2003 Annual Report

now you can

www.scholarshipamerica.org
Mission
Scholarship America’s mission is to expand access to educational opportunities by involving and assisting communities, corporations, foundations, organizations and individuals in the support of students and in the encouragement of educational achievement.

Nonprofit Status
Scholarship AmericaSM and its affiliate chapters are 501(c)(3) nonprofit organizations; 170(b)(1)(A)(vi) publicly supported organizations; and are not private foundations as defined in Section 509(a) of the Internal Revenue Code.

In a report issued in 1998 and in subsequent updates, Scholarship America (national service center) has been identified as meeting the standards of the BBB Wise Giving Alliance. Scholarship America also meets the standards of the Charities Review Council of Minnesota, having filed current information in 2003.

Scholarship America is registered with all state agencies with registration or licensing requirements, and submits annual reports to all states with annual reporting requirements.

Gifts to Scholarship America are deductible for income tax purposes.
**Executive Message**

**Now You Can** is the exciting and appropriate theme for Scholarship America’s 2003 Annual Report. These three words send a clear, strong, empowering message in connection with two major milestones celebrated by our growing organization this past year.

**Milestone I:** Our First Billion. In the spring of 2003, we surpassed the level of $1 billion in scholarship assistance we have distributed to students through Scholarship America programs since our founding in 1958. Looking at this accomplishment in a more personal way, since 1958 we have assisted more than 950,000 students gain the critical benefits of postsecondary education. Ever since Dr. Irving Fradkin and volunteers in Fall River, Mass., raised funds and gave out the first Dollars for Scholars scholarships 45 years ago, we have been saying to students you can go on to college and realize your dreams because people care about you, want to see you succeed, and are providing scholarships and personal encouragement to help you along the way.

**Milestone II:** Our New Name. On January 1, 2003 we began officially using our new corporate identity, Scholarship America. How appropriate that we start on our next billion dollars of aid to students under a new banner. With a history of success for each of our programs, we can say to every community in America, **now you can** make a difference for your local students by establishing a Dollars for Scholars chapter. We can say to corporations and organizations, **now you can** make education possible for students through the expert help of Scholarship Management Services. We can say to school and youth-serving agencies, **now you can** encourage every student and his or her family to start preparing early for postsecondary education through our ScholarShop program.

We hope that all of you who read this annual report will recognize that **now you can** play a role in creating a hopeful, brighter future for our youth. We are grateful for your interest and support.

Phyllis McGrath
Chair of the Board

William C. Nelsen
President

**Scholarship America’s Impact on Students in FY 2003:**

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[www.scholarshipamerica.org](http://www.scholarshipamerica.org)
Dollars for Scholars® is a national volunteer network of 1,173 grassroots scholarship foundations in 40 states and the District of Columbia that raise funds to provide financial and academic support to local students. Nine regional offices and one national field office support local chapters in California, Illinois, Indiana, Iowa, Minnesota, Nebraska, New England, New York, North Dakota and Washington. See the inside back cover of this report for executive director names and contact information.

Dollars for Scholars chapters raise funds to provide scholarship awards to students in the Dollars for Scholars community – all the money raised in the community stays in the community.

In 2002, Dollars for Scholars –
• Added 95 new chapters, reaching a total of 1,173 chapters as of June 30, 2003
• Raised more than $47.8 million for scholarships for immediate awards and for building long-term endowments
• Awarded almost $24.8 million in scholarships to 31,054 students

Collegiate Partners
Nearly 450 postsecondary institutions have expressed their appreciation and support for the work of Scholarship America and our Dollars for Scholars chapters by enrolling as Collegiate Partners. Our Collegiate Partners honor Scholarship America-related awards by using them to improve the quality of student financial aid packages and by agreeing not to use these awards to displace institutional or federal gift aid – which historically has been a practice among a variety of institutions.

Support for growth of Dollars for Scholars
Scholarship America received financial support from the AXA Foundation, the philanthropic arm of AXA Financial, in FY 2003. Funding from AXA included specific support for Dollars for Scholars. A new scholarship program provided scholarships for students in selected Dollars for Scholars chapters in each of 10 AXA branch areas. AXA branch managers and regional and national Dollars for Scholars staff worked together to promote the scholarship program and to provide opportunities for AXA advisors to learn more about Dollars for Scholars.

Dollars for Scholars growth in California has been spurred by a grant from The James Irvine Foundation for work in the Central Valley.

Best Buy Company, Inc. supported expansion of Dollars for Scholars in both California and Florida. Best Buy also worked with Dollars for Scholars to bring scholarships to students in every Congressional District in the nation and territories.

A major grant from the Bill & Melinda Gates Foundation will expand Dollars for Scholars throughout the state of Washington.

Support from The Atlantic Philanthropies continues to support the expansion of Dollars for Scholars nationwide.
"My parents always made the importance of college very clear."

– Lisnel Arias,
Dollars for Scholars Scholarship Recipient

Lisnel Arias
Sophomore, Bryant College; Latino Dollars for Scholars

Lisnel Arias has overcome hard times to achieve her goals. Born in the Dominican Republic, neither of her parents was able to complete college. They immigrated to the United States in 1991, hoping to give their two daughters a better life and a chance at a higher education. But in 2000 they returned to the Dominican Republic, positive that a college education in the United States exceeded their grasp financially.

