Form **990-PF**

Department of the Treasury
Internal Revenue Service

Return of Private Foundation

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*

OMB No 1545-0052

2003

For calendar year 2003, or tax year beginning , 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: Aequus Institute

Number and street (or P O box number if mail is not delivered to street address): 937 West Foothill Boulevard — Room/suite: E

City or town, state, and ZIP code: Claremont, CA 91711

A Employer identification number 52-1620982

B Telephone number (see page 10 of the instr) 909-625-1435

C If exemption application is pending, check here ▶ ☐

D 1. Foreign organizations, check here ▶ ☐

2. Foreign organizations meeting the 85% test, 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

E If private foundation status was terminated under section 507(b)(1)(A), check here. ▶ ☐

I Fair market value of all assets at end of year *(from Part II, col (c), line 16)* ▶ $ 4,980,621

J Accounting method ☐ Cash ☒ Accrual ☐ Other (specify) *(Part I, column (d) must be on cash basis)*

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)
Revenue	1 Contributions, gifts, grants, etc., received	173			
	Check ▶ ☒ if the foundation is not required to attach Sch B				
	2 Distributions from split-interest trusts				
	3 Interest on savings and temporary cash investments	96	96	96	
	4 Dividends and interest from securities	221,847	221,847	221,847	
	5a Gross rents				
	b (Net rental income or (loss))				
	6a Net gain or (loss) from sale of assets not on line 10	239,061			
	b G S P. on assets on 6a 1,044,181				
	7 Capital gain net income (from Part IV, line 2)		239,061		
	8 Net short-term capital gain				
	9 Income modifications				
	10a Gross sales less returns and allowances 7,317				
	b Less: Cost of goods sold				
	c Gross profit or (loss) (attach schedule)	7,317			
	11 Other income (attach schedule)				
	12 **Total.** Add lines 1 through 11	468,494	461,004	221,943	
Operating and Administrative Expenses	13 Compensation of officers, directors, trustees, etc	64,333	42,211		22,122
	14 Other employee salaries and wages	49,000	12,250		36,750
	15 Pension plans, employee benefits	10,784	2,697		8,087
	16a Legal fees (attach schedule)	5,024	2,512		2,512
	b Accounting fees (attach schedule)	20,146	10,073		10,073
	c Other professional fees (attach schedule)	28,468	28,468		
	17 Interest				
	18 Taxes (attach schedule)	8,896	1,730		
	19 Depreciation and depletion	3,043			
	20 Occupancy	6,775			6,775
	21 Travel, conferences, and meetings	20,096	2,788		17,308
	22 Printing and publications	38,740			38,740
	23 Other expenses (attach schedule)	33,413			33,413
	24 **Total operating and administrative expenses.** Add lines 13 through 23	288,718	102,729		175,780
	25 Contributions, gifts, grants paid	282,500			282,500
	26 **Total expenses & disbursements.** Add lines 24 and 25	571,218	102,729		458,280
	27 Subtract line 26 from line 12				
	a **Excess of revenue over expenses and disbursements**	-102,724			
	b **Net investment income** (if negative, enter -0-)		358,275		
	c ADJUSTED NET INCOME (if negative, enter -0-)			221,943	

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Part II Balance Sheets	Attached schedules and amounts in the description column should be for end-of-year amounts only	Beginning of year (a) Book Value	End of year (b) Book Value	(c) Fair Market Value
Assets	1 Cash—non-interest-bearing			
	2 Savings and temporary cash investments	321,943	401,250	401,250
	3 Accounts receivable ▶ 1,310			
	Less· allowance for doubtful accounts ▶	980	1,310	1,310
	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 ▶			
	Less allowance for doubtful accounts ▶			
	8 Inventories for sale or use			
	9 Prepaid expenses and deferred charges	3,136	2,834	2,834
	10 a Investments—U S. and state government obligations			
	b Investments—corporate stock (attach schedule)	700,525	645,198	645,198
	c Investments—corporate bonds (attach schedule)	1,421,628	903,597	903,597
	11 Investments—land, buildings, and equipment basis ▶			
	Less· accumulated depreciation ▶			
	12 Investments—mortgage loans			
	13 Investments—other (attach schedule)	2,322,189	3,017,939	3,017,939
	14 Land, buildings, and equipment: basis ▶ 20,617			
	Less· accumulated depreciation ▶ 12,124	8,783	8,493	8,493
	15 Other assets (describe ▶)			
	16 **Total assets** (to be completed by all filers—see page 16 of the instructions. Also, see page 1, item I)	4,779,184	4,980,621	4,980,621
Liabilities	17 Accounts payable and accrued expenses	9,120	2,289	
	18 Grants payable	128,200	32,000	
	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)	137,320	34,289	
Net Assets or Fund Balances	**Organizations that follow SFAS 117, check here ▶ [X] and complete lines 24 through 26 and lines 30 and 31.**			
	24 Unrestricted	4,554,864	4,946,332	
	25 Temporarily restricted	87,000		
	26 Permanently restricted			
	Organizations that do not follow SFAS 117, check here 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 17 of the instructions)	4,641,864	4,946,332	
	31 **Total liabilities and net assets/fund balances** (see page 17 of the instructions)	4,779,184	4,980,621	

