

Return of Private Foundation


2002

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
THE CARTHAGE FOUNDATION
29 IG VC 25-6067979 200312
CARTHAGE FOUNDATION
301 GRANT ST
PITTSBURGH PA 15219-1407 P-10 P21


A Employer identification number
25-6067979
 Room/suite
(412) 392-2900

I
R
S

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

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) **21,379,950**
 J Accounting method Cash Accrual
 Other (specify) _____
 (Part I, column (d) must be on cash basis)

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 type="checkbox"/> if the foundation is not required to attach Sch. B	7,357,983			STMT 1
2	Distributions from split-interest trusts				
3	Interest on savings and temporary cash investments				
4	Dividends and interest from securities	751,387	751,387	751,387	STMT 2
5a	Gross rents				
b	(Net rental income or (loss))				
6a	Net gain or (loss) from sale of assets not on line 10	-425,150			
b	Gross sales price for all assets on line 6a	5,714,588			
7	Capital gain net income (from Part IV, line 2)		3,940,798		
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)				
12	Total. Add lines 1 through 11	7,684,220	4,692,185	751,387	
13	Compensation of officers, directors, trustees	122,550	3,510	3,510	119,040
14	Other employee salaries and wages	59,149	4,276	4,276	54,873
15	Pension plans, employee benefits	41,631	3,010	3,010	38,621
16a	Legal fees (attach schedule)	11,159	NONE	NONE	11,160
b	Accounting fees (attach schedule)	38,280	19,140	19,140	19,140
c	Other professional fees (attach schedule)	11,750	11,750	11,750	NONE
17	Interest				
18	Taxes (attach schedule) (see page 13 of the instructions)	55,550	660	660	8,464
19	Depreciation (attach schedule) and depletion	20,992	NONE	NONE	
20	Occupancy	54,311	3,926	3,926	50,385
21	Travel, conferences, and meetings	1,277	NONE	NONE	1,277
22	Printing and publications				
23	Other expenses (attach schedule)	51,325	3,677	3,677	47,648
24	Total operating and administrative expenses. Add lines 13 through 23	467,974	49,949	49,949	350,608
25	Contributions, gifts, grants paid	5,552,500			5,424,500
26	Total expenses and disbursements. Add lines 24 and 25	6,020,474	49,949	49,949	5,775,108
27	Subtract line 26 from line 12	1,663,746			
a	Excess of revenue over expenses and disbursements			701,438	
b	Net investment income (if negative, enter -0-)		4,642,236		
c	Adjusted net income (if negative, enter -0-)			701,438	

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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 (a) Book Value	End of year (b) Book Value (c) Fair Market Value		
Assets	1	Cash - non-interest-bearing	10,938	9,232	9,232
	2	Savings and temporary cash investments	416,484	596,370	596,370
	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	990	1,052	1,052
	10 a	Investments - US and state government obligations (attach schedule)			
	b	Investments - corporate stock (attach schedule) STMT 9	9,548,355	11,150,200	20,695,778
	c	Investments - corporate bonds (attach schedule)			
	11	Investments - land, buildings, and equipment basis			
	Less accumulated depreciation (attach schedule)				
12	Investments - mortgage loans				
13	Investments - other (attach schedule)				
14	Land, buildings and equipment basis	178,739			
	Less accumulated depreciation (attach schedule)	117,293	61,446	61,446	
15	Other assets (describe STMT 10)	NONE	16,072	16,072	
16	Total assets (to be completed by all filers - see page 16 of the instructions Also, see page 1, item I)	10,059,204	11,834,372	21,379,950	
Liabilities	17	Accounts payable and accrued expenses	16,578	NONE	
	18	Grants payable	1,457,000	1,585,000	
	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)	1,473,578	1,585,000		
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	8,585,626	10,249,372	
	25	Temporarily restricted			
	26	Permanently restricted			
	Organizations that do not follow SFAS 117, check here and complete lines 27 through 31 <input type="checkbox"/>				
	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)	8,585,626	10,249,372		
31	Total liabilities and net assets/fund balances (see page 16 of the instructions)	10,059,204	11,834,372		

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	8,585,626
2	Enter amount from Part I, line 27a	2	1,663,746
3	Other increases not included in line 2 (itemize)	3	
4	Add lines 1, 2, and 3	4	10,249,372
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	10,249,372

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.)
1a SEE PART IV SCHEDULE						
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)			2	3,940,798		
{ If gain, also enter in Part I, line 7 If (loss), enter -0- in Part I, line 7 }						
3 Net short-term capital gain or (loss) as defined in sections 1222(5) and (6)			3			
{ 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 }						