"My parents always made the importance of college very clear," said Lisnel, who began researching financial aid options on the Internet after returning to the Dominican Republic.

"When we left the United States, my family didn’t know the possible methods to fund a college education. After doing some research, I realized we could afford college," Lisnel said.

Her parents made arrangements with some family friends, and Lisnel moved back to Providence, R.I., on her own to finish her senior year of high school. During that year, she worked three jobs for 30 or more hours a week to pay her expenses, such as clothing, incidentals such as shampoo and other personal items, and school activities. She received a $1,000 Dollars for Scholars scholarship from Latino Dollars for Scholars in Providence in 2001, and a $700 scholarship in 2002, which has contributed to financing two years of study at Rhode Island College.

Lisnel plans to transfer to Bryant College in the fall. "Bryant is a very good business school that will help me focus on what I want to do and will open a lot of doors in the future," said Lisnel, who is considering becoming a financial advisor or business banking officer. She is also a current member of Scholarship America’s Advisory Board, giving feedback on how scholarships have helped her and changed her life.

"I'm going to one of the most expensive schools in my area, and it's possible because of financial aid and scholarships made available to students in need, like me," she said.
Scholarship Management Services plays an integral role in the mission of Scholarship America to expand access to education to more students, through the management of scholarship and tuition reimbursement programs sponsored by corporations, foundations, associations and individuals. Scholarship Management Services is the nation’s largest designer and manager of education assistance programs, including scholarships for children of employees or members, recruitment scholarships, community relations scholarships and tuition reimbursement programs for employees.

Sponsored programs managed by Scholarship Management Services benefit from an objective, third-party selection of recipients and more than 27 years of experience administering scholarship programs. Scholarship Management Services is the industry leader in providing flexible design and consistent administration, personal customer service, cost-effective program management, accuracy in application evaluation and record maintenance. Scholarship Management Services manages programs that range from distributing only a very few awards to programs granting several million dollars.

**In FY 2003, Scholarship Management Services –**
- Added 83 scholarship programs, for a total of 964 programs
- Distributed $117.9 million in scholarship, education assistance and tuition reimbursement awards to 72,586 students
- Processed approximately 269,000 scholarship applications

**A new scholarship sponsor makes dreams come true**
Great Lakes Educational Loan Services, Inc. concluded its inaugural year of awarding scholarships in the spring of 2003 by awarding 12 renewable scholarships ranging from $500 to $2,500 to dependents of employees. Recipients are selected on a variety of criteria, including financial need.

“Access to higher education creates opportunities,” said Maureen Harrill, Chief Human Resources Officer. “Financial aid is one component, but a heavy loan debt isn’t always the best solution.

“Our scholarship program gives us the opportunity to give our employees’ dependents something they might not otherwise be able to achieve. It’s heartwarming to hear from employees what the scholarships mean to them and their children, especially in households where they might be the first generation to be able to attend college. One woman told me that we are helping make her son’s dream come true.” Harrill added, “That’s what it’s all about.”
“Without scholarships, I would not be able to afford college. I consider myself one of the luckiest people I know; I have been given an opportunity to not only improve the living of my family, but also the community and the people around me.”

— Vladimir Vojnovic
Hershey Foods Corporation Scholarship Program
Scholarship Recipient

“Without scholarships, I would not be able to afford college. I consider myself one of the luckiest people I know; I have been given an opportunity to not only improve the living of my family, but also the community and the people around me,” said Vlad. “I have become proud of who I am today. The scholarships I’ve received are fulfilling my dreams.”

www.scholarshipmanagement.org
ScholarShop

now you can help students believe in themselves – and their futures

ScholarShop® is designed to motivate and prepare students for postsecondary education. Three components within ScholarShop help prepare youth for success in achieving their life goals:

**ScholarShop**, a curriculum and multi-media resource library designed to help middle school and high school students learn about themselves and explore career and postsecondary options.

**ScholarShop Jr.***, a curriculum and resource library designed for elementary students in grades 4 – 6, exploring the same issues as ScholarShop with materials developmentally appropriate for this age group.

**ParentShop**, a series of interactive workshops addressing how parents can support and encourage learning, understand learning styles and explore careers with their children. It addresses how to be an effective advocate for your child in school, and how to navigate the application and scholarship process for postsecondary education. ParentShop is available in English and Spanish.

In FY 2003, ScholarShop –

• Added 33 new ScholarShop sites and 15 new ScholarShop Jr. sites, for a total of 204 urban, rural and suburban locations in 28 states and the District of Columbia
• Expanded the program in Arizona, Nevada and Mississippi with support from USA Funds
• Added sites in Indiana with funding from the Lumina Foundation for Education
• Trained 54 new ScholarShop site coordinators
• Provided resources to more than 17,000 students and family members who used the varied resources of ScholarShop, ScholarShop Jr. and ParentShop

**Windows to Success Award**
Recognizing the best practices of ScholarShop sites across the United States:

• **New Directions for Youth, Van Nuys, CA**

**Reaching more – and younger – students**
Until recently, students participating in the McLennan County Youth Collaboration’s (MCYC) after-school programs for elementary and middle school students haven’t been dreamers. They haven’t necessarily had visions for their futures. But for the past year, the kids have been spending up to two hours a week on the ScholarShop curriculum – ScholarShop Jr., that is. In the past year, MCYC has become the largest user of ScholarShop Jr. in the country, using it at 11 sites in Waco, Texas.