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	4,641,864
2	Enter amount from Part I, line 27a	2	-102,724
3	Other increases not included in line 2 (itemize) ▶ Unrealized gains on securities	3	407,192
4	Add lines 1, 2, and 3	4	4,946,332
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	4,946,332

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 listing attached	P	Various	Various
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	1,044,181		805,120	239,061
b				
c				
d				
e				

Complete only for assets showing gain in column (h) and owned by the foundation on 12/31/69

	(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	(l) Gains (Col. (h) gain minus col. (k), but not less than -0-) or Losses (from col.(h))
a				239,061
b				
c				
d				
e				

2	Capital gain net income or (net capital loss). { If gain, also enter in Part I, line 7; If (loss), enter -0- in Part I, line 7 }	2	239,061
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 13 and 17 of the instructions) If (loss), enter -0- in Part I, line 8	3	-17,846

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))
2002	650,354	5,127,783	0.1268
2001	467,880	5,212,098	0.0898
2000	509,626	5,337,214	0.0955
1999	585,271	5,690,117	0.1029
1998	1,650,251	4,539,388	0.3635

2	**Total** of line 1, column (d)	2	0.7785
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	3	0.1557
4	Enter the net value of noncharitable-use assets for 2003 from Part X, line 5	4	4,670,246
5	Multiply line 4 by line 3	5	727,157
6	Enter 1% of net investment income (1% of Part I, line 27b)	6	3,583
7	Add lines 5 and 6	7	730,740
8	Enter qualifying distributions from Part XII, line 4	8	458,280

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)

1 a	Exempt operating foundations described in section 4940(d)(2), check here ▶ ☐ and enter "N/A" on line 1. Date of ruling letter: ________ (attach copy of ruling letter if necessary-see instructions)		
b	Domestic organizations that meet the section 4940(e) requirements in Part V, check here ▶ ☐ and enter 1% of Part I, line 27b	1	7,166
c	All other domestic organizations enter 2% of line 27b Exempt foreign organizations enter 4% of Part I, line 12, col (b)		
2	Tax under section 511 (domestic section 4947(a)(1) trusts and taxable foundations only. Others enter -0-)	2	
3	Add lines 1 and 2	3	7,166
4	Subtitle A (income) tax (domestic section 4947(a)(1) trusts and taxable foundations only. Others enter -0-)	4	
5	**Tax based on investment income.** Subtract line 4 from line 3. If zero or less, enter -0-	5	7,166
6	Credits/Payments:		
a	2003 estimated tax payments and 2002 overpayment credited to 2003 — 6a: 10,000		
b	Exempt foreign organizations—tax withheld at source — 6b		
c	Tax paid with application for extension of time to file (Form 8868) — 6c		
d	Backup withholding erroneously withheld — 6d		
7	Total credits and payments. Add lines 6a through 6d	7	10,000
8	Enter any **penalty** for underpayment of estimated tax. Check here ☐ if Form 2220 is attached	8	
9	**Tax due.** If the total of lines 5 and 8 is more than line 7, enter **amount owed** ▶	9	
10	**Overpayment.** If line 7 is more than the total of lines 5 and 8, enter the **amount overpaid** ▶	10	2,834
11	Enter the amount of line 10 to be: **Credited to 2004 estimated tax** ▶ 2,834 **Refunded** ▶	11	