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	2,401,211	24,088,184	0.09968418541
2000	965,511	19,918,811	0.04847232096
1999	3,693,443	23,096,859	0.15991105111
1998	6,235,653	24,929,487	0.25013162124
1997	5,166,985	21,218,785	0.24350993707
2 Total of line 1, column (d)			0.80170911579
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			0.16034182316
4 Enter the net value of noncharitable-use assets for 2002 from Part X, line 5			23,886,804
5 Multiply line 4 by line 3			3,830,054
6 Enter 1% of net investment income (1% of Part I, line 27b)			46,422
7 Add lines 5 and 6			3,876,476
8 Enter qualifying distributions from Part XII, line 4			5,775,108

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 for excise tax calculations. Includes categories like 'Exempt operating foundations', 'Domestic organizations', 'Tax under section 511', and 'Credits/Payments'. Total tax due is 16,078.

Part VII-A Statements Regarding Activities

Table with 11 rows for activity statements. Includes questions about political influence, tax on political expenditures, and organizational requirements. Includes handwritten answers like 'PENNSYLVANIA' and 'KPMG LLP'.

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

- 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?
(2) Borrow money from, lend money to, or otherwise extend credit to (or accept it from) a disqualified person?
(3) Furnish goods, services, or facilities to (or accept them from) a disqualified person?
(4) Pay compensation to, or pay or reimburse the expenses of, a disqualified person?
(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)?
(6) Agree to pay money or property to a government official?
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)?
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?
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?
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?
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?
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?
4 a Did the organization invest during the year any amount in a manner that would jeopardize its charitable purposes?
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?
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))?
(2) Influence the outcome of any specific public election (see section 4955), or to carry on, directly or indirectly, any voter registration drive?
(3) Provide a grant to an individual for travel, study, or other similar purposes?
(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)?
(5) Provide for any purpose other than religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals?
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)?
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?
6 a Did the organization, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?
b Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?

Table with columns: Question, Yes, No. Rows correspond to questions 1a through 6b. Marked 'Yes' or 'No' with checkboxes. Some rows have 'N/A' or 'X' in the Yes/No columns.

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 11		122,550.	10,444	NONE

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
NONE				

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
NONE		

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 NOT APPLICABLE	
2	
All other program related investments See page 21 of the instructions	
3 NONE	
Total 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	24,239,253
b Average of monthly cash balances	1b	11,309
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	24,250,562
e Reduction claimed for blockage or other factors reported on lines 1a and 1c (attach detailed explanation)	1e	NONE
2 Acquisition indebtedness applicable to line 1 assets	2	NONE
3 Subtract line 2 from line 1d	3	24,250,562
4 Cash deemed held for charitable activities Enter 1 1/2% of line 3 (for greater amount, see page 22 of the instructions)	4	363,758
5 Net value of noncharitable-use assets Subtract line 4 from line 3 Enter here and on Part V, line 4	5	23,886,804
6 Minimum investment return Enter 5% of line 5	6	1,194,340

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	1,194,340
2a Tax on investment income for 2002 from Part VI, line 5	2a	46,422
b Income tax for 2002 (This does not include the tax from Part VI)	2b	
c Add lines 2a and 2b	2c	46,422
3 Distributable amount before adjustments Subtract line 2c from line 1	3	1,147,918
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	1,147,918
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	1,147,918

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	5,775,108
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	5,775,108
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	46,422
6 Adjusted qualifying distributions Subtract line 5 from line 4	6	5,728,686

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				1,147,918.
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		NONE		
b From 1998		NONE		
c From 1999		NONE		
d From 2000		NONE		
e From 2001		395,685.		
f Total of lines 3a through e	395,685			
4 Qualifying distributions for 2002 from Part XII, line 4 ▶ \$ <u>5,775,108</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)	4,627,190			
d Applied to 2002 distributable amount				1,147,918
e Remaining amount distributed out of corpus	NONE			
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	5,022,875			
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) SEE STAT 16,317	7,357,983			
8 Excess distributions carryover from 1997 not applied on line 5 or line 7 (see page 25 of the instructions)	NONE			
9 Excess distributions carryover to 2003 Subtract lines 7 and 8 from line 6a				
10 Analysis of line 9				
a Excess from 1998		NONE		
b Excess from 1999		NONE		
c Excess from 2000		NONE		
d Excess from 2001		NONE		
e Excess from 2002				

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)

	Tax year				(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 12

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

SEE STATEMENT 12

c Any submission deadlines

SEE STATEMENT 12

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

SEE STATEMENT 12

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 14				5,424,500
Total				5,424,500.
b Approved for future payment SEE STATEMENT 14				1,585,000
Total				1,585,000

Part XVI-A Analysis of Income-Producing Activities

Enter gross amounts unless otherwise indicated

Table with 5 columns: (a) Business code, (b) Amount, (c) Exclusion code, (d) Amount, (e) Related or exempt function income. Rows include Program service revenue, Membership dues, Dividends, Net rental income, Gain or (loss) from sales of assets, etc.