“ScholarShop Jr. is hands-on, creative…and is accessible to both the elementary and middle-school students,” said Sheala Vast-Binder, Lighted Schools program coordinator. “The kids in our programs are considered at risk of academic failure. Many have never thought in terms of life goals or dreams before, and their reading skills aren’t always up to grade level. [Because it was written for younger students than ScholarShop,] ScholarShop Jr. enables us to easily introduce these topics to them and get them thinking about what it’s going to take to succeed.”

MCYC’s goal is to create a safe place within the school setting where children and adults can learn and grow together. Their holistic approach includes social activities, academics, multi-cultural art programming and community service experiences.
Max Kelley
Freshman, Alfred Technical College; ScholarShop Scholarship

Max Kelley is feeling pretty good about starting his first year at Alfred Technical College in rural New York this fall, where he’ll study to become an electrician. He’s the first in his family to continue his education after high school – he’s also the first in his generation to graduate from high school. He’s already talked to his roommate, a second-year student, who has given Max the low-down on what to expect (as well as what to avoid). And he was awarded a $1,000 scholarship from ScholarShop and USA Funds to help with expenses.

Max became involved with the ScholarShop program through the Liberty Partnerships/LIFE program at Genesee Community College in Albion, N.Y., in September 2002. “They showed me the diversity of different careers, what’s required, and what’s a good fit for my interests. That’s what led me to the choice of Alfred State,” said Max.

Max, who looked at every school activity as an opportunity to be involved and learn something new, had to become extremely resourceful on his own to garner transportation and financial assistance in order to participate. When he had the opportunity to be involved in summer youth employment, he found a used bicycle to make the 25-mile round trip to get to work on the days he had no other transportation. Max’s determination to succeed has also led him to tutoring and encouraging other students to get involved and develop their skills further. He says to them, “If opportunity doesn’t knock, build a door!”

“I feel like I’ve already accomplished a lot,” Max added. “Hopefully I’ll accomplish a whole lot more with postsecondary schooling, wind up being independent... It feels great knowing that I can look at something and know I can do it.”

www.scholarshop.org
How to make a gift

Cash Gifts/Gifts of Appreciated Securities
Gifts of cash (in the form of checks) may be sent directly to Scholarship America, 7703 Normandale Road, Suite 110, Minneapolis, MN 55435. All gifts are tax-deductible and will be acknowledged by Scholarship America. Gifts of appreciated securities offer the same tax-deductible advantages, plus may offer additional effective tax benefits to the donor. Donors should call Scholarship America at 800-279-2083 for information on how to make such a gift.

Types of Planned Gifts
- Bequest intentions in a will
- Life income agreements
- Charitable gift annuities
- Charitable remainder trusts
- Charitable lead trusts
- Real estate gifts with retained life use
- Life insurance
- Gifts of appreciated property
- Gifts of retirement plan assets

Planned gifts often provide effective current and estate tax strategies as well as lifetime income to the donor(s).

Information, without obligation, about planned gifts is available free. Call the development office at 800-279-2083.

Development

The stories of Lisnel, Vladimir and Max in this Annual Report illustrate the power of scholarships and educational support. The financial assistance they received, provided by individual donors, foundations and corporations, is small compared to the benefits they will reap from their pursuit of postsecondary education.

In FY 2003, the Development office –
- Assisted in raising more than $48 million in gifts from more than 2,200 individual, corporate, and foundation donors including The Atlantic Philanthropies, The James Irvine Foundation, the Bill & Melinda Gates Foundation, Families of Freedom Scholarship Fund and Families of Freedom 2
- Implemented “SPARK” Events, an effort to introduce new people to the cause and mission of Scholarship America
- Added a staff position of Director, Grants and Research

Gifts are still needed
Gifts of all sizes are vital to the strength of Scholarship America’s programs. With your gift, you empower students across the country to fulfill the American dream of independence and self-sufficiency. You may also influence a future philanthropist.

You can make your gift in any of the following areas:

Annual Fund – Allows Scholarship America to use your gift where needed most to expand our mission
Dollars for Scholars Regions – Allows Dollars for Scholars Regions to expand our mission regionally
Endowment – Provides Scholarship America with a lasting stream of annual income to expand our mission
ScholarShop – Helps place a ScholarShop program in a new location
Scholarship America’s Strategic Alliances department provides organizations and corporations opportunities for brand awareness while working on behalf of a universally important issue: education.

**In FY 2003, Strategic Alliances (through corporate sponsorships, special events and cause-related marketing) –**

- Raised $476,000 in corporate sponsorships
- Worked on eight cause-related marketing projects, raising $375,000
- Planned and managed six national events raising $1,026,000

Corporate alliances and initiatives continued to increase Scholarship America’s brand and revenue.