Part VII-A Statements Regarding Activities

			Yes	No
1 a	During the tax year, did the organization attempt to influence any national, state, or local legislation or did it participate or intervene in any political campaign?	1a		X
b	Did it spend more than $100 during the year (either directly or indirectly) for political purposes (see page 18 of the instructions for definition)?	1b		X
	*If the answer is "Yes" to **1a** or **1b**, attach a detailed description of the activities and copies of any materials published or distributed by the organization in connection with the activities*			
c	Did the organization file **Form 1120-POL** for this year?	1c		X
d	Enter the amount (if any) of tax on political expenditures (section 4955) imposed during the year: **(1)** On the organization. ▶ $ ______ **(2)** On organization managers. ▶ $ ______			
e	Enter the reimbursement (if any) paid by the organization during the year for political expenditure tax imposed on organization managers. ▶ $ ______			
2	Has the organization engaged in any activities that have not previously been reported to the IRS? *If "Yes," attach a detailed description of the activities.*	2		X
3	Has the organization made any changes, not previously reported to the IRS, in its governing instrument, articles of incorporation, or bylaws, or other similar instruments? *If "Yes," attach a conformed copy of the changes*	3		X
4 a	Did the organization have unrelated business gross income of $1,000 or more during the year?	4a		X
b	If "Yes," has it filed a tax return on **Form 990-T** for this year?	4b	N/A	
5	Was there a liquidation, termination, dissolution, or substantial contraction during the year? *If "Yes," attach the statement required by General Instruction T.*	5		X
6	Are the requirements of section 508(e) (relating to sections 4941 through 4945) satisfied either: • By language in the governing instrument or • By state legislation that effectively amends the governing instrument so that no mandatory directions that conflict with the state law remain in the governing instrument?	6	X	
7	Did the organization have at least $5,000 in assets at any time during the year? *If "Yes," complete Part II, col. (c), and Part XV.*	7	X	
8 a	Enter the states to which the foundation reports or with which it is registered (see page 19 of the instructions) ▶ California			
b	If the answer is "Yes" to line 7, has the organization furnished a copy of Form 990-PF to the Attorney General (or designate) of each state as required by General Instruction G? If "No," attach explanation	8b	X	
9	Is the organization claiming status as a private operating foundation within the meaning of section 4942(j)(3) or 4942(j)(5) for calendar year 2003 or the taxable year beginning in 2003 (see instructions for Part XIV on page 25)? *If "Yes," complete Part XIV*	9		X
10	Did any persons become substantial contributors during the tax year? *If "Yes," attach a schedule listing their names and addresses*	10		X
11	Did the organization comply with the public inspection requirements for its annual returns and exemption application?	11	X	

Web site address ▶

12 The books are in care of ▶ Sarah Gordon Telephone no. ▶ 909-625-1435

Located at ▶ 937 West Foothill Boulevard #E Claremont, CA ZIP+4 ▶ 91711

13 Section 4947(a)(1) nonexempt charitable trusts filing Form 990-PF in lieu of **Form 1041**—Check here ▶ ☐ and enter the amount of tax-exempt interest received or accrued during the year ▶ 13 N/A

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

		Yes	No
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? ☐ Yes ☒ No			
(2) Borrow money from, lend money to, or otherwise extend credit to (or accept it from) a disqualified person? ☐ Yes ☒ No			
(3) Furnish goods, services, or facilities to (or accept them from) a disqualified person? ☐ Yes ☒ No			
(4) Pay compensation to, or pay or reimburse the expenses of, a disqualified person? ☒ Yes ☐ 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)? ☐ Yes ☒ 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.) ☐ Yes ☒ 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)?	1b		X
Organizations relying on a current notice regarding disaster assistance check here ▶ ☐			
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 2003?	1c		X
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 2003, did the organization have any undistributed income (lines 6d and 6e, Part XIII) for tax year(s) beginning before 2003? ☐ Yes ☒ 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.)	2b	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? ☐ Yes ☒ No			
b If "Yes," did it have excess business holdings in 2003 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 2003.)*	3b	N/A	
4 a Did the organization invest during the year any amount in a manner that would jeopardize its charitable purposes?	4a		X
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 2003?	4b		X
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))? ☐ Yes ☒ No			
(2) Influence the outcome of any specific public election (see section 4955); or to carry on, directly or indirectly, any voter registration drive? ☐ Yes ☒ No			
(3) Provide a grant to an individual for travel, study, or other similar purposes? ☐ Yes ☒ 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)? ☐ Yes ☒ 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? ☐ Yes ☒ 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	5b		
Organizations relying on a current notice regarding disaster assistance check here ▶ ☐			
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 ☐ Yes ☐ 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? ☐ Yes ☒ No			
b Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?	6b		X
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
Larry Arnn 937 W. Foothill Blvd Claremont, CA	Director/Ex. Director - 6 hours/week	37,333	0	0
Edwin Feulner 937 W. Foothill Blvd. Claremont, CA	Director/Secretary - 2 hours/week	9,000	0	0
David Keyston 937 W. Foothill Blvd. Claremont, CA	Director/Vice President - 2 hours/week	9,000	0	0
Patrick Parker 937 W. Foothill Blvd. Claremont, CA	Director/President - 2 hours/week	9,000	0	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
None				

