESCRIPTION -----	REVENUE AND EXPENSES PER BOOKS -----	NET INVESTMENT INCOME -----
FISCAL AGENT FEES	255,348.	255,348.
TOTALS	<u>255,348.</u>	<u>255,348.</u>

## FORM 990PF, PART I - TAXES

DESCRIPTION -----	REVENUE AND EXPENSES PER BOOKS -----	NET INVESTMENT INCOME -----	CHARITABLE PURPOSES -----
FEDERAL EXCISE TAX	89,439.		
PAYROLL TAXES	46,447.	4,352.	42,095.
TOTALS	----- 135,886. -----	----- 4,352. -----	----- 42,095. -----

FORM 990PF, PART I - OTHER EXPENSES

DESCRIPTION -----	REVENUE AND EXPENSES PER BOOKS -----	NET INVESTMENT INCOME -----	CHARITABLE PURPOSES -----
COMPUTER MAINT.	1,425.		1,425.
DUES & SUBSCRIPTIONS	5,451.		5,451.
INSURANCE	14,787.	1,386.	13,401.
OFFICE EXPENSES	26,893.		26,893.
OFFICE TEMP	2,475.	232.	2,243.
TELEPHONE	23,157.	18,035.	5,122.
SECURITY	51,388.	4,815.	46,573.
TOTALS	----- 125,576. =====	----- 24,468. =====	----- 101,108. =====

## FORM 990PF, PART II - U.S. AND STATE OBLIGATIONS

DESCRIPTION -----	BEGINNING BOOK VALUE -----	ENDING BOOK VALUE -----	ENDING FMV ---
PREPAID INSURANCE	5,410.	6,295.	6,295.
TOTALS	<u>5,410.</u>	<u>6,295.</u>	<u>6,295.</u>

## FORM 990PF, PART II - U.S. AND STATE OBLIGATIONS

DESCRIPTION -----	BEGINNING BOOK VALUE -----	ENDING BOOK VALUE -----	ENDING FMV ---
GOVERNMENT SECURITIES (SEE STATEMENT 23 )	65,864,602.	82,578,704.	87,963,348.
TOTALS	<u>65,864,602.</u>	<u>82,578,704.</u>	<u>87,963,348.</u>



## FORM 990PF, PART II - CORPORATE STOCK

DESCRIPTION -----	BEGINNING BOOK VALUE -----	ENDING BOOK VALUE -----	ENDING FMV ---
COMMON STOCK INVESTMENTS (SEE STATEMENT 23)	90,786,416.	102,410,503.	154,470,025.
CLOSELY HELD STOCK INVESTMENTS (SEE STATEMENT 23)	895,586.	309,341.	1,457,490.
TOTALS	----- 91,682,002. =====	----- 102,719,844. =====	----- 155,927,515. =====

## FORM 990PF, PART II - CORPORATE BONDS

DESCRIPTION -----	BEGINNING BOOK VALUE -----	ENDING BOOK VALUE -----	ENDING FMV ---
CORPORATE BOND INVESTMENTS (SEE STATEMENT 23 )	9,515,825.	6,361,609.	6,832,418.
TOTALS	----- 9,515,825. =====	----- 6,361,609. =====	----- 6,832,418. =====

## FORM 990PF, PART II - OTHER INVESTMENTS

DESCRIPTION -----	BEGINNING BOOK VALUE -----	ENDING BOOK VALUE -----	ENDING FMV ---
GUFFEY PROP. (SEE STMT 23 )	3,900.	NONE	NONE
VENTURE FUNDS (SEE STMT 23 )	1,614,308.	1,621,534.	3,445,104.
MUTUAL FUNDS (SEE STMT 23 )	39,428,624.	14,671,135.	11,370,670.
	-----	-----	-----
TOTALS	41,046,832.	16,292,669.	14,815,774.
	=====	=====	=====

FORM 990PF, PART II - OTHER ASSETS  
=====

DESCRIPTION -----	BEGINNING BOOK VALUE -----	ENDING BOOK VALUE -----	ENDING FMV ---
PREPAID FEDERAL EXCISE TAX	102,917.	73,478.	73,478.
TOTALS	----- 102,917. =====	----- 73,478. =====	----- 73,478. =====