FY 2003 marks the inception of the Easy Spirit Freedom Walk for Education benefiting Dollars for Scholars, Scholarship America’s new national signature event. The walks are a ready-made fund raiser for Dollars for Scholars in which the money raised stays with the community that raised it, at no cost to chapters.

The walks will provide a new level of awareness, as corporate partnerships are an essential marketing component for major strategic alliance initiatives. Scholarship America solicited corporate underwriting to launch such an event, and Easy Spirit came forward in the fall of 2002 to support a mission that was important to their image and customer base. Planning began immediately and walk-related events in Washington, D.C. and Philadelphia launched the awareness campaign for the walks in May 2003.

Mim Schreck, who retired as president of Easy Spirit in June 2003 with an indelible legacy of corporate-caring about education, was a catalyst in putting the walks on the map in six locations this inaugural year: Boston, California, Chicago, Minnesota, New York and Washington, D.C.

“Easy Spirit believes that the future of America lies in the education of its youth,” said Schreck, who joined Scholarship America’s Board of Trustees in March of 2003. Schreck believes that cause-related marketing is good business.

“Consumers connect with causes, and if a brand supports something they believe in, they are likely to support that brand. Education is important to all, so it is a perfect fit for any corporation.”

Corporate America has a stake in educating its future leaders, says Schreck, who has a master’s degree in education and taught high school prior to her career with Easy Spirit. “For corporate America to have the most-talented people, they must have the best-educated people; the benefits and pay backs are enormous.”

Scholarship America joined forces with singer/songwriter Amy Grant to serve as Walk Ambassador. Grant walked and raised additional revenue through pledges. Planning is already underway for the 2004 Easy Spirit Freedom Walk for Education. Scholarship America and Easy Spirit hope to double and triple the revenue and participants over the next two years.

**TOP AMERICAN ISSUES**

1. Education
2. Medical research
3. Poverty
4. Environment
5. College scholarships

*Source: 2002 Cone Corporate Study: The Role of Cause Branding*
The Families of Freedom Scholarship Fund (www.familiesoffreedom.org) was created by Scholarship America to provide education assistance for postsecondary education to dependents of those people killed or permanently disabled as a result of the terrorist attacks on September 11, 2001.

In FY 2003, The Families of Freedom Scholarship Fund –
- Distributed nearly $1.6 million in scholarship funds
- Enabled 180 students to attend the postsecondary institution of their choice

www.familiesoffreedom.org

**Evan Kanter’s Families of Freedom scholarship**

“The Families of Freedom Scholarship has been a tremendous benefit to me and my brother in pursuing our college degrees,” said Evan Kanter of Edison, N.J., a Families of Freedom Scholarship recipient. “The Fund has allowed us the ability to focus on the parts of life that are most important to us. The first year after 9/11 was very hard to take, but the scholarship has relieved some of the financial burden from my mother, brother and me.”

Evan graduated from Rutgers University in May 2002 with a B.S. degree double major in computer science and business management. Now pursuing an MBA at Pace University, Evan’s goal after graduating is to apply his lessons in strategic management to leading an organization.

“In the future, I hope to bring honor to all those who died that day, including my father, by accepting the responsibility given to me, and to succeed in every way I know how. This scholarship is yet another example of the generosity of the people in this country, and the warm spirit that we have benefited from since 9/11.”

Meanwhile, Evan’s primary occupation is building websites and custom technology solutions for small-to-medium-sized companies. Evan has turned his passion for sports into another occupation of sorts; he runs a popular website that specializes in selling autographed sports cards – from baseball, football, basketball and hockey players (www.autograph-cards.com). In his spare time, Evan reads many non-fiction books with a focus on business, leadership, technology and management.

“My purpose is to gain enough experience and knowledge to eventually fulfill the challenging goals I have set for myself. My father was always an advocate of higher education. He would be proud of me if he knew the dedication I have towards these goals. He would be the first person asking me about my grades. Also, he would be the first person to make sure that I study with high moral standards and integrity.”
“Families of Freedom 2: Building Futures Though Education” (Families of Freedom 2) was co-founded by Scholarship America and AXA Foundation, the philanthropic arm of AXA Financial, Inc., a leading financial services company. The purpose of Families of Freedom 2 is to provide scholarships for families who suffered loss of income as the direct result of the destruction or impairment of a business located in Lower Manhattan south of Houston Street as a result of the attacks on the World Trade Center on September 11, 2001.

In FY 2003, Families of Freedom 2 –
• Distributed $649,500 in scholarship funds
• Enabled 193 students to attend the postsecondary institution of their choice

AXA Foundation made the initial gift of $3 million to Families of Freedom 2. The Major League Baseball and the Major League Baseball Players Association Disaster Relief Fund also made a $2 million donation to Families of Freedom 2.

Those eligible to apply for Families of Freedom 2 scholarships include business owners or employees who lost their jobs, their spouses and their dependent children. The first Families of Freedom 2 scholarships were awarded in January 2003. Scholarships may be applied to any course of study at an accredited two- or four-year college, university, vocational-technical school, trade school, or skill-training program in the United States.