Total number of other employees paid over $50,000 . . . ►

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 . . . ►

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	
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	
2	
All other program-related investments. See page 21 of the instructions. 3	
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	4,686,278
b	Average of monthly cash balances	1b	39,520
c	Fair market value of all other assets (see page 22 of the instructions)	1c	15,568
d	**Total** (add lines 1a, b, and c)	1d	4,741,366
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	
3	Subtract line 2 from line 1d	3	4,741,366
4	Cash deemed held for charitable activities. Enter 1½% of line 3 (for greater amount, see page 23 of the instructions)	4	71,120
5	**Net value of noncharitable-use assets.** Subtract line 4 from line 3. Enter here and on Part V, line 4	5	4,670,246
6	**Minimum investment return.** Enter 5% of line 5	6	233,512

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	233,512
2 a	Tax on investment income for 2003 from Part VI, line 5	2a	7,166		
b	Income tax for 2003. (This does not include the tax from Part VI.)	2b			
c	Add lines 2a and 2b			2c	7,166
3	Distributable amount before adjustments. Subtract line 2c from line 1			3	226,346
4 a	Recoveries of amounts treated as qualifying distributions	4a			
b	Income distributions from section 4947(a)(2) trusts	4b			
c	Add lines 4a and 4b			4c	
5	Add lines 3 and 4c			5	226,346
6	Deduction from distributable amount (see page 23 of the instructions)			6	
7	**Distributable amount** as adjusted. Subtract line 6 from line 5. Enter here and on Part XIII, line 1			7	226,346

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	458,280
b	Program-related investments—Total from Part IX-B	1b	
2	Amounts paid to acquire assets used (or held for use) directly in carrying out charitable, etc., purposes	2	
3	Amounts set aside for specific charitable projects that satisfy the:		
a	Suitability test (prior IRS approval required)	3a	
b	Cash distribution test (attach the required schedule)	3b	
4	**Qualifying distributions.** Add lines 1a through 3b. Enter here and on Part V, line 8, and Part XIII, line 4	4	458,280
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	
6	**Adjusted qualifying distributions.** Subtract line 5 from line 4	6	458,280

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 2002	(c) 2002	(d) 2003
1	Distributable amount for 2003 from Part XI, line 7				226,346
2	Undistributed income, if any, as of the end of 2002:				
a	Enter amount for 2002 only				
b	Total for prior years: _____, _____, _____				
3	Excess distributions carryover, if any, to 2003:				
a	From 1998 . . . 1,184,477				
b	From 1999 . . . 585,271				
c	From 2000 . . . 256,555				
d	From 2001 . . . 678,330				
e	From 2002 . . . 805,558				
f	**Total** of lines 3a through e	3,510,191			
4	Qualifying distributions for 2003 from Part XII, line 4: ▶ $ 458,280				
a	Applied to 2002, but not more than line 2a				
b	Applied to undistributed income of prior years (Election required—see page 24 of the instructions)				
c	Treated as distributions out of corpus (Election required—see page 24 of the instructions)				
d	Applied to 2003 distributable amount				
e	Remaining amount distributed out of corpus	231,934			
5	Excess distributions carryover applied to 2003 *(If an amount appears in column (d), the same amount must be shown in column (a))*	226,346			226,346
6	**Enter the net total of each column as indicated below:**				
a	Corpus. Add lines 3f, 4c, and 4e. Subtract line 5	3,515,779			
b	Prior years' undistributed income. Subtract line 4b from line 2b				
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				
d	Subtract line 6c from line 6b. Taxable amount—see page 24 of the instructions				
e	Undistributed income for 2002. Subtract line 4a from line 2a. Taxable amount—see page 24 of the instructions				
f	Undistributed income for 2003. Subtract lines 4d and 5 from line 1. This amount must be distributed in 2004				
7	Amounts treated as distributions out of corpus to satisfy requirements imposed by section 170(b)(1)(E) or 4942(g)(3) (see page 25 of the instructions)				
8	Excess distributions carryover from 1998 not applied on line 5 or line 7 (see page 25 of the instructions)	958,131			
9	**Excess distributions carryover to 2004.** Subtract lines 7 and 8 from line 6a	2,557,648			
10	Analysis of line 9:				
a	Excess from 1999 . . . 585,271				
b	Excess from 2000 . . . 256,555				
c	Excess from 2001 . . . 678,330				
d	Excess from 2002 . . . 805,558				
e	Excess from 2003 . . . 231,934				

Part XIV Private Operating Foundations (see page 25 of the instructions and Part VII-A, question 9) **N/A**

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 2003, enter the date of the ruling . . . . ▶ N/A

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	Prior 3 years			(e) Total
	(a) 2003	(b) 2002	(c) 2001	(d) 2000	
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)(iii)					
(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).)