(See worksheet in line 13 instructions on page 26 to verify calculations)

Part XVI-B Relationship of Activities to the Accomplishment of Exempt Purposes

Table with 2 columns: Line No, Explain below how each activity for which income is reported in column (e) of Part XVI-A contributed importantly to the accomplishment of the organization's exempt purposes.

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? [] Yes [X] No

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.
Sign Here: Michael W Gleba (Signature of officer or trustee)
Paid Preparer's Use Only: Thomas D Bone CPA (Preparer's signature), KPMG LLP (Firm's name), ONE MELLON CENTER (Address), PITTSBURGH, PA (ZIP code)

Schedule of Contributors

2002

Supplementary information for
line 1 of Form 990, 990-EZ, and 990-PF (see instructions)

Name of organization

Employer identification number

THE CARTHAGE FOUNDATION

25-6067979

Organization type (check one)

Filers of

Section

Form 990 or 990-EZ

501(c)() (enter number) organization

4947(a)(1) nonexempt charitable trust not treated as a private foundation

527 political organization

Form 990-PF

501(c)(3) exempt private foundation

4947(a)(1) nonexempt charitable trust treated as a private foundation

501(c)(3) taxable private foundation

Check if your organization is covered by the **General Rule** or a **Special Rule**. (Note Only a section 501(c)(7), (8), or (10) organization can check box(es) for both the General Rule and a Special Rule - see instructions)

General Rule -

For organizations filing Form 990, 990-EZ, or 990-PF that received, during the year, \$5,000 or more (in money or property) from any one contributor (Complete Parts I and II)

Special Rules -

For a section 501(c)(3) organization filing Form 990, or Form 990-EZ, that met the 33 1/3% support test of the regulations under sections 509(a)(1)/170(b)(1)(A)(vi) and received from any one contributor, during the year, a contribution of the greater of \$5,000 or 2% of the amount on line 1 of these forms (Complete Parts I and II)

For a section 501(c)(7), (8), or (10) organization filing Form 990, or Form 990-EZ, that received from any one contributor, during the year, aggregate contributions or bequests of more than \$1,000 for use *exclusively* for religious, charitable, scientific, literary, or educational purposes, or the prevention of cruelty to children or animals (Complete Parts I, II, and III)

For a section 501(c)(7), (8), or (10) organization filing Form 990, or Form 990-EZ, that received from any one contributor, during the year, some contributions for use *exclusively* for religious, charitable, etc , purposes, but these contributions did not aggregate to more than \$1,000 (If this box is checked, enter here the total contributions that were received during the year for an *exclusively* religious, charitable, etc , purpose Do not complete any of the Parts unless the **General Rule** applies to this organization because it received nonexclusively religious, charitable, etc , contributions of \$5,000 or more during the year) ▶ \$ _____

Caution Organizations that are not covered by the General Rule and/or the Special Rules do not file Schedule B (Form 990, 990-EZ, or 990-PF), but they **must** check the box in the heading of their Form 990, Form 990-EZ or on line 1 of their Form 990-PF, to certify that they do not meet the filing requirements of Schedule B (Form 990, 990-EZ, or 990-PF)

If a section 501(c)(7), (8), or (10) organization received contributions or bequests for use exclusively for religious, charitable, etc., purposes (sections 170(c)(4), 2055(a)(3), or 2522(a)(3)) -

List in Part I each contributor whose contributions total more than \$1,000 during the year that were for a religious, charitable, etc., purpose. To determine the \$1,000, aggregate all of a contributor's gifts for the year (regardless of amount). For a noncash contribution, complete Part II.

All section 501(c)(7), (8), or (10) organizations that received any charitable contributions and listed any charitable contributors on Part I must also complete Part III.

If a section 501(c)(7), (8), or (10) organization received charitable gifts, but is not required to list any charitable contributors on Part I, check the box on line A at the top of Schedule B (Form 990 or 990-EZ) and enter the amount of charitable contributions received in the space provided. The organization need not complete and attach Part III.