Star-studded fund raiser
A November 20 star-studded fund raiser at City Center in New York City for Families of Freedom 2 featured Natalie Cole, Felicia Collins and her guests Paul Shaffer and the CBS Orchestra, Phoebe Snow, comedians Robert Klein and Jim Gaffigan, Carol Kane, Paula Cole, Peter Criss, The Beu Sisters and others.

The Families of Freedom 2 fund raiser also celebrated the extraordinary people of New York and their response to 9/11. Sophie Saccio, creative and compassionate beyond her age of six, was honored for her “Bead Sticks,” fashioned from beads and Q-Tips, which she sold in her Manhattan neighborhood and donated the money to the Families of Freedom Scholarship Fund. Also honored was Ada Rosario Dolch, principal at the High School for Leadership & Public Service, located at what is now better known as Ground Zero. Dolch organized a safe evacuation of students and continues her dedication to her community’s emotional recovery. Meyer Feig, the founder of the World Trade Center Tenants Association, was honored for his unifying voice advocating for businesses displaced after 9/11. Feig is also CEO of Intera Corporation, formerly housed on the 18th floor of the World Trade Center. Chinatown’s Project Open Door, one of the most important and oldest programs of the Chinese-American Planning Council, Inc., was honored for offering a safe haven for those who did not speak English as well as serving hundreds of congregate meals in the center.

For more information, visit www.familiesoffreedom2.org.
New Sites and Chapters

SCHOLARSHOP SITES
ADDED IN 2003

Brooklyn, NY
Long Island University
Canton, NY
SUNY Canton (8 New Locations)
Chicago, IL
Columbia College (3 New Locations)
Chinle, AZ
Boys & Girls Club of Navajo Nation – Chinle
Cincinnati, OH
Madisonville Recreation Center
Evansville, IN
Carver Community Organization
Fort Defiance, AZ
Boys & Girls Club of Navajo Nation – Fort Defiance
Greencastle, IN
Ivy Tech State College – Greencastle
Indianapolis, IN
Forest Manor Multi-Service Center
Indianapolis, IN
Hispanic Education Center
Indianapolis, IN
Ivy Tech State College – Bernard McKinzie Center
Jackson, MS
J.S. Sanders YMCA
Jamaica, NY
Saint John’s University
New York, NY
Associated Medical Schools of New York
Borough of Manhattan Community College
Holcombe Rucker Center at City College
School of Visual Arts
Niagara Falls, NY
Niagara County Community College
Pine, AZ
Boys & Girls Club of Navajo Nation – Pine
Reno, NV
Boys & Girls Club of Truckee Meadows
Rockaway Park, NY
Long Island University – South Hampton Campus – Beach Channel High School
South Bend, IN
Ivy Tech State College – South Bend
Stuart, FL
Patrick County Education Foundation
Yazoo City, MS
Boys & Girls Club of Yazoo City
SCHOLARSHOP JR. SITES
ADDED IN 2003

Houston, TX
US Dream Academy at Third Ward Multi-Service Center
Newark, NJ
US Dream Academy at UCC Westside Park
Philadelphia, PA
US Dream Academy at Tasker Street
Waco, TX
McLennan County Youth Collaboration (11 New Locations)
Washington, DC
U.S. Dream Academy at Ferebee Hope