None

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.

None

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:

Sarah Gordon 937 West Foothill Boulevard #E Claremont, CA 91711 909-625-1435

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

Letter of proposal, with a budget attached

c Any submission deadlines:

None

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

Study of Christian Science religion, the free market system and related areas.

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*				
Statement #5	None	Public	See attached	282,500
Total . . . . . . ▶ **3a**				282,500
b *Approved for future payment*				
Total . . . . . . ▶ **3b**				

Part XVI-A Analysis of Income-Producing Activities

Enter gross amounts unless otherwise indicated.	Unrelated business income (a) Business code	(b) Amount	Excluded by section 512, 513, or 514 (c) Exclusion code	(d) Amount	(e) Related or exempt function income (See page 26 of the instructions.)
1 Program service revenue:					
a					
b					
c					
d					
e					
f					
g Fees and contracts from government agencies					
2 Membership dues and assessments					
3 Interest on savings and temporary cash investments			14	96	
4 Dividends and interest from securities			14	221,847	
5 Net rental income or (loss) from real estate:					
a Debt-financed property					
b Not debt-financed property					
6 Net rental income or (loss) from personal property					
7 Other investment income					
8 Gain or (loss) from sales of assets other than inventory			18	239,061	
9 Net income or (loss) from special events					
10 Gross profit or (loss) from sales of inventory			41	7,317	
11 Other revenue: a					
b					
c					
d					
e					
12 Subtotal. Add columns (b), (d), and (e)				468,321	

13 **Total.** Add line 12, columns (b), (d), and (e) . . . 13 468,321

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

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

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 (other than by providing funds for such purposes). (See page 26 of the instructions.)

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

			Yes	No
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	1a(1)		X
	(2) Other assets	1a(2)		X
b	Other Transactions:			
	(1) Sales of assets to a noncharitable exempt organization	1b(1)		X
	(2) Purchases of assets from a noncharitable exempt organization	1b(2)		X
	(3) Rental of facilities, equipment, or other assets	1b(3)		X
	(4) Reimbursement arrangements	1b(4)		X
	(5) Loans or loan guarantees	1b(5)		X
	(6) Performance of services or membership or fundraising solicitations	1b(6)		X
c	Sharing of facilities, equipment, mailing lists, other assets, or paid employees	1c		X

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. If the organization received less than fair market value in any transaction or sharing arrangement, show in column **(d)** the value of the goods, other assets, or services received.

(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 ☒ No

b If "Yes," complete the following schedule.

(a) Name of organization	(b) Type of organization	(c) Description of relationship

Sign Here

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 [redacted]

Signature of officer or trustee D[redacted]

Paid Preparer's Use Only

Preparer's signature D[redacted]

Firm's name (or yours if self-employed), address, and ZIP code Howard J. Levine C.P.A. [redacted]

16600 Sherman Way #280 [redacted]

Name as shown on return	ID number
Aequus Institute	52-1620982

STATEMENT #1 - DETAIL OF SALES (Part I, Line 10a)

Sales of books, C D 's and pamphlets	7,317
GROSS PROFIT	7,317

STATEMENT #2 - OTHER PROFESSIONAL FEES (Part I, Line 16c)

Investment management fees	28,468

STATEMENT #3 - TAXES (Part I, Line 18)

Foreign income taxes withheld	1,730
Federal excise taxes	7,166
TOTAL TAXES	8,896

STATEMENT #4 - OTHER EXPENSES (Part I, Line 23)

Bank charges	710
Dues and publications	11,206
Entertainment and meals	966
Insurance	3,635
Miscellaneous	4,402
Office supplies	2,491
Outside services	5,393
Postage	2,538
Telephone	2,072
TOTAL OTHER EXPENSES	33,413