## FORM 990PF, PART VIII - LIST OF OFFICERS, DIRECTORS, AND TRUSTEES

NAME AND ADDRESS -----	TITLE AND TIME DEVOTED TO POSITION -----	COMPENSATION -----	CONTRIBUTIONS TO EMPLOYEE BENEFIT PLANS -----
RICHARD M. SCAIFE 301 GRANT STREET ONE OXFORD CENTRE, SUITE 3900 PITTSBURGH, PA 15219	CHMN/TTEE <i>PART</i>	NONE	NONE
BARBARA L. SLANEY 301 GRANT STREET ONE OXFORD CENTRE, SUITE 3900 PITTSBURGH, PA 15219	VP/TREASUR <i>FULL</i>	269,660.	37,500.
T. KENNETH CRIBB JR. 301 GRANT STREET ONE OXFORD CENTRE, SUITE 3900 PITTSBURGH, PA 15219	TRUSTEE <i>PART</i>	3,000.	NONE
DR. WILLIAM J. BENNETT 301 GRANT STREET ONE OXFORD CENTRE, SUITE 3900 PITTSBURGH, PA 15219	TRUSTEE <i>PART</i>	1,500.	NONE
JAMES M. WALTON 301 GRANT STREET ONE OXFORD CENTRE, SUITE 3900 PITTSBURGH, PA 15219	TRUSTEE <i>PART</i>	750.	NONE
DR. ALLAN H. MELTZER 301 GRANT STREET ONE OXFORD CENTRE, SUITE 3900 PITTSBURGH, PA 15219	TRUSTEE <i>PART</i>	2,250.	NONE
DR. EDWIN J. FEULNER, JR.	TRUSTEE <i>PART</i>	3,000.	NONE

## FORM 990PF, PART VIII - LIST OF OFFICERS, DIRECTORS, AND TRUSTEES

NAME AND ADDRESS -----	TITLE AND TIME DEVOTED TO POSITION	COMPENSATION -----	CONTRIBUTIONS TO EMPLOYEE BENEFIT PLANS -----
301 GRANT STREET ONE OXFORD CENTRE, SUITE 3900 PITTSBURGH, PA 15219			
ROGER W. ROBINSON, JR. 301 GRANT STREET ONE OXFORD CENTRE, SUITE 3900 PITTSBURGH, PA 15219	TRUSTEE	<i>PART</i> 2,250.	NONE
R. DANIEL MCMICHAEL 301 GRANT STREET ONE OXFORD CENTRE, SUITE 3900 PITTSBURGH, PA 15219	SEC/CONSUL	<i>PART</i> 240,000.	NONE
T. WESTRAY BATTLE III 301 GRANT STREET ONE OXFORD CENTRE, SUITE 3900 PITTSBURGH, PA 15219	TRUSTEE	<i>PART</i> 750.	NONE
MICHAEL W. GLEBA 301 GRANT STREET ONE OXFORD CENTRE, SUITE 3900 PITTSBURGH, PA 15219	EXECVP	<i>PART</i> 142,800.	30,000.
ARTHUR P. ZIEGLER, JR. 301 GRANT STREET ONE OXFORD CENTRE, SUITE 3900 PITTSBURGH, PA 15219	TRUSTEE	<i>PART</i> 3,000.	NONE
YVONNE BLY 301 GRANT STREET ONE OXFORD CENTRE, SUITE 3900	ASST. TREA	<i>PART</i> 44,267.	10,100.

## FORM 990PF, PART VIII - LIST OF OFFICERS, DIRECTORS, AND TRUSTEES

NAME AND ADDRESS	TITLE AND TIME DEVOTED TO POSITION	COMPENSATION	CONTRIBUTIONS TO EMPLOYEE BENEFIT PLANS
----- PITTSBURGH, PA 15219			
	GRAND TOTALS	----- 713,227. =====	----- 77,600. =====

FEDERAL FOOTNOTES

=====

ALL OF THE GRANTEES SHOWN ON THE ATTACHED STATEMENT OF GRANTS ARE EXEMPT UNDER INTERNAL REVENUE CODE (IRC) SECTION 501(C)(3), AND HAVE THE STATUS OF PUBLIC CHARITIES WITHIN THE MEANING OF IRC SECTION 509(A)(1)(2) OR (3).



FEDERAL FOOTNOTES

COMPENSATION OF OFFICERS, TRUSTEES AND OTHER EMPLOYEES AS WELL AS THE RELATED EMPLOYEE BENEFITS ARE ALLOCATED BASED ON TIME SPENT IN CARRYING OUT THE FOUNDATION'S EXEMPT PURPOSE VERSUS TIME SPENT IN THE PRODUCTION OF INCOME. PROFESSIONAL FEES ARE ALLOCATED BASED ON THE NATURE OF SERVICES PERFORMED FOR THE FOUNDATION. ALL OTHER EXPENSES ARE PRO-RATED BASED ON THE SALARY EXPENSE AND THE FOUNDATION'S ESTIMATES, WITH THE EXCEPTION OF INVESTMENT EXPENSES, WHICH ARE DIRECTLY RELATED TO PRODUCING INCOME.