DOLLARS FOR SCHOLARS
CHAPTERS ADDED IN 2003

California
City Club Foundation
Flying Leatherneck Historical Foundation Dollars for Scholars
Hilltop High School Dollars for Scholars
Temple City High School Alumni Dollars for Scholars
Connecticut
The Hartford Foundation for Public Giving
The Community Foundation of Southeastern Connecticut
Hawaii
August Ahrens Dollars for Scholars
Illinois
City of Berwyn Dollars for Scholars
Bethel New Life, Inc.
Centers for New Horizons
Central Community District #4 Foundation Dollars for Scholars
Crest Hill Lions Club Dollars for Scholars
Fairbury Lions Club Inc. Dollars for Scholars
Illinois’ Junior Miss Dollars for Scholars
Indian Creek Education Foundation
Lee County Farm Bureau Foundation
Malta Lions Club/DeKalb County Foundation
MC Mortgage Banc Dollars for Scholars
Mr. Carroll Educational Foundation
Mr. Morris Kiwanis Club Dollars for Scholars
Payson Seymour Education Foundation Dollars for Scholars
Princeton Public Schools Foundation
St. Charles Kiwanis Dollars for Scholars
Schaumburg/Hoffman Lions Club Dollars for Scholars
Somanack Education Foundation Dollars for Scholars
United Usher Board of Pearlia Dollars for Scholars
Village of Worth Dollars for Scholars Foundation
Indiana
Shiloh Baptist Dollars for Scholars
Iowa
Bishop Garrigan Dollars for Scholars
Des Moines Lincoln Alumni Dollars for Scholars
Diagional Dollars for Scholars
Dubuque Dollars for Scholars
East High School Alumni Foundation/Dollars for Scholars
Independence Area Dollars for Scholars
Knoxville Dollars for Scholars
Kuemper Dollars for Scholars
Murray Community School Dollars for Scholars
North High Alumni Foundation Dollars for Scholars
PV Dollars for Scholars
Roosevelt High School Foundation
Southeast Webster Dollars for Scholars
Kentucky
Danville Boyle County Dollars for Scholars Foundation
Louisville Metro Dollars for Scholars
Maine
Sunrise Scholarship Fund
Massachusetts
The Boston Foundation
Greater Lowell Community Foundation
Minnesota
Cherry School Dollars for Scholars
Henry Sibley Dollars for Scholars
Community Scholarship Program
Minnesota-Plymouth Rotary Dollars for Scholars
Pillager Dollars for Scholars
Mississippi
Yazoo City Taylor High School Dollars for Scholars
Fund Dollars for Scholars – Zeta Phi Beta, South Central
Nebraska
Adams Central Schools Foundation
Alliance Public Schools Foundation
A Dollars for Scholars Chapter
Chadron Public Schools Foundation
Good Samaritan Village Dollars for Scholars
Henderson Foundation Dollars for Scholars
Overton Dollars for Scholars
Ralston Community Schools Foundation
Rushville High School Dollars for Scholars
TeamMates of Hastings Dollars for Scholars
Westside Community Schools Foundation, Inc.
New York
Giddings Foundation Scholarship
The New Lebanon Foundation/Dollars for Scholars
Sandstoner Foundation, Inc.
Solavy Dollars for Scholars
South Colene Dollars for Scholars
North Dakota
Cando Dollars for Scholars
Drake Dollars for Scholars
Leads Dollars for Scholars
Richland #44 Dollars for Scholars
Rotelle Dollars for Scholars
Valley City Dollars for Scholars
Wallford Dollars for Scholars
Ohio
Russ Pastuck Memorial Dollars for Scholars Scholarship Fund
Pennsylvania
Bucks for Bucks/Dollars for Scholars
Crawford Area Scholarships, Inc.
Greater Dover Area Dollars for Scholars
Dollars for Schuylkill Scholars
Rhode Island
The Rhode Island Foundation
South Dakota
Tea Dollars for Scholars
Washington
Business Financial Group Dollars for Scholars
Cle Elum Kiwanis Dollars for Scholars
CFI Dollars for Scholars
Colton Education Foundation
Gig Harbor Tides Scholarship Foundation
Greater Everett Community Foundation
Greater Tacoma Community Foundation
Shoreline Chamber of Commerce Dollars for Scholars
Tri-Cities Optimist Dollars for Scholars
WBA-Retired Dollars for Scholars
WVHS Alumni Dollars for Scholars
West Virginia
Meadow Bridge High School Dollars for Scholars
Wisconsin
Dodgeville Dollars for Scholars: A Scholarship Foundation

now you can

www.scholarshipamerica.org

12
Scholarship America New Programs

New Collegiate Partners in 2003

Antioch University, CA
Carlson College of Massage Therapy, IA+
College of the Atlantic, ME
Fresno Pacific University, CA+
Husson College, ME
Illinois College, IL
Iowa Central Community College, IA
Iowa Western Community College, IA
Lafayette College, PA
Louisville Technical Institute, KY
Midland Lutheran College, NE
Saddleback College, CA*
San Bernardino Valley College, CA+
Seattle Pacific University, WA
Southern Vermont College, VT
Spencerian College, KY
Sullivan University, KY
University of Hartford, CT
University of Nebraska, NE

* Matching Partners agree to match Dollars for Scholars awards brought to their campuses
+ Partners Plus go beyond the standard $1,000 Collegiate Partners agreement, allowing awards over $2,500 to replace students’ unmet need or self-help