Aequus Institute
Stock Sales
Month of December 2003

PART IV, LINE 1A

Stock Name	Shares Sold	Buy Date	Cost	Sell Date	Sell Price	Gain (Loss) Realized	Long Term	Short Term
Ford Motor Bond	75,000	05/14/98	76,041	03/11/2003	57,253	(18,788)	(18,788)	0
Ford Motor Bond	100,000	03/28/2002	116,432	03/12/2003	100,241	(16,191)	0	(16,191)
Bank of New York Note	100,000	07/13/2000	100,291	06/30/2003	100,000	(291)	(291)	0
Altria Group	5,000	03/20/2000	96,814	07/16/2003	208,076	111,262	111,262	0
Coca-Cola Debenture	145,000	12/29/97	150,440	10/30/2003	155,498	5,058	5,058	0
Dean Witter Discover Deb	145,000	01/02/98	148,435	10/30/2003	159,656	11,221	11,221	0
Intl. Paper Deb.	75,000	05/14/98	76,300	10/30/2003	78,234	1,934	1,934	0
PIMCO distribution					25,006	25,006	13,841	11,165
Acacia partnership					110,722	110,722	123,452	(12,730)
Merrill Lynch			40,367		49,495	9,128	9,218	(90)
Organization Totals			805,120		1,044,181	239,061	256,907	(17,846)

Aequus Institute
Open Positions
December 31, 2003

Part II

Type	Stock Name	Buy Qty.	Buy Date	Cost	Unrealized Gain (Loss)	Market Value
Money Market accounts:						
	Banc of America			363,601		363,601
	Merrill Lynch			3,249		3,249
	Total			366,850		366,850
Bonds:						
	Philip Morris Note	100,000	07/13/2000	101,377	(348)	101,029
	Household Finance Note	100,000	07/17/2000	103,654	4,458	108,112
	Sears Roebuck Bond	100,000	07/13/2000	97,097	14,352	111,449
	Mellon Financial Note	75,000	05/14/98	76,370	7,122	83,492
	Pimco Real Return Fund	44,401.360	07/24/2002	500,598	(1,083)	499,515
	Total			879,096		903,597
Stocks:						
	Merrill Lynch account			286,004	(24,654)	261,350
	BAC Capital Fund	4,000	08/09/2002	100,002	7,518	107,520
	John Hancock	5,600	07/13/2000	99,670	12,218	111,888
	ING Group	4,000	07/18/2002	100,002	7,078	107,080
	Newmont Mining	1,180	10/30/2003	50,208	7,152	57,360
	Total			635,886		645,198
Pooled Investment Partnership:						
	Acacia Partners			1,462,942	1,554,997	3,017,939
	Total			1,462,942		3,017,939
	Organization Total			3,344,774	1,588,810	4,933,584

Statement of Grants Awarded for Year Ending December 31, 2003

Name:	The Acton Institute for the Study of Religion & Liberty
Address:	161 Ottawa Ave., NW, Ste. 301 Grand Rapids, MI 49503
Foundation Status:	501(c)(3) – 509(a)(1)
Purpose:	To renew support for the Institute's general operations.
Amount:	$1,000

Name.	The Acton Institute for the Study of Religion & Liberty
Address:	161 Ottawa Ave., NW, Ste. 301 Grand Rapids, MI 49503
Foundation Status·	501(c)(3) – 509(a)(1)
Purpose:	To renew support for the Institute's general operations.
Amount:	$5,000

Name:	Americans Against Discrimination and Preferences, Inc.
Address:	1535-A Addison St. Berkeley, CA 94703
Foundation Status:	501(c)(3) – 509(a)(1)
Purpose:	To support general operations.
Amount:	$1,000

Name:	Ashland University
Address:	401 College Ave. Ashland, OH 44805
Foundation Status:	501(c)(3) – 509(a)(1)
Purpose:	To renew support for University's John M. Ashbrook Center for Public Affairs.
Amount:	$3,000

Name:	Asher Student Foundation
Address:	P.O. Box 49126 Los Angeles, CA 90049
Foundation Status:	501(c)(3) – 509(a)(1)
Purpose:	To renew support for general operations.
Amount:	$5,000

Name:	Bill of Rights Institute
Address:	200 N. Glebe Rd., Ste. 1050 Arlington, VA 22203
Foundation Status:	501(c)(3) – 509(a)(1)
Purpose:	To renew support for the Institute's programs and instructional materials
Amount:	$1,000

Name:	Capital Research Center
Address:	1513 16th St., N.W. Washington, D.C. 20036
Foundation Status:	501(c)(3) – 509(a)(1)
Purpose:	To renew support for the Center's general operations.
Amount.	$5,000

Name.	The Churchill Center
Address:	1150 17th St., NW, Ste. 307 Washington, DC 20036
Foundation Status:	501(c)(3) – 509(a)(1)
Purpose:	To support the Center's general operations.
Amount:	$1,000