Specific Instructions

Note You may duplicate Parts I, II, and III if more copies are needed. Number each page of each Part.

Part I. In column (a), identify the first contributor listed as no. 1 and the second contributor as no. 2, etc. Number consecutively. Show the contributor's name, address, aggregate contributions for the year, and the type of contribution (e.g., whether an individual, payroll, or noncash contribution). Report payroll contributions by listing the employer's name, address, and total amount given (unless an employee gave enough to be listed individually).

Part II. In column (a), show the number that corresponds to the contributor's number in Part I. Describe the noncash contribution fully. Report on property with readily determinable market value (i.e., market quotations for securities) by listing its fair market value (FMV). For marketable securities registered and listed on a recognized securities exchange, measure market value by the average of the highest and lowest quoted selling prices (or the average between the bona fide bid and asked prices) on the contribution date. See Regulations section 20.2031-2 to determine the value of contributed stocks and bonds. When market value cannot be readily determined, use an appraised or estimated value. To determine the amount of a noncash contribution that is subject to an outstanding debt, subtract the debt from the property's fair market value.

Part III. Section 501(c)(7), (8), or (10) organizations that received contributions or bequests for use exclusively for religious, charitable, etc., purposes must complete Parts I through III for those persons whose gifts totaled more than \$1,000 during the year. Show also, in the heading of Part III, total gifts that were \$1,000 or less and were for a religious, charitable, etc., purpose. Complete this information only on the first Part III page.

If an amount is set aside for a religious, charitable, etc., purpose, show in column (d) how the amount is held (e.g., whether it is mingled with amounts held for other purposes). If the organization transferred the gift to another organization, show the name and address of the transferee organization in column (e) and explain the relationship between the two organizations.

Name of organization

Employer identification number

THE CARTHAGE FOUNDATION

25-6067979

Part I Contributors (See Specific Instructions)

(a) No.	(b) Name, address, and ZIP + 4	(c) Aggregate contributions	(d) Type of contribution
1	RICHARD M SCAIFE ONE OXFORD CENTRE, SUITE 3900 PITTSBURGH, PA 15219	7,357,983.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input checked="" type="checkbox"/> (Complete Part II if there is a noncash contribution)
			Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution)
			Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution)
			Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution)
			Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution)
			Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution)

Name of organization THE CARTHAGE FOUNDATION	Employer identification number 25-6067979
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Part II Noncash Property (See Specific Instructions)

(a) No from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (see instructions)	(d) Date received
1	<u>INVESTMENT SECURITIES</u> _____ _____ _____	7,357,983	VAR
_____	_____ _____ _____	_____	_____
_____	_____ _____ _____	_____	_____
_____	_____ _____ _____	_____	_____
_____	_____ _____ _____	_____	_____
_____	_____ _____ _____	_____	_____
_____	_____ _____ _____	_____	_____

**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)							----- 3,940,798 -----	
		<i>See statement 15 for detail</i>						

FORM 990PF, PART I - CONTRIBUTIONS, GIFTS AND GRANTS RECEIVED

NAME AND ADDRESS -----	DATE ----	DIRECT PUBLIC SUPPORT -----
RICHARD M. SCAIFE ONE OXFORD CENTRE, SUITE 3900 PITTSBURGH, PA 15219	VAR.2002	7,357,983.
TOTAL CONTRIBUTION AMOUNTS		----- 7,357,983. =====

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

DESCRIPTION -----	REVENUE AND EXPENSES PER BOOKS -----	NET INVESTMENT INCOME -----	ADJUSTED NET INCOME -----
INTEREST INCOME	15,272.	15,272.	15,272.
DIVIDEND INCOME	736,115.	736,115.	736,115.
TOTAL	<u>751,387.</u>	<u>751,387.</u>	<u>751,387.</u>

FORM 990PF, PART I - LEGAL FEES

DESCRIPTION	REVENUE AND EXPENSES PER BOOKS	NET INVESTMENT INCOME	ADJUSTED NET INCOME	CHARITABLE PURPOSES
LEGAL FEES	11,159.	NONE	NONE	11,159.
TOTALS	11,159.	NONE	NONE	11,159.

FORM 990PF, PART I - ACCOUNTING FEES

DESCRIPTION -----	REVENUE AND EXPENSES PER BOOKS -----	NET INVESTMENT INCOME -----	ADJUSTED NET INCOME -----	CHARITABLE PURPOSES -----
AUDIT, COMPLIANCE AND TAX	38,280.	19,140.	19,140.	19,140.
TOTALS	38,280.	19,140.	19,140.	19,140.