www.scholarshipamerica.org

PROGRAMS ADDED IN 2003

Advantage/Newhouse Scholarship Program
AmeriInn International, LLC
AmeriInn Lodging National Youth Chess Tournament
Antioch Company
Antioch Company Scholarship Program
Arthur Andersen Scholarship Fund
Arthur Andersen Foundation Scholarship Program
Avon Products Foundation
Avon President’s Club Scholarship Program
AXA Foundation
AXA Achievement Scholarship in association with U.S. News & World Report
AXA Dollars for Scholars Scholarship Program
AXA Family Scholarship Program
Boston Foundation
Boston Foundation Scholarship Program
C. R. Bard, Inc.
C. R. Bard International Scholarship Program
Carr Futures Inc.
Carr Futures World Trade Center Memorial Scholarship Fund
CBS Broadcasting Inc.
The Sons of Lawrence H. Greene Scholarship Fund
Chevron Phillips Chemical Company LP
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Scott Johnson
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Teresse & Nicholle Jones
Luther & Dee Jonson
Howard & Marya Jorgerson
Tara & Brian Keene
Menica & Brian Kingbury
Kingsley & Julie Kinney
Valer K. Kramer
Carolyn Kriegel
Eugene & Norma Kuhlman
Larry Kuney
Jacque & John Lawover
Florence Lawyer
Anne Leiter & Ina Oppelt
Stefly & Don Leiter
Dorothy Lewis
Kay Lewis
Winnie & Bill Lindquist
Andrea & Bill Lindquist
Lizette & Michael Mast
James P. & Kathy McBride
Nadine & Larry McCray
Thomas J. & Marcia McFarland
Neil McFarland
Steve McFerran
Linda Miller
Reta & George Miller
Richard & Wendy Millerick
Barbara Morgan
George & Frances Morshon
Gary & Rhea Muhl
William C. & Margaret E. Nelson
Roberts & Steve Niewoehner
KarenNilson
Ronald M. Nobsorokow
Janie Nolligser
Joe & Mary Bingham-Ortega
Jacqueline Chen
Tina & Michael Palmer
Ronald A. Parker
Ann Parrish
Penny Pat Paul
Samuel & Winfred Peach
Denny & Karen Peterson
Simone & Alan Penner
Leslie Perry
Susan & D. Perrell
Jone Peterson
Clayton A. Pitt
Del & Anne Pittson
Chuck & Sharon Podlich
Laura Polck
Gary & Sarah Pollock
Don & Michelle Power
David Radcliffe
Marilyn Reams
Carol & Ray Redman
Marcella & Bill Reid
Jay Reifel
John Reifen
Pamela Roberts & Howard Gilbert
Eileen Roberison
Wendy & Alan Roedell
Josie Rosettiewicz
Suzanne Schell
Don & Donna Stovall
Jill Selling & Nancy Traft Pierce
John Semborski
Monika & Matt Seybold
Michael & Sally-Anne Sheo
Patricia Sheely
Mr. William D. & Ms. Alison M. Shimp
Eri & Sherry Shupe
Bob & M. Stolbaugh
Holly Storm-Buchanan
Sid Snyder
M. Scott Stone
Jack & Charlotte Spitzer
William & Susan Stevens
David & Linda Surface
 Cheryl Swab & Gavin Layton
Becky Thompson
Rosa & John Tifan
Dean Hamilton Towner
Deborah & Lon Turner
Carmen & Steven Van Til
Karen Vehetters
Nancy & Bart Wildman
Linda Weir
Robert & Connie Weikel
John Wheelan
Leanne & Donald Wells
Libby & Larry Wolken
Charles & Mary Weeffl
Beverly Wrench
Cynthia & Kirk Wigh
Kathy Will
Markos Williams & Russell Hayden
Nancy & Donald W. Wicks
Bob & Kathryn Wolf
Marion Woywodich
C. Jerry & Zablocki
Mary & Jamie Zierer
A. Dan & Angelina Zichener
Freds Zimmerman
HONOR GIFTS
The following individuals and organizations had gifts made in their honor:
Ambac Assurance Corporation
Jonathan Burns
Cynthia Chang
Alfred Edwards
Douglas Fore
Michael H. Frankin
Reese Freeman
Florence Griffith
Jesp & Lamont
Jack Lubinski
Roy Mulrow
Frank Morris
Mary M. Newberry
Helen Overstall
Patrick S. Penn
Mike Pullen
Steve Putman
Peter Simonetta
Dorane A. Sobey
Rosa G. Spiegel
Serene Swirl
Anthony Unciso
Pam Vandervelde
Mrs. Winkelman
Vesko D. Williams
Tiffany Wolfe
MEMORY GIFTS
The following individuals had gifts made in their memory:
Eric Barnett
Mary S. Bonsee
Kenneth Caldwell
James Crawford
Tim Elliott
Lawrence Greene
William Holmgren
Sally Jones
Daniel Lee
Tilden H. Pendleton
Frank and Betty Jo Marin
Dr. Skirnich
THE MORTARBOARD SOCIETY
The Mortarboard Society honors friends who have established planned gifts.
Anonymous (2)
Shirli M. Billings
R. Bruce & Anne Brackstress
Lloyd & Linda Brandt
Stephen E. Cramer
Paul A. Dordal **
Donald Egl
Lorraine Egl
Irving & Charlotte Freidlin
Harold & Agatha Held
Joseph M. & Barbara B. Hinche
Leisl S. Hubsbard *
Frank & Kathleen Houser
C.A. (Elva) * & John Johnson
Norma Johnson *
Gordon & Dorothy Kopaszek
Barbara Kudraal
Edward M. & H. Law
Ken M. Marquard
Phebe Glaser
Manny Caldwell-Mead
Sylvie V. Mallon
Betty Mallard
Howard Harman *
Frank & Betty Jo Marin
Ken & Sue Murray
William C. & Margaret R. Nelson
Tim & Mike Palmer
Pam Wilson Roberts
Doug & Erin Schroeder Scott
Randolph & Sandra Seifert
Stephen B. & Mary Smith
Curtis & Carol Torgoff
Fred F. & Nancy Vogel
Barbara B. Vogel
Dexter Willard
* Deceased
** New Mortarboard Society Member
NATIONAL CORPORATE SPONSORS
American Express
Bear Foundation
Carleton Construction
First National Bank of St. Peter
Minnesota Dollars for Scholars
Nicollet County Bank
Pall, Inc.
Project Hope/Minnesota Dollars for Scholars
SPX Sports Group
Target Corporation
UAW/Ford
Wendom Foundation
** IN CELEBRATION OF EDUCATION **
TABLE SPONSORS
American Express
Bear Foundation
Carleton Construction
First National Bank of St. Peter
Minnesota Dollars for Scholars
Nicollet County Bank
Pall, Inc.
Project Hope/Minnesota Dollars for Scholars
SPX Sports Group
Target Corporation
UAW/Ford
Wendom Foundation
now you can
www.scholarshipamerica.org
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Scholarship America Financial Report

Financial Highlights
Selected financial highlights for Scholarship America's June 30, 2003, fiscal year in consolidation with our Dollars for Scholars® chapter affiliates year-end of December 31, 2002:

Scholarship Management Services™ and Scholarship America's affiliated Dollars for Scholars chapters distributed scholarships totaling $142.7 million — a $16.1 million or 12.7% increase over last year.