SARAH SCAIFE FOUNDATION, INC.  
FORM 990-PF  
EIN: 25-1113452  
YEAR ENDED DECEMBER 31, 2002

STATEMENT 19

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PART I, LINE 19 - DEPRECIATION

PART II, LINE 14 - FIXED ASSETS

<u>DESCRIPTION</u>	<u>METHOD/ LIFE</u>	<u>COST 12/31/2002</u>	<u>ACCUM DEPR 12/31/2002</u>	<u>2002 DEPR</u>
FIXED ASSETS	VARIOUS	801,905	510,505	99,553
		<u>801,905</u>	<u>510,505</u>	<u>99,553</u>

PART XV, LINE 2

Information Regarding Grant and Loan Programs

The Sarah Scaife Foundation's grant program is primarily directed toward public policy programs that address major domestic and international issues. There are no geographical restrictions. The Foundation does not make grants to individuals for any purpose or to nationally-organized fundraising groups. Proposals for the following are usually declined: event sponsorships, endowments, capital campaigns, renovations, or government agencies

Initial inquiries to the Foundation should be in letter form signed by the organization's President, or authorized representative, and have the approval of the organization's Board of Directors. The letter should include a concise description of the specific program for which funds are requested, and a program budget and timetable. Accompanying information should include a copy of the latest audited financial statements and annual report; current budget; list of officers and directors and their major affiliations; and a copy of the current determination letter from the Internal Revenue Service evidencing tax-exempt status under Sections 501(c)(3) of the IRS Code. Additional information may be requested, if needed, for further evaluation.

The Foundation meets in February, May, September, and November to consider grants. However, requests may be submitted at any time and will be acted upon as expeditiously as possible.

Requests should be addressed to:

Michael W. Gleba  
Executive Vice President  
Sarah Scaife Foundation  
One Oxford Centre  
301 Grant Street, Suite 3900  
Pittsburgh, PA 15219-6401

## SARAH SCAIFE FOUNDATION INCORPORATED

## Schedule of Grants

	Payable, December 31, 2001	January 1 to December 31, 2002		Payable, December 31, 2002
		Approved	Paid	
Accuracy in Media, Inc , Washington, D C General operating and program support	\$ 250,000	—	250,000	—
Allegheny Institute for Public Policy, Pittsburgh, Pennsylvania General operating support	50,000	100,000	100,000	50,000
American Academy for Liberal Education, Washington, D C General operating support	—	50,000	50,000	—
American Bar Association Fund for Justice and Education, Chicago, Illinois Standing Committee on Law and National Security	65,000	130,000	130,000	65,000
American Council of Trustees and Alumni, Washington, D C Center for Higher Education Policy	—	50,000	50,000	—
American Enterprise Institute for Public Policy Research, Washington, D C Shadow Financial Regulatory Committee	—	25,000	25,000	—
American Foreign Policy Council, Washington, D C General operating support	—	100,000	100,000	—
Americans for Tax Reform Foundation, Washington, D C Program support	—	100,000	100,000	—
America's Future Foundation, Washington, D C General operating support	—	40,000	40,000	—
Atlantic Legal Foundation, Harrisburg, Pennsylvania General operating support	—	90,000	90,000	—
Atlas Economic Research Foundation, Washington, D C General operating and program support	—	100,000	100,000	—
Boston University, Boston, Massachusetts Institute for the Study of Conflict, Ideology and Policy	—	89,500	89,500	—
Brandywine Conservancy, Inc , Chadds Ford, Pennsylvania Capital Campaign	750,000	—	250,000	500,000
Capital Research Center, Washington, D C General operating support	100,000	—	100,000	—
Carnegie Mellon University, Pittsburgh, Pennsylvania The Galliot Center for Public Policy	—	150,000	150,000	—
Cato Institute, Washington, D C Domestic Policy Studies Program	—	60,000	60,000	—
Center for Immigration Studies, Inc , Washington, D C Publication Support	90,000	(90,000) *	—	—
General operating support	—	90,000 *	90,000	—
Center for Individual Rights, Washington, D C General operating support	75,000	150,000	225,000	—
Center for Media and Public Affairs, Washington, D C General operating support	50,000	100,000	150,000	—
Center for Security Policy, Inc , Washington, D C General operating support	—	325,000	325,000	—
Center for Strategic and International Studies, Inc , Washington, D C Security-Related Studies, Special Projects, and Staff Support	180,000	480,000	660,000	—
Center for the Study of Popular Culture, Los Angeles, California General operating support	125,000	—	125,000	—