FORM 990PF, PART I - OTHER PROFESSIONAL FEES

=====

DESCRIPTION -----	REVENUE AND EXPENSES PER BOOKS -----	NET INVESTMENT INCOME -----	ADJUSTED NET INCOME -----	CHARITABLE PURPOSES -----
FISCAL AGENT FEES	11,750.	11,750.	11,750.	NONE
TOTALS	11,750.	11,750.	11,750.	NONE

FORM 990PF, PART I - TAXES

=====

DESCRIPTION -----	REVENUE AND EXPENSES PER BOOKS -----	NET INVESTMENT INCOME -----	ADJUSTED NET INCOME -----	CHARITABLE PURPOSES -----
FEDERAL EXCISE TAX	46,426.	NONE	NONE	NONE
PAYROLL TAX	9,124.	660.	660.	8,464.
	-----	-----	-----	-----
TOTALS	55,550.	660.	660.	8,464.
	=====	=====	=====	=====

FORM 990PF, PART I - OTHER EXPENSES

DESCRIPTION -----	REVENUE AND EXPENSES PER BOOKS -----	NET INVESTMENT INCOME -----	ADJUSTED NET INCOME -----	CHARITABLE PURPOSES -----
INSURANCE	2,522.	182.	182.	2,340.
OFFICE EXPENSES	7,031.	508.	508.	6,523.
TELEPHONE	1,766.	128.	128.	1,638.
SECURITY	38,541.	2,787.	2,787.	35,754.
COMPUTER MAINTENANCE	475.	NONE	NONE	475.
OFFICE TEMP	990.	72.	72.	918.
TOTALS	<u>51,325.</u>	<u>3,677.</u>	<u>3,677.</u>	<u>47,648.</u>

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

DESCRIPTION

PREPAID INSURANCE	990.	1,052.	1,052.
ACCRUED FED EXCISE TAX	NONE	NONE	NONE
	-----	-----	-----
TOTALS	990.	1,052.	1,052.
	=====	=====	=====

FORM 990PF, PART II - CORPORATE STOCK

DESCRIPTION -----	BEGINNING BOOK VALUE -----	ENDING BOOK VALUE -----	ENDING FMV ---
INVESTMENTS- COMMON STOCK	9,548,355.	11,150,200.	20,695,778.
TOTALS	9,548,355.	11,150,200.	20,695,778.

FORM 990PF, PART II - OTHER ASSETS

DESCRIPTION -----	BEGINNING BOOK VALUE -----	ENDING BOOK VALUE -----	ENDING FMV ---
OTHER CURRENT ASSETS	NONE	16,072.	16,072.
TOTALS	NONE	16,072.	16,072.

FORM 990PF, PART VIII - LIST OF OFFICERS, DIRECTORS, AND TRUSTEES
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NAME AND ADDRESS -----	TITLE AND TIME DEVOTED TO POSITION -----	COMPENSATION -----	CONTRIBUTIONS TO EMPLOYEE BENEFIT PLANS -----	EXPENSE ACCT AND OTHER ALLOWANCES -----
RICHARD M. SCAIFE FOUNDATION ADDRESS	CHAIRMAN/TRUSTEE 0%	NONE	NONE	NONE
MICHAEL W. GLEBA FOUNDATION ADDRESS	TREASURER/TRUSTEE 20%	35,700.	7,500.	NONE
R. DANIEL MCMICHAEL FOUNDATION ADDRESS	SECRETARY/TRUSTEE 20%	60,000.	NONE	NONE
ROGER W. ROBINSON, JR. 5400 TUSCARAWASS ROAD BETHESDA, MD 20816	ASST. TREAS/TRUSTEE 0%	7,000.	NONE	NONE
ALEXIS J. KONKOL FOUNDATION ADDRESS	ASST. SECRETARY 20%	12,850.	2,944.	NONE
W. MCCOOK MILLER, JR. 631 PITCAIRN PLACE PITTSBURGH, PA 15232	TRUSTEE 0%	7,000.	NONE	NONE
	GRAND TOTALS	----- 122,550. =====	----- 10,444. =====	----- NONE =====

CARTHAGE FOUNDATION
Form 990-PF
EIN: 25-6067979
Year Ended December 31, 2002

Information Regarding Grant and Loan Program

The Carthage Foundation confines most of its grant awards to programs that will address public policy questions concerned with national and international issues. There are no geographical restrictions. The Foundation does not make grants to individuals. 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 Board of Directors. The letter should include a concise description and budget for the specific purpose for which funds are requested. Additional information must include the organization's current annual budget, latest audited financial statement, and annual report. A copy of the current determination letter from the Internal Revenue Service evidencing tax-exempt status under Section 501(c)(3) of the IRS Code is required. Additional information may be requested for further evaluation.

