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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 Schedule 2			
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 205097		189104	15993
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			
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	15993
3 Net short-term capital gain or (loss) as defined in sections 1222(5) and (6): If gain, also enter in Part I, line 8, column (c) (see pages 12 and 17 of the instructions). If (loss), enter -0- in Part I, line 8	3	

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

(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			
2000			
1999			
1998			
1997			

2 Total of line 1, column (d)	2	
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	
4 Enter the net value of noncharitable-use assets for 2002 from Part X, line 5	4	
5 Multiply line 4 by line 3	5	
6 Enter 1% of net investment income (1% of Part I, line 27b)	6	
7 Add lines 5 and 6	7	
8 Enter qualifying distributions from Part XII, line 4	8	

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 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.

- 1a** 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** N/A
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 2002? **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 2002, did the organization have any undistributed income (lines 6d and 6e, Part XIII) for tax year(s) beginning before 2002? ☐ Yes ☒ No
If "Yes," list the years ► 20 ____ , 20 ____ , 19 ____ , 19 ____
- 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.
► 20 ____ , 20 ____ , 19 ____ , 19 ____
- 3a** 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 2002 as a result of (1) any purchase by the organization or disqualified persons after May 26, 1969; (2) the lapse of the 5-year period (or longer period approved by the Commissioner under section 4943(c)(7)) to dispose of holdings acquired by gift or bequest; or (3) the lapse of the 10-, 15-, or 20-year first phase holding period? (Use Schedule C, Form 4720, to determine if the organization had excess business holdings in 2002.) **3b** N/A
- 4a** 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 2002? **4b** X
- 5a** 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)? **5b** N/A
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? ☐ Yes ☐ No
If "Yes," attach the statement required by Regulations section 53.4945-5(d).
- 6a** 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 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	1,435,422
b Average of monthly cash balances	1b	21,533
c Fair market value of all other assets (see page 22 of the instructions)	1c	
d Total (add lines 1a, b, and c)	1d	1,456,855
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	1,456,855
4 Cash deemed held for charitable activities. Enter 1½% of line 3 (for greater amount, see page 22 of the instructions)	4	21,853
5 Net value of noncharitable-use assets. Subtract line 4 from line 3. Enter here and on Part V, line 4	5	1,435,002
6 Minimum investment return. Enter 5% of line 5	6	71,750

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	71,750
2a Tax on investment income for 2002 from Part VI, line 5	2a	1011
b Income tax for 2002. (This does not include the tax from Part VI.)	2b	
c Add lines 2a and 2b	2c	1,011
3 Distributable amount before adjustments. Subtract line 2c from line 1.	3	70,739
4a 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	70,739
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	70,739

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	73,000
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	73,000
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	73,000

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.

WILLIAM C. ETHRIDGE FOUNDATION, INC.**BOARD OF TRUSTEES' CONSENT TO ACTION WITHOUT MEETING**

WHEREAS the meeting of the Board of Trustees of the William C. Ethridge Foundation, Inc., that was scheduled for December 6, 2002 was not held due to incimate weather conditions and,

WHEREAS the Trustees each have had an opportunity to individually review the information to be presented at that scheduled meeting, it is hereby

RESOLVED, that the Trustees consent to the approval of the following donations for the year ending December 31, 2002.

WILLIAM C. ETHRIDGE FOUNDATION, INC.

Contributions Approved for 2002

Through Consent to Action Without Meeting

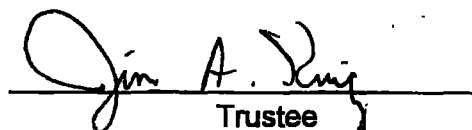
Raleigh YMCA	\$5,000
Boys Club of Wake County	\$5,000
Christ Episcopal Church	\$5,000
Hospice of Wake County	\$10,000
Ronald McDonald House (Durham)	\$4,000
Triangle Area United Way	\$5,000
North Carolina Symphony	\$5,000
Raleigh Rescue Mission	\$3,000
Salvation Army	\$3,000
St. Mary's College	\$2,000
American Belarus Relief Organization (Medical Relief)	\$4,000
American Red Cross	\$4,000
Shepherds Table	\$4,000
Greenville Community Center	\$2,000
Helping Hands Mission	\$2,000
Tammy Lynn Center	\$1,000
Young Life	\$1,000
Foundation of HOPE	\$1,000
Interact	\$2,000
Food Bank of North Carolina	\$5,000
	<u>\$73,000</u>


Trustee


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