## SARAH SCAIFE FOUNDATION INCORPORATED

## Schedule of Grants

	Payable, December 31, 2001	January 1 to December 31, 2002		Payable, December 31, 2002
		Approved	Paid	
Center for the Study of the Presidency, Washington, D C Program support	\$ 100,000	150,000	175,000	75,000
Citizens for a Sound Economy Education Foundation, Washington, D C General operating support	—	175,000	175,000	—
Collegiate Network, Inc , Wilmington, Delaware General operating support	—	140,000	140,000	—
The Commonwealth Foundation for Public Policy Alternatives, Harrisburg, Pennsylvania General operating support	—	170,000	170,000	—
Competitive Enterprise Institute, Washington, D C General operating support	—	125,000	125,000	—
Corporation for Maintaining Editorial Diversity in America, Boston, Massachusetts Program support	—	10,000	10,000	—
Defenders of Property Rights, Washington, D C General operating support	—	100,000	100,000	—
Environmental Literacy Council, Washington, D C General operating support	—	75,000	75,000	—
Equal Opportunity Foundation, Washington, D C Center for Equal Opportunity	—	25,000	25,000	—
Ethics and Public Policy Center, Inc , Washington, D C General operating and program support	50,000	100,000	150,000	—
The Federalist Society for Law & Public Policy Studies, Washington, D C General operating support	100,000	200,000	300,000	—
Federation for American Immigration Reform, Washington, D C General operating support	—	225,000	225,000	—
The Foundation Endowment, Alexandria, Virginia General operating support	—	75,000	75,000	—
Foundation for California University of Pennsylvania, California, Pennsylvania Government Agency Coordination Office	—	120,000	120,000	—
Foundation for Cultural Review, Inc , New York, New York General operating support	—	200,000	200,000	—
Foundation for Teaching Economics, Davis, California General operating support	—	35,000	35,000	—
Free Congress Research and Education Foundation, Inc , Washington, D C General operating and program support	400,000	925,000	900,000	425,000
Freedom House, Inc , Washington, D C Center for Religious Freedom	—	70,000	70,000	—
George C Marshall Institute, Washington, D C General operating support	—	155,000	155,000	—
The George Mason University Foundation, Inc , Fairfax, Virginia Center for Study of Public Choice	—	45,000	45,000	—
Juris Master Program	—	50,000	50,000	—
Law and Economics Center	—	150,000	150,000	—
Mercatus Center	—	80,000	80,000	—

SARAH SCAIFE FOUNDATION INCORPORATED

STATEMENT 21

Schedule of Grants

	Payable, December 31, 2001	January 1 to December 31, 2002		Payable, December 31, 2002
		Approved	Paid	
The Heritage Foundation, Washington, D C				
Anniversary Fund	\$ 500,000	—	500,000	—
General operating and program support	225,000	650,000	875,000	—
High Frontier, Washington, D C				
Program support	—	100,000	100,000	—
Hudson Institute, Inc , Indianapolis, Indiana				
Program and project support	—	150,000	150,000	—
Citizenship Roundtable Project	—	50,000	50,000	—
Independent Women's Forum, Arlington, Virginia				
General operating support	—	175,000	175,000	—
Institute for Advanced Strategic and Political Studies, Inc , Washington, D C				
Program support	—	100,000	100,000	—
Institute for Foreign Policy Analysis, Inc , Cambridge, Massachusetts				
General operating and program support	—	560,000	560,000	—
Institute for Health Freedom, Washington, D C				
General operating support	100,000	—	100,000	—
Institute for Humane Studies, Inc , Fairfax, Virginia				
General operating support	—	50,000	50,000	—
Institute for Justice, Washington, D C				
General operating support	—	100,000	100,000	—
Institute for Research on the Economics of Taxation, Washington, D C				
General operating and project support	75,000	150,000	225,000	—
The Institute on Religion and Democracy, Inc , Washington, D C				
General operating support	75,000	150,000	225,000	—
The Institute on Religion and Public Life, Inc , New York, New York				
General operating and publication support	—	50,000	50,000	—
Intercollegiate Studies Institute, Inc , Wilmington, Delaware				
General operating support	—	350,000	350,000	—
Johns Hopkins University, Washington, D C				
The Paul H Nitze School of Advanced International Studies				
General operating support	—	60,000	60,000	—
Judicial Watch, Inc , Washington, D C				
General operating support	400,000	—	400,000	—
Landmark Legal Foundation, Kansas City, Missouri				
General operating support	—	250,000	250,000	—
Ligonier Valley School District, Ligonier, Pennsylvania				
Christmas gift program	—	7,500	7,500	—
Manhattan Institute for Policy Research, Inc , New York, New York				
General operating and publication support	—	150,000	150,000	—
Media Research Center, Alexandria, Virginia				
General operating support	50,000	100,000	150,000	—
Michigan State University, East Lansing, Michigan				
Symposium Support	—	75,000	75,000	—
Nantucket Sustainable Development Corporation, Nantucket, Maine				
Program support	—	10,000	10,000	—
National Association of Scholars, Inc Princeton, New Jersey				
General operating support	—	250,000	250,000	—