The Foundation normally considers grants at quarterly meetings. However, requests may be submitted at any time and will be acted upon as expeditiously as possible.

Grant applications should be addressed to

Michael W. Gleba, Treasurer
The Carthage Foundation
One Oxford Centre
301 Grant Street, Suite 3900
Pittsburgh, PA 15219-6401

THE CARTHAGE FOUNDATION
EIN 25-6067979
FORM 990-PF
DECEMBER 31, 2002

STATEMENT 13

PART I, LINE 19 DEPRECIATION

	<u>METHOD/ LIFE</u>	<u>COST</u>	<u>12/31/2002 Accumulated Depreciation</u>	<u>C/Y Depreciation</u>
ASSETS ACQUIRED IN 1992	5 YR/SL	11,794	11,794	0
ASSETS ACQUIRED IN 1995	5 YR/SL	7,471	7,471	0
ASSETS ACQUIRED IN 1997	7 YR/SL	83,749	59,822	11,965
ASSETS ACQUIRED IN 1997	5 YR/SL	2,215	2,215	443
LEASEHOLD IMPR ACQ IN 1997	10 YR/SL	50,102	25,051	5,010
ASSETS ACQUIRED IN 1999	5 YR/SL	3,525	2,740	705
ASSETS ACQUIRED IN 1999	5 YR/SL	500	300	100
LEASEHOLD IMPR ACQ IN 2000	7 YR/SL	19,383	7,900	2,769
TOTAL ASSETS		<u>178,739</u>	<u>117,293</u>	<u>20,992</u>

FEDERAL FOOTNOTES

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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).

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 SERVICES PERFORMED FOR THE FOUNDATION. ALL OTHER EXPENSES ARE PRORATED BASED ON THE SALARY EXPENSE CHARGED TO EACH CATEGORY AS DESCRIBED ABOVE.

THE CARTHAGE FOUNDATION

Schedule of Grants

	Payable, December 31, 2001	January 1 to December 31, 2002		Payable, December 31 2002
		Approved	Paid	
Allegheny Institute for Public Policy, Pittsburgh, Pennsylvania General operating support	\$ 50,000	100,000	150,000	—
American Association of Small Property Owners, Washington, D C General operating support	—	10,000	10,000	—
American Civil Rights Union, Washington, D C General operating support	—	50,000	50,000	—
American Enterprise Institute for Public Policy Research, Washington, D C Program support	—	200,000	100,000	100,000
American Jewish Committee, New York, New York Publication support	—	120,000	60,000	60,000
America's Survival, Inc , Owings, Maryland Program support	—	35,000	35,000	—
Association of Literary Scholars and Critics, Mount Pleasant, Michigan General operating support	—	30,000	30,000	—
Atlas Economic Research Foundation, Fairfax, Virginia The Bell Association for Freedom and Democracy	—	50,000	50,000	—
Capital Research Center, Washington, D C General operating support	—	125,000	125,000	—
Project support	—	35,000	35,000	—
Center for the Study of Popular Culture, Los Angeles, California General operating support	—	250,000	125,000	125,000
Cinema Foundation, Inc , Los Angeles, California General operating support	—	50,000	50,000	—
Claremont Institute for the Study of Statesmanship and Political Philosophy, Claremont, California Program support	100,000	225,000	325,000	—
Collegiate Network, Inc , Wilmington, Delaware Program support	—	180,000	180,000	—
Committee for a Constructive Tomorrow, Washington, D C General operating support	50,000	150,000	200,000	—

(Continued)

