

**THE CARTHAGE FOUNDATION**  
ONE OXFORD CENTRE - 301 GRANT STREET - SUITE 3900  
PITTSBURGH, PENNSYLVANIA 15219-6401  
(412) 392-2900

**2003**  
**ANNUAL REPORT**

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 organization's 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 organization's 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 if needed 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**  
**Grants Paid in 2003**

<u>Grantee</u>	<u>Amount Paid</u>
Allegheny Institute for Public Policy	\$ 100,000
American Council of Trustees and Alumni	50,000
American Enterprise Institute for Public Policy Research	125,000
American Foreign Policy Council	100,000
American Jewish Committee	60,000
Americans for Tax Reform Foundation	75,000
America's Survival, Inc.	35,000
Association of Literary Scholars and Critics	30,000
Atlas Economic Research Foundation	50,000
Center for Immigration Studies, Inc.	120,000
Center for Media and Public Affairs	45,000
Center for the Study of Popular Culture	125,000
Cinema Foundation, Inc.	50,000
Collegiate Network, Inc.	90,000
Committee for a Constructive Tomorrow	150,000
Criminal Justice Legal Foundation	25,000
Defenders of Property Rights	100,000
The Defense Forum Foundation, Inc.	50,000
Discovery Institute	40,000
Diversity Alliance for a Sustainable America	25,000
EMPOWER.org	50,000
Federation for American Immigration Reform	225,000
Foreign Policy Research Institute	25,000
Foundation for Cultural Review, Inc.	73,500
Foundation for Research on Economics and the Environment	35,000
Foundation for the Advancement of Monetary Education Ltd.	25,000
George Mason University Foundation, Inc.	145,000
Hudson Institute, Inc.	85,000
Institute for Foreign Policy Analysis, Inc.	75,000
Institute for Health Freedom	100,000
Institute for International Studies	50,000
The Institute on Religion and Democracy, Inc.	150,000
The Institute on Religion and Public Life, Inc.	75,000
Issues and Views Open Forum Foundation, Inc.	5,000
Jamestown Foundation	125,000
Judicial Watch, Inc.	1,000,000
Landmark Legal Foundation	250,000
The Maldon Institute	425,000
Morley Publishing Group, Inc.	25,000
The National Legal and Policy Center	100,000

<u>Grantee</u>	<u>Amount Paid</u>
National Taxpayers Union Foundation	\$ 50,000
Patrick Henry Center for Individual Liberty	35,000
Reason Foundation	100,000
Southeastern Legal Foundation, Inc.	125,000
Statistical Assessment Service	100,000
University of Virginia Law School Foundation	50,000
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	\$ 4,948,500

# The Carthage Foundation

## Officers:

Richard M. Scaife ..... Chairman  
R. Daniel McMichael ..... Secretary  
Michael W. Gleba ..... Treasurer  
Alexis J. Konkol ..... Assistant Secretary  
Roger W. Robinson, Jr. .... Assistant Treasurer

## Address:

One Oxford Centre  
301 Grant Street, Suite 3900  
Pittsburgh, PA 15219-6401

## Statement of Investments -- December 31, 2003:

	<u>Book Value</u>	<u>Market Value</u>
Common Stock	\$13,136,870	\$23,601,363
Money Market	<u>370,255</u>	<u>370,255</u>
	<u>\$13,507,125</u>	<u>\$23,971,618</u>

# 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.

**2003**

For calendar year 2003, or tax year beginning , 2003, and ending

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 <b>THE CARTHAGE FOUNDATION</b> Number and street (or P.O. box number if mail is not delivered to street address) Room/suite <b>301 GRANT STREET</b> <b>ONE OXFORD CENTRE, SUITE 3900</b> City or town, state, and ZIP code <b>PITTSBURGH, PA 15219-6401</b>	A Employer identification number <b>25-6067979</b> B Telephone number (see page 10 of the instructions) <b>(412) 392-2900</b>
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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) ▶ \$ **24,050,911.**

J Accounting method:  Cash  Accrual  Other (specify) \_\_\_\_\_  
 (Part I, column (d) must be on cash basis.)

C If exemption application is pending, check here . . . . .

D 1. Foreign organizations, check here . . . . .   
 2. Foreign organizations meeting the 85% test, check here and attach computation . . . . .

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

F If the foundation is in a 60-month termination under section 507(b)(1)(B), check here . . . . .