## SARAH SCAIFE FOUNDATION INCORPORATED

## Schedule of Grants

	Payable, December 31, 2001	January 1 to December 31, 2002		Payable, December 31, 2002
		Approved	Paid	
National Center for Policy Analysis, Dallas, Texas General operating support	\$ 50,000	125,000	175,000	—
National Institute for Public Policy, Fairfax, Virginia Program support	—	165,000	165,000	—
The National Legal and Policy Center, McLean, Virginia General operating support	—	100,000	100,000	—
New England Legal Foundation, Boston, Massachusetts General operating support	—	60,000	60,000	—
Pacific Legal Foundation, Sacramento, California General operating support	75,000	175,000	250,000	—
Pacific Research Institute for Public Policy, San Francisco, California General operating support	75,000	150,000	225,000	—
Pepperdine University, Malibu, California School of Public Policy	—	50,000	50,000	—
Philadelphia Society, Chicago, Illinois General operating support	—	10,000	10,000	—
Phipps Conservatory, Inc., Pittsburgh, Pennsylvania Campaign 2000	3,250,000	—	—	3,250,000
The Reason Foundation, Los Angeles, California General operating support	—	75,000	75,000	—
Saint Vincent College, Latrobe, Pennsylvania Conference support	—	35,000	35,000	—
Smith College, Northampton, Massachusetts Center for the Study of Social and Political Change	—	75,000	75,000	—
Social Philosophy and Policy Foundation, Bowling Green, Ohio Social Philosophy and Policy Center	—	600,000	600,000	—
Southeastern Legal Foundation, Inc., Atlanta, Georgia General operating support	50,000	—	50,000	—
Southwest Missouri State University Foundation, Springfield, Missouri Center for Defense and Strategic Studies	—	120,000	120,000	—
Stanford University, Hoover Institution on War, Revolution and Peace, Stanford, California Program and project support	200,000	400,000	600,000	—
Statistical Assessment Service, Washington, D C General operating support	50,000	—	50,000	—
Tax Foundation, Washington, D C General operating and program support	—	110,000	110,000	—
Thoreau Institute, Bandon, Oregon Conference series	—	50,000	50,000	—
Tufts University, Medford, Massachusetts The Fletcher School of Law and Diplomacy	—	250,000	125,000	125,000
The University of Chicago, Chicago, Illinois George J. Stigler Center for the Study of the Economy and the State	—	50,000	50,000	—
Law and Economics Program	—	150,000	150,000	—
University of South Carolina, Columbia, South Carolina The Richard L. Walker Institute of International Studies	—	50,000	50,000	—

## SARAH SCAIFE FOUNDATION INCORPORATED

## Schedule of Grants

	Payable, December 31, 2001	January 1 to December 31, 2002		Payable, December 31, 2002
		Approved	Paid	
University of Virginia Law School Foundation, Charlottesville, Virginia Center for National Security Law	\$ —	300,000	300,000	—
The UPG Foundation, Greensburg, Pennsylvania Smart Growth Partnership of Westmoreland County	—	75,000	25,000	50,000
World Affairs Council of Pittsburgh, Pittsburgh, Pennsylvania General operating and special projects support	—	70,000	70,000	—
	<u>\$ 7,560,000</u>	<u>12,322,000</u>	<u>15,342,000</u>	<u>4,540,000</u>