THE CARTHAGE FOUNDATION

Schedule of Grants

	Payable, December 31, 2001	January 1 to December 31, 2002		Payable, December 31 2002
		Approved	Paid	
Counterterrorism & Security Education and Research Foundation, Washington, D C The Investigative Project	\$ 100,000	—	100,000	—
Criminal Justice Legal Foundation, Sacramento, California General operating support	—	25,000	25,000	—
The Defense Forum Foundation, Inc , Falls Church, Virginia General operating support	—	40,000	40,000	—
Diversity Alliance for a Sustainable America, Berkeley, California General operating support	—	25,000	25,000	—
Evergreen Freedom Foundation, Olympia, Washington Teachers' Paycheck Protection Project	—	50,000	50,000	—
The Federalist Society for Law & Public Policy Studies, Washington, D C Project support	25,000	75,000	100,000	—
Foreign Policy Research Institute, Philadelphia, Pennsylvania General operating support	—	25,000	25,000	—
Foundation for Cultural Review, Inc , New York, New York Project support	—	17,500	17,500	—
Foundation for Individual Rights in Education, Inc , Boston, Massachusetts General operating support	—	100,000	100,000	—
Foundation for Research on Economics and the Environment, Bozeman, Montana General operating support	—	50,000	50,000	—
Free Congress Research and Education Foundation, Inc , Washington, D C General operating support and program support	250,000	—	250,000	—
Frontiers of Freedom Institute, Inc , Arlington, Virginia Program support	—	35,000	35,000	—
The Heritage Foundation, Washington, D C Publication distribution	—	15,000	15,000	—
Hudson Institute, Inc , Indianapolis, Indiana Program on security and democracy	—	85,000	85,000	—

(Continued)

THE CARTHAGE FOUNDATION

Schedule of Grants

	Payable, December 31, 2001	January 1 to December 31, 2002		Payable, December 31 2002
		Approved	Paid	
Institute for Foreign Policy Analysis, Inc , Cambridge, Massachusetts Special projects fund	\$ —	150,000	150,000	—
Institute for Health Freedom, Washington, D C General operating support	—	200,000	100,000	100,000
Institute for International Studies, Washington, D C Special project support	—	25,000	25,000	—
Jamestown Foundation, Washington, D C General operating and fellowship support	—	110,000	110,000	—
Johns Hopkins University, The Paul H Nitze School of Advanced International Studies, Washington, D C History of terrorism	57,000	120,000	177,000	—
Judicial Watch, Inc , Washington, D C General operating support	600,000	1,500,000	1,100,000	1,000,000
Landmark Legal Foundation, Kansas City, Missouri General operating support	—	250,000	250,000	—
The Maldon Institute, Baltimore, Maryland General operating support	225,000	425,000	450,000	200,000
Manhattan Institute for Policy Research, New York, New York Adaptation of British policy studies to U S publications	—	30,000	30,000	—
Morley Publishing Group, Inc , Washington, D C General operating support	—	25,000	25,000	—
Mountain States Legal Foundation Denver, Colorado General operating support	—	25,000	25,000	—
National Center for Public Policy Research, Inc , Washington, D C Program support	—	50,000	50,000	—
National Defense University Foundation, Inc , Washington, D C Program support	—	50,000	50,000	—
National Taxpayers Union Foundation, Alexandria, Virginia Congressional Budget Tracking System	—	50,000	50,000	—
New Citizenship Project, Inc , Washington, D C Project support	—	20,000	20,000	—

(Continued)

THE CARTHAGE FOUNDATION

Schedule of Grants

	Payable, December 31, 2001	January 1 to December 31, 2002		Payable, December 31 2002
		Approved	Paid	
The One Nation/One California Research and Education Fund, Santa Monica, California				
General operating support	\$ —	60,000	60,000	—
Patrick Henry Center for Individual Liberty, Fairfax, Virginia				
General operating support	—	50,000	50,000	—
Southeastern Legal Foundation, Atlanta, Georgia				
General operating support	—	125,000	125,000	—
Toward Tradition, Mercer Island, Washington				
General operating support	—	35,000	35,000	—
University of Virginia Law School Foundation, Charlottesville, Virginia				
National Security Law Summer Institute	—	50,000	50,000	—
Washington Legal Foundation Washington, D C				
General operating support	—	50,000	50,000	—
	\$ <u>1,457,000</u>	<u>5,552,500</u>	<u>5,424,500</u>	<u>1,585,000</u>

THE CARTHAGE FOUNDATION
 Schedule of Gains (Losses) for Tax on Investment Income
 Twelve months ended December 31, 2002