Name:	The Claremont Institute for the Study of Statesmanship and Political Philosophy
Address:	937 W. Foothill Blvd., #E Claremont, CA 91711
Foundation Status:	501(c)(3) – 509(a)(1)
Purpose:	To renew support for the Institute's general operations.
Amount:	$25,000

Name:	The Claremont Institute for the Study of Statesmanship and Political Philosophy
Address:	937 W. Foothill Blvd., #E Claremont, CA 91711
Foundation Status:	501(c)(3) – 509(a)(1)
Purpose:	To renew support for the Institute's general operations.
Amount:	$3,000

Statement of Grants Awarded for Year Ending December 31, 2003

Name:	Daystar Foundation and Library
Address:	3000 United Founders Blvd., Ste. 104-G Oklahoma City, OK 73112
Foundation Status:	501(c)(3) – 509(a)(1)
Purpose:	To support publishing costs.
Amount.	$10,000

Name:	Foundation Francisco Marroquin
Address:	P.O. Box 1806 Santa Monica, CA 90403
Foundation Status:	501(c)(3) – 509(a)(1)
Purpose:	To support general operations.
Amount:	$1,000

Name:	First Church of Christ Scientist, Oklahoma City, OK
Address:	2941 W. Hefner Rd. Oklahoma City, OK 73120
Foundation Status:	501(c)(3) – 509(a)(1)
Purpose:	Support for the building costs of the new church.
Amount:	$10,000

Name:	First Church of Christ Scientist, Riverside, CA
Address:	3606 Lemon St. Riverside, CA 92501
Foundation Status.	501(c)(3) – 509(a)(1)
Purpose:	To support the refurbishment of the church's pipe organ.
Amount:	$3,000

Name:	Frontiers of Freedom Institute
Address:	12011 Lee Jackson Memorial Highway Fairfax, VA 22033
Foundation Status:	501(c)(3) – 509(a)(1)
Purpose:	To support the OpEds.com project.
Amount:	$2,500

Name:	Freedom Alliance
Address:	22570 Markey Ct., Ste. 240 Dulles, VA 20166
Foundation Status:	501(c)(3) – 509(a)(1)
Purpose:	To support the Freedom Alliance Scholarship Fund.
Amount:	$10,000

Name:	George Mason University Foundation, Inc.
Address:	3401 N. Fairfax Dr. Arlington, VA 22201
Foundation Status:	501(c)(3) – 509(a)(1)
Purpose:	To support the University's Law & Economics Center.
Amount.	$5,000

Name:	Healing Unlimited
Address:	648 Barrett Rd. Priest River, ID 83856
Foundation Status:	501(c)(3) – 509(a)(1)
Purpose:	To support the general operations.
Amount:	$8,000

Name:	Healing Unlimited
Address:	648 Barrett Rd. Priest River, ID 83856
Foundation Status:	501(c)(3) – 509(a)(1)
Purpose:	To support publication project.
Amount:	$5,000

Name:	Heritage Foundation
Address:	214 Massachusetts Ave., NE Washington, DC 20002
Foundation Status:	501(c)(3) – 509(a)(1)
Purpose:	To support the general operations of the Foundation.
Amount:	$100,000

Name:	Hillsdale College
Address:	33 East College St. Hillsdale, MI 49242
Foundation Status:	501(c)(3) – 509(a)(1)
Purpose:	To support the President's discretionary fund.
Amount:	$25,000

Name:	Institute for Humane Studies
Address:	3301 N. Fairfax Dr., Ste. 440 Arlington, VA 22201
Foundation Status:	501(c)(3) – 509(a)(1)
Purpose:	To renew support for the Institute's general operations.
Amount:	$5,000

Name:	Institute for World Politics
Address:	1521 16th St. NW Washington, DC 20036
Foundation Status:	501(c)(3) – 509(a)(1)
Purpose:	To renew support for the Institute's general operations.
Amount:	$5,000

Name:	Intercollegiate Studies Institute, Inc.
Address:	3901 Centerville Rd. Wilmington, DE 19807
Foundation Status:	501(c)(3) – 509(a)(1)
Purpose:	To support the Institute's general operations.
Amount:	$3,500

Name:	Intercollegiate Studies Institute, Inc.
Address:	3901 Centerville Rd. Wilmington, DE 19807
Foundation Status:	501(c)(3) – 509(a)(1)
Purpose:	To renew support the Institute's educational operations.
Amount:	$2,000