\* Reallocation of grant



**SARAH SCAIFE FOUNDATION INCORPORATED**  
Schedule of Gains (Losses) for Tax on Investment Income  
Twelve months ended December 31, 2002

(a)	(b)	(c)	(d)	(e)	(f)	(h)	(i)	(j)	(k)	(l)	(m)
Kind of property	Description	How acquired P-purchase D-donated	Date acquired	Date sold/ matured	Gross sale price	Cost or other basis and expense of sale	Gain (loss) ((f) less (h))	Fair market value as of December 31, 1969	Adjusted cost basis	Excess of (j) over (k)	Losses from column (i) and gains (excess (l) over (j))
Security	Berger Funds	P		12/31/01	\$ 192,231	—	192,231	N/A	N/A	N/A	\$ 192,231
Security	Code Hennessy & Simmons LP	P		01/28/02	342,749	—	342,749	N/A	N/A	N/A	342,749
Security	Warner Lambert Co	P		01/15/02	515,995	508,030	7,965	N/A	N/A	N/A	7,965
Security	AT&T Corp	P	05/03/01 10/26/95 10/03/00 12/20/95 12/11/97 06/18/99	03/21/02	1,972,120	3,354,189	(1,382,069)	N/A	N/A	N/A	(1,382,069)
Security	AT&T Wireless Group	P	05/03/01 10/26/95 10/03/00 12/20/95 12/11/97 06/18/99	03/11/02	382,850	965,117	(582,267)	N/A	N/A	N/A	(582,267)
Security	Blackrock Small Cap Growth Equity Fund	P	04/17/95 08/31/95 10/27/95	03/21/02	2,526,537	2,869,159	(342,622)	N/A	N/A	N/A	(342,622)
Security	Bristol Myers Squibb Co	P	12/09/86 10/16/89 02/25/93 02/25/93	03/11/02	4,850,000	1,195,637	3,654,363	N/A	N/A	N/A	3,654,363
Security	JP Morgan Chase & Co	P	04/27/93 12/03/96 06/16/98	03/11/02	2,652,900	1,769,305	883,595	N/A	N/A	N/A	883,595
Security	Progressive Corp	P	05/15/01	03/21/02	1,390,624	1,006,041	384,583	N/A	N/A	N/A	384,583
Security	Reuters Group PLC	P	04/27/93	03/11/02	827,713	597,501	230,212	N/A	N/A	N/A	230,212
Security	Royal Dutch Petroleum Co	P	04/27/93	03/11/02	2,181,512	899,683	1,281,829	N/A	N/A	N/A	1,281,829
Security	SBC Communications Inc	P	06/26/95 10/26/95 12/20/95 12/11/97	03/21/02	3,872,900	2,778,508	1,094,392	N/A	N/A	N/A	1,094,392
Security	Sprint Corp	P	06/23/95 10/26/95 12/20/95 12/11/97	03/11/02	683,400	257,255	426,145	N/A	N/A	N/A	426,145
Security	Tyco International Ltd.	P	10/03/00 05/03/01 05/15/01	03/21/02	1,082,400	1,723,873	(641,473)	N/A	N/A	N/A	(641,473)
Security	Verizon Communications Inc	P	08/27/01 05/15/01	03/21/02	1,084,406	1,222,811	(138,405)	N/A	N/A	N/A	(138,405)
Security	Landec Corp	P	03/07/94	03/01/02	68,058	62,083	5,975	N/A	N/A	N/A	5,975
Security	Federal Home Loan Mortgage Corp	P	01/18/95	03/15/02	429	427	2	N/A	N/A	N/A	2
Security	Pfizer Inc	P	04/17/01	03/05/02	1,035,060	1,009,610	25,450	N/A	N/A	N/A	25,450
Security	Boston Communications Inc	P	08/08/88	04/19/02	80,563	1,306	79,257	N/A	N/A	N/A	79,257
Security	Boston Communications Inc	P	08/08/88	04/22/02	75,774	1,276	74,498	N/A	N/A	N/A	74,498
Security	Boston Communications Inc	P	08/08/88	04/24/02	14,700	255	14,445	N/A	N/A	N/A	14,445

**SARAH SCAIFE FOUNDATION INCORPORATED**  
Schedule of Gains (Losses) for Tax on Investment Income  
Twelve months ended December 31, 2002