Part I Analysis of Revenue and Expenses (The total of amounts in columns (b), (c), and (d) may not necessarily equal the amounts in column (a) (see page 10 of the instructions).)		(a) Revenue and expenses per books	(b) Net investment income	(c) Adjusted net income	(d) Disbursements for charitable purposes (cash basis only)
1	Contributions, gifts, grants, etc., received (attach schedule). Check <input type="checkbox"/> if the foundation is not required to attach Sch. B	3,654,275.	STMT 1		
2	Distributions from split-interest trusts . . . . .				
3	Interest on savings and temporary cash investments . . . . .				
4	Dividends and interest from securities . . . . .	784,061.	784,061.	784,061.	STMT 2
5a	Gross rents . . . . .				
b	(Net rental income or (loss) . . . . .)				
6a	Net gain or (loss) from sale of assets not on line 10	2,790,714.			
b	Gross sales price for all assets on line 6a <b>4,464,056.</b>				
7	Capital gain net income (from Part IV, line 2) . . . . .		3,748,332.		
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	<b>Total. Add lines 1 through 11 . . . . .</b>	<b>7,229,050.</b>	<b>4,532,393.</b>	<b>784,061.</b>	
Operating and Administrative Expenses	13 Compensation of officers, directors, trustees, etc. . . . .	127,367.	3,469.	3,469.	123,898.
	14 Other employee salaries and wages . . . . .	80,569.	5,237.	5,237.	75,332.
	15 Pension plans, employee benefits . . . . .	58,013.	3,771.	3,771.	54,242.
	16a Legal fees (attach schedule) . . . . . STMT 3	500.	NONE	NONE	500.
	b Accounting fees (attach schedule) STMT 4	35,665.	17,833.	17,833.	17,833.
	c Other professional fees (attach schedule) STMT 5	10,444.	10,444.	10,444.	NONE
	17 Interest . . . . .				
	18 Taxes (attach schedule) (see page 13 of the instructions) **	56,089.	732.	732.	10,523.
	19 Depreciation (attach schedule) and depletion . . . . .	22,453.	NONE	NONE	
	20 Occupancy . . . . .	79,094.	5,142.	5,142.	73,953.
	21 Travel, conferences, and meetings . . . . .	6,164.	NONE	NONE	6,164.
	22 Printing and publications . . . . .				
23 Other expenses (attach schedule) STMT 7	52,146.	3,312.	3,312.	48,834.	
24 <b>Total operating and administrative expenses. Add lines 13 through 23 . . . . .</b>	<b>528,504.</b>	<b>49,940.</b>	<b>49,940.</b>	<b>411,279.</b>	
25 Contributions, gifts, grants paid . . . . .	3,663,500.			4,948,500.	
26 <b>Total expenses and disbursements. Add lines 24 and 25 . . . . .</b>	<b>4,192,004.</b>	<b>49,940.</b>	<b>49,940.</b>	<b>5,359,779.</b>	
27 Subtract line 26 from line 12:					
a Excess of revenue over expenses and disbursements . . . . .	3,037,046.				
b Net investment income (if negative, enter -0-) . . . . .		4,482,453.			
c <b>Adjusted net income (if negative, enter -0-).</b> . . . . .			<b>734,121.</b>		

**Part II Balance Sheets**

(Attached schedules and amounts in the description column should be for end-of-year amounts only. (See instructions.)

	Beginning of year		end of year	
	(a) Book Value	(b) Book Value	(c) Fair Market Value	
<b>Assets</b>				
1 Cash - non-interest-bearing	9,232.	9,530.	9,530.	
2 Savings and temporary cash investments	596,370.	370,255.	370,255.	
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 <b>STMT 8</b>	1,052.	2,197.	2,197.	
10 a Investments - U.S. and state government obligations (attach schedule)				
b Investments - corporate stock (attach schedule) <b>STMT 9</b>	11,150,200.	13,136,870.	23,601,363.	
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	196,075.			
Less: accumulated depreciation (attach schedule)	139,746.	61,446.	56,329.	
15 Other assets (describe <b>STMT 10</b> )	16,072.	11,237.	11,237.	
16 <b>Total assets</b> (to be completed by all filers - see page 16 of the instructions. Also, see page 1, item I)	11,834,372.	13,586,418.	24,050,911.	
<b>Liabilities</b>				
17 Accounts payable and accrued expenses	NONE	NONE		
18 Grants payable	1,585,000.	300,000.		
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 <b>Total liabilities</b> (add lines 17 through 22)	1,585,000.	300,000.		
<b>Net Assets or Fund Balances</b>				
<b>Organizations that follow SFAS 117, check here</b> <input checked="" type="checkbox"/> <b>and complete lines 24 through 26 and lines 30 and 31.</b>				
24 Unrestricted	10,249,372.	13,286,418.		
25 Temporarily restricted				
26 Permanently restricted				
<b>Organizations that do not follow SFAS 117, check here and complete lines 27 through 31.</b> <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 <b>Total net assets or fund balances</b> (see page 17 of the instructions)	10,249,372.	13,286,418.		
31 <b>Total liabilities and net assets/fund balances</b> (see page 17 of the instructions)	11,834,372.	13,586,418.		

**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	10,249,372.
2 Enter amount from Part I, line 27a	2	3,037,046.
3 Other increases not included in line 2 (itemize)	3	
4 Add lines 1, 2, and 3	4	13,286,418.
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	13,286,418.

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... 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.

Table with 3 columns: Question, Yes, No. Rows include 1a(1) Cash, 1a(2) Other assets, 1b(1) Sales of assets, 1b(2) Purchases of assets, 1b(3) Rental of facilities, 1b(4) Reimbursement arrangements, 1b(5) Loans or loan guarantees, 1b(6) Performance of services, and 1c Sharing of facilities.

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 section containing signature of officer or trustee (dated 5/12/04, title TREASURER), preparer's signature (dated 5-12-04), firm's name (KPMG LLP, ONE MELLON CENTER, PITTSBURGH, PA 15219), and preparer's SSN or PTIN (P00379586).