Name:	Landmark Legal Foundation
Address:	3100 Broadway Ste. 1110 Kansas City, MO 64111
Foundation Status:	501(c)(3) – 509(a)(1)
Purpose:	Renew support for the Foundation's general operations.
Amount:	$2,500

Name:	Mercatus Center
Address:	3301 N. Fairfax Dr., Ste. 450 Arlington, VA 22201
Foundation Status:	501(c)(3) – 509(a)(1)
Purpose:	To support general operations.
Amount:	$1,000

Name:	Mont Pelerin Society
Address:	P.O. Box 7031 Alexandria, VA 22307
Foundation Status:	501(c)(3) – 509(a)(1)
Purpose:	To support the Society's general operations.
Amount:	$1,000

Name:	Novus Ordo Seclorum Foundation
Address:	Box 11 Mount Joy, PA 17552
Foundation Status:	501(c)(3) – 509(a)(1)
Purpose:	To support the costs of a computer.
Amount:	$1,000

Name:	Novus Ordo Seclorum Foundation
Address:	Box 11 Mount Joy, PA 17552
Foundation Status:	501(c)(3) – 509(a)(1)
Purpose:	To support printing costs of booklet.
Amount	$2,000

Statement of Grants Awarded for Year Ending December 31, 2003

Name:	Omaha Zoological Society
Address:	3701 S. Tenth St. Omaha, NE 68107
Foundation Status:	501(c)(3) – 509(a)(1)
Purpose:	To support educational programs of the Henry Doorly Zoo.
Amount:	$1,000

Name:	Pacific Institute for Public Policy Research
Address.	755 Sansome St. San Francisco, CA 94111
Foundation Status:	501(c)(3) – 509(a)(1)
Purpose:	To renew support for the Institute's education studies.
Amount:	$5,000

Name:	Pacific Institute for Public Policy Research
Address:	755 Sansome St. San Francisco, CA 94111
Foundation Status:	501(c)(3) – 509(a)(1)
Purpose:	To support the US Economic Freedom Index project.
Amount:	$2,500

Name:	The Philadelphia Society
Address:	11620 Rutan Circle Jerome, MI 49249
Foundation Status:	501(c)(3) – 509(a)(1)
Purpose:	To renew support for the Society's general and meeting operations.
Amount:	$7,500

Name:	The Philadelphia Society
Address:	11620 Rutan Circle Jerome, MI 49249
Foundation Status:	501(c)(3) – 509(a)(1)
Purpose:	To support the Williamsburg Regional Meeting.
Amount:	$1,000

Statement of Grants Awarded for Year Ending December 31, 2003

Name:	Principle Foundation
Address:	2405 Grand Blvd., St. 1040 Kansas City, MO 64108
Foundation Status:	501(c)(3) – 509(a)(1)
Purpose:	To support the Foundation's 2003 Conference-workshops program.
Amount:	$5,000

Name:	The Reason Foundation
Address:	3415 S. Sepulveda Blvd., Ste. 400 Los Angeles, CA 90034
Foundation Status:	501(c)(3) – 509(a)(1)
Purpose:	To renew support for the Foundation's general operations.
Amount:	$5,000

Name:	Regis University
Address:	3333 W. Regis Blvd. Denver, CO 80221-1099
Foundation Status:	501(c)(3) – 509(a)(1)
Purpose:	To support the University's general operations.
Amount:	$1,500

Name:	Russell Kirk Center for Cultural Renewal
Address:	P.O. Box 4 Mecosta, MI 49332
Foundation Status:	501(c)(3) – 509(a)(1)
Purpose:	To support the Center's general operations.
Amount:	$1,000

Name:	St. James School
Address:	St. James, MD 21781
Foundation Status:	501(c)(3) – 509(a)(1)
Purpose:	To support the general operations of the school.
Amount:	$1,000

Statement of Grants Awarded for Year Ending December 31, 2003

Name:	Tax Foundation
Address:	1900 M St., NW, Ste. 550 Washington, DC 20036
Foundation Status:	501(c)(3) – 509(a)(1)
Purpose:	To support general operations.
Amount:	$1,000

Name:	Toward Tradition
Address:	9311 SE 36th Street, Ste. 100 Mercer Island, WA 98040
Foundation Status:	501(c)(3) – 509(a)(1)
Purpose:	To support general operations.
Amount:	$1,000

Name.	Young America's Foundation
Address:	110 Elden St. Herndon, VA 20170
Foundation Status:	501(c)(3) – 509(a)(1)
Purpose:	To support the National Journalism Center.
Amount:	$2,500

Grant cancelled, from 2001, as grantee did not meet the requirements for acceptance - $5,000