(a)	(b)	(c)	(d)	(e)	(f)	(h)	(i)	(j)	(k)	(l)	(m)
Kind of property	Description	How acquired P-purchase D-donated	Date acquired	Date sold/ matured	Gross sale price	Cost or other basis and expense of sale	Gain (loss) ((f) less (h))	Fair market value as of December 31, 1969	Adjusted cost basis	Excess of (j) over (k)	Losses from column (i) and gains (excess (i) over (l))
Security	Boston Communications Inc	P	08/08/88 02/17/89	04/25/02	\$ 86,900	2,231	84,669	N/A	N/A	N/A	\$ 84,669
Security	Tyco International Ltd.	P	12/11/00	04/12/02	54,825	36,256	18,569	N/A	N/A	N/A	18,569
Security	Bristol Meyers Squibb	P	01/23/02	04/22/02	493,310	501,715	(8,405)	N/A	N/A	N/A	(8,405)
Security	Federal Home Loan Bank	P	03/30/00	04/25/02	6,221,580	5,992,500	229,080	N/A	N/A	N/A	229,080
Real estate	Hair Coal Properties	P	05/23/05	04/25/02	—	3,900	(3,900)	N/A	N/A	N/A	(3,900)
Security	Blackrock Funds	P	04/17/95 10/27/95 08/31/95 12/27/96	05/07/02	4,144,116	3,644,151	499,965	N/A	N/A	N/A	499,965
Security	Blackrock Funds	P	09/19/97	05/07/02	2,674,873	2,519,380	155,493	N/A	N/A	N/A	155,493
Security	T Rowe Price Value Fd Inc	P	12/13/01 08/27/01	05/07/02	2,432,560	2,571,037	(138,477)	N/A	N/A	N/A	(138,477)
Security	Cephalon, Inc	P	10/19/87	05/06/02	555,515	124,495	431,020	N/A	N/A	N/A	431,020
Security	Manner Post Acute Network, Inc	P	03/23/94	05/06/02	6	67,042	(67,036)	N/A	N/A	N/A	(67,036)
Security	Media 100, Inc	P	09/13/88	05/06/02	315	46,656	(46,341)	N/A	N/A	N/A	(46,341)
Security	Orthologic Corp	P	01/29/96	05/06/02	63,335	130,153	(66,818)	N/A	N/A	N/A	(66,818)
Security	Perkinelmer Inc	P	06/22/89 10/14/92 03/31/94 03/19/92 05/13/93 01/25/91 07/09/92	05/06/02	75,732	4,089	71,643	N/A	N/A	N/A	71,643
Security	Watson Pharmaceutical	P	06/02/87 01/08/88 01/13/89 08/30/90	05/06/02	71,821	12,825	58,996	N/A	N/A	N/A	58,996
Security	Suntrust Bank	P	01/30/95	05/09/02	2,082,000	1,726,260	355,740	N/A	N/A	N/A	355,740
Security	Janus Investment Fund	P	06/21/99 12/10/99 12/19/00 12/14/01	06/21/02	4,088,920	5,326,252	(1,237,332)	N/A	N/A	N/A	(1,237,332)
Security	Inter American Development Bank	P	08/15/01	06/20/02	1,044,900	1,050,500	(5,600)	N/A	N/A	N/A	(5,600)
Security	Travelers Property Casualty Corp Class A	P	10/25/95	08/29/02	6	3	3	N/A	N/A	N/A	3
Security	Travelers Property Casualty Corp Class B	P	10/25/95	08/29/02	6	3	3	N/A	N/A	N/A	3
Security	Speedfam IPEC, Inc	P	08/06/02	08/01/02	7	16	(9)	N/A	N/A	N/A	(9)
Security	Speedfam IPEC Inc	P	08/06/02	08/16/02	15,700	98,256	(82,556)	N/A	N/A	N/A	(82,556)

**SARAH SCAIFE FOUNDATION INCORPORATED**  
Schedule of Gains (Losses) for Tax on Investment Income  
Twelve months ended December 31 2002