(a) Kind of property	(b) Shares/ par value	(c) Description	(d) How acquired P-purchase D-donated	(e) Date acquired	(f) Date sold/ matured	(g) Gross sales price	(h) Cost other basis and expense of sale	(i) Gain (loss) ((f) less (h))	(j) Fair market value as of December 31, 1969	(k) Adjusted cost basis	(l) Excess of (j) over (k)	(m) Losses from column (i) and gains (excess (i) over (l))
Security	460	Newport News Shipbuilding Inc	P	06/06/73, 06/05/73	02/01/02	\$ 31,050	3,096	27,954	N/A	N/A	N/A	\$ 27,954
Security	2,500	Wyeth	D	07/01/65	03/14/02	156,850	3,682	153,168	N/A	N/A	N/A	153,168
Security	23,000	H J Heinz	D	10/16/87, 02/29/88, 08/02/88	03/14/02	982,628	334,972	647,656	N/A	N/A	N/A	647,656
Security	9,200	Merck & Co	D	08/02/88	06/04/02	501,181	88,575	412,606	N/A	N/A	N/A	412,606
Security	10,000	H J Heinz	D	02/29/88, 03/14/88	06/14/02	392,476	143,015	249,461	N/A	N/A	N/A	249,461
Security	10,000	H J Heinz	D	03/14/88, 04/24/87	07/10/02	389,495	144,283	245,212	N/A	N/A	N/A	245,212
Security	10,000	H J Heinz	D	03/10/88, 09/09/88	07/11/02	384,000	146,200	237,800	N/A	N/A	N/A	237,800
Security	10,000	H J Heinz	D	09/08/88	07/15/02	365,038	149,436	215,602	N/A	N/A	N/A	215,602
Security	6,727	American International Group Inc	D	07/08/83	09/23/02	372,702	20,259	352,443	N/A	N/A	N/A	352,443
Security	10,000	H J Heinz	D	07/11/02	09/23/02	340,180	384,210	(44,030)	N/A	N/A	N/A	(44,030)
Security	20,000	Merck & Co	D	12/07/87, 10/19/87	09/23/02	908,570	180,610	727,960	N/A	N/A	N/A	727,960
Security	20,000	Merck & Co	D	10/19/87	09/23/02	897,950	182,984	714,966	N/A	N/A	N/A	714,966
						\$ 5,722,120	1,781,322	3,940,798	N/A	N/A	N/A	\$ 3,940,798

Note: Column (g) is not applicable

See accompanying compilation report of KPMG LLP

THE CARTHAGE FOUNDATION
EIN 25-6067979
FORM 990-PF
YEAR END DECEMBER 31, 2002


Qualifying Distribution Election

Pursuant to authority contained in Internal Revenue Code Section 4942(g)(3) and Regulations Section 53.4942(a)-3(c)(2), The Carthage Foundation hereby elects to have \$5,022,875 of its 2002 qualifying distributions treated as a distribution out of corpus

In accordance with Regulations Section 53.4942(a)-3(c)(2), this election is filed as an attachment to the 2002 Form 990-PF of the Carthage Foundation

The person making this declaration is a foundation manager with the meaning of Section 4946(b)(1) of the Internal Revenue Code

The Carthage Foundation declares that it has received a contribution from an individual that is seeking the 50% contribution base limit on deductions for calendar year 2002. The Foundation has complied with the requirements for the 50% contribution base by distributing as qualifying distributions out of corpus by March 15, 2003, an amount equal to 100% of all contributions received during calendar 2002. (See Statement 17)


Michael W Gleba, Treasurer

THE CARTHAGE FOUNDATION
 EIN 25-6067979
 FORM 990-PF
 YEAR END DECEMBER 31, 2002

The Carthage Foundation

Grants Paid January 1 – March 15, 2003

PAID DATE	GRANTEE	AMOUNT PAID
3/10	American Council of Trustees and Alumni	\$50,000
3/10	American Enterprise Institute for Public Policy Research	125,000
3/10	American Foreign Policy Council	100,000
3/10	American Jewish Committee	60,000
3/10	Americans for Tax Reform Foundation	75,000
3/10	Atlas Economic Research Foundation	50,000
3/10	Center for Immigration Studies, Inc	120,00
3/10	Center for Media and Public Affairs	45,000
3/10	Center for the Study of Popular Culture	125,000
3/10	Defenders of Property Rights	100,000
3/10	Federation for American Immigration Reform	225,000
3/10	Foundation for Cultural Review, Inc	50,000
3/10	Foundation for Research on Economics and the Environment	35,000
3/10	Foundation for the Advancement of Monetary Education Ltd	25,000
3/10	The George Mason University Foundation, Inc	145,000
3/10	Institute for Health Freedom	100,000
3/10	The Institute on Religion and Public Life, Inc	75,000
3/10	Judicial Watch, Inc	500,000
3/10	Landmark Legal Foundation	250,000
3/10	The Maldon Institute	200,000
3/10	The National Legal and Policy Center	100,000
3/10	National Taxpayers Union Foundation	50,000
3/10	The Reason Foundation	100,000
3/10	Statistical Assessment Service	<u>100,000</u>
		<u>\$2,805,000</u>