(a)	(b)	(c)	(d)	(e)	(f)	(h)	(i)	(j)	(k)	(l)	(m)
Kind of property	Description	How acquired P-purchase D-donated	Date acquired	Date sold/ matured	Gross sale price	Cost or other basis and expense of sale	Gain (loss) ((f) less (h))	Fair market value as of December 31, 1969	Adjusted cost basis	Excess of (j) over (k)	Losses from column (i) and gains (excess (i) over (l))
Security	Cardinal Health, Inc	P	05/15/01 08/27/01	09/10/02	\$ 1,061,861	1,154,462	(92,601)	N/A	N/A	N/A	\$ (92,601)
Security	Citigroup, Inc	P	10/25/95 06/16/98	09/10/02	1,857,198	869,099	988,099	N/A	N/A	N/A	988,099
Security	HCA, Inc	P	10/03/00 05/03/01	09/10/02	1,272,121	1,087,591	184,530	N/A	N/A	N/A	184,530
Security	Stryker Corp	P	08/27/01 05/15/01	09/10/02	1,275,780	1,238,857	36,923	N/A	N/A	N/A	36,923
Security	Sun Microsystems, Inc	P	02/23/95 12/29/98	09/10/02	696,160	977,959	(281,799)	N/A	N/A	N/A	(281,799)
Security	Federal National Mortgage Association	P	08/21/01	09/04/02	1,000,000	1,000,000	—	N/A	N/A	N/A	—
Security	Berger Funds Small Cap Value Fund	P	08/27/01 12/28/01 12/31/01	09/30/02	3,283,020	4,333,066	(1,050,046)	N/A	N/A	N/A	(1,050,046)
Security	Berger Funds, Mid Cap Value Fund	P	05/07/02	09/03/02	2,049,799	2,600,000	(550,201)	N/A	N/A	N/A	(550,201)
Security	Fidelity Investment Trust	P	06/21/99 12/06/99 12/11/00 12/17/01	09/30/02	5,855,543	7,046,834	(1,191,291)	N/A	N/A	N/A	(1,191,291)
Security	Harbor Fund	P	06/22/99 12/22/00 12/28/01 06/24/02	09/30/02	4,867,020	7,136,103	(2,269,083)	N/A	N/A	N/A	(2,269,083)
Security	Federal Home Loan Mortgage Corp	P	04/05/01	10/11/02	1,000,000	1,000,000	—	N/A	N/A	N/A	—
Security	Citigroup Inc	P	10/25/95 06/16/98 06/19/99	11/13/02	1,474,976	1,267,656	207,320	N/A	N/A	N/A	207,320
	Berger Funds	P		12/31/02	40	—	40	N/A	N/A	N/A	40
	Royce Opportunity Fund	P		12/09/02	16,000	—	16,000	N/A	N/A	N/A	16,000
	State Str Research Cap Tr	P		12/23/02	9,425	—	9,425	N/A	N/A	N/A	9,425
					<u>\$ 75,658,291</u>	<u>73,791,413</u>	<u>1,866,878</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>\$ 1,866,878</u>

See accompanying compilation report of KPMG LLP

## SARAH SCAIFE FOUNDATION INCORPORATED

## Schedule of Investments

December 31, 2002

<u>Investments</u>	<u>Shares or par value</u>	<u>Tax cost basis</u>	<u>Market value</u>
Venture capital fund – (12-12-400-7000201), continued			
Common stocks			
Pfizer, Inc	4,754	\$ 14,754	\$ 145,330
SCP Pool Corp	44,937	294,587	1,312,160
		<u>309,341</u>	<u>1,457,490</u>
Venture funds			
Venture funds	N/A	<u>1,621,534</u>	<u>3,445,104</u>
Total venture capital fund – (12-12-400-7000201)		<u>2,664,534</u>	<u>5,636,253</u>
Bond fund – (12-12-400-7000227)			
Money market.			
Money market	111,697	111,697	111,697
U S Treasury and agencies securities			
Federal Farm Credit Bank	5,000,000	4,996,170	5,503,070
Federal Home Loan Banks	6,500,000	5,545,800	6,041,227
Federal Home Loan Mortgage Corp	6,500,000	5,685,039	6,178,595
Federal National Mortgage Association	9,200,000	9,099,645	9,988,712
Tennessee Valley Authority	3,000,000	3,023,780	3,232,600
USA Treasury Notes	3,713,000	38,815,770	41,648,794
		<u>67,166,204</u>	<u>72,592,998</u>
Corporate bonds			
European Investment Bank	1,000,000	996,850	1,042,940
General Electric Capital Corp	1,000,000	1,048,310	1,112,490
General Electric Capital Corp	1,000,000	1,145,728	1,221,350
Harvard University Massachusetts	1,000,000	1,140,184	1,194,860
National Rural Utilities	1,050,000	1,004,357	1,129,348
South Carolina Electric Gas Co	1,000,000	1,026,180	1,131,430
		<u>6,361,609</u>	<u>6,832,418</u>
Total bond fund – (12-12-400-7000227)		<u>73,639,510</u>	<u>79,537,113</u>
Total investments		<u>\$ 209,820,056</u>	<u>\$ 267,406,285</u>

See accompanying compilation report of KPMG LLP