The cost to raise funds and administer Scholarship America remained steady at 5.3% of total revenue and support.

The financial stability of both Scholarship America's national organization and its chapters remains strong as 36.0% of the combined assets are comprised of permanent funds. This year's growth in permanent fund contributions of 3.3% represents a continued effort to ensure the future of scholarships to students by both Scholarship Management Services clients and Dollars for Scholars chapter contributors.

Independent Auditors’ Report
The Board of Trustees
Scholarship America
St. Peter, Minnesota:

We have audited the accompanying statements of financial position of Scholarship America, Inc. (Scholarship America) as of June 30, 2003 and 2002, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of Scholarship America's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Scholarship America as of June 30, 2003 and 2002, and its changes in net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information included in schedules 1 through 2 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

KPMG LLP
August 29, 2003

<table>
<thead>
<tr>
<th>Scholarship Growth</th>
<th>2003/’02</th>
<th>2002/’01</th>
<th>’01/’00</th>
<th>’00/’99</th>
<th>’99/’98</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scholarships distributed (in $ millions)</td>
<td>142.7</td>
<td>126.6</td>
<td>108.8</td>
<td>93.7</td>
<td>75.4</td>
</tr>
<tr>
<td>% Increase</td>
<td>12.7%</td>
<td>16.4%</td>
<td>16.1%</td>
<td>18.3%</td>
<td>1.1%</td>
</tr>
<tr>
<td>Students Served Growth</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Student recipients</td>
<td>103,600</td>
<td>101,100</td>
<td>91,300</td>
<td>85,320</td>
<td>80,000</td>
</tr>
<tr>
<td>% Increase</td>
<td>2.5%</td>
<td>10.8%</td>
<td>7.0%</td>
<td>6.7%</td>
<td>(6.5%)</td>
</tr>
<tr>
<td>Permanent Fund Growth</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Permanent fund (in $ millions)</td>
<td>100.6</td>
<td>97.4</td>
<td>87.0</td>
<td>72.0</td>
<td>60.5</td>
</tr>
<tr>
<td>% Increase</td>
<td>3.3%</td>
<td>11.9%</td>
<td>20.8%</td>
<td>19.0%</td>
<td>7.6%</td>
</tr>
<tr>
<td>Administrative &amp; Fund-raising Efficiency</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Administrative &amp; fund raising costs as a percentage of total revenue &amp; support</td>
<td>5.3%</td>
<td>5.3%</td>
<td>5.0%</td>
<td>4.94%</td>
<td>6.1%</td>
</tr>
</tbody>
</table>
### STATEMENTS OF FINANCIAL POSITION

**June 30, 2003 and 2002**

<table>
<thead>
<tr>
<th>Assets</th>
<th>2003</th>
<th>2002</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current assets:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$117,218,820</td>
<td>$42,229,603</td>
</tr>
<tr>
<td>Accounts, interest and other receivables</td>
<td>2,445,911</td>
<td>2,775,062</td>
</tr>
<tr>
<td>Contributions receivable, net (note 3)</td>
<td>4,378,833</td>
<td>4,433,586</td>
</tr>
<tr>
<td>Prepaid expenses and other assets</td>
<td>458,367</td>
<td>283,373</td>
</tr>
<tr>
<td>Total current assets</td>
<td>124,301,931</td>
<td>49,721,624</td>
</tr>
<tr>
<td>Contributions receivable, less current portion, net (note 3)</td>
<td>3,229,628</td>
<td>2,225,294</td>
</tr>
<tr>
<td>Investments (note 4)</td>
<td>24,153,294</td>
<td>53,843,643</td>
</tr>
<tr>
<td>Cash value of life insurance</td>
<td>202,206</td>
<td>489,758</td>
</tr>
<tr>
<td>Property and equipment:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Land</td>
<td>7,649,543</td>
<td>7,417,116</td>
</tr>
<tr>
<td>Building and improvements</td>
<td>4,438,241</td>
<td>4,408,118</td>
</tr>
<tr>
<td>Furniture and equipment</td>
<td>2,881,866</td>
<td>2,679,562</td>
</tr>
<tr>
<td>Total assets</td>
<td>$156,435,497</td>
<td>$110,823,367</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Liabilities and Net Assets</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Current liabilities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable</td>
<td>290,923</td>
<td>$331,636</td>
</tr>
<tr>
<td>Accrued expenses</td>
<td>447,960</td>
<td>804,180</td>
</tr>
<tr>
<td>Current portion of long-term debt (note 6)</td>
<td>82,631</td>
<td>79,193</td>
</tr>
<tr>
<td>Scholarships payable</td>
<td>7,494,545</td>
<td>7,690,084</td>
</tr>
<tr>
<td>Refundable deposits</td>
<td>12,449,701</td>
<td>7,424,407</td>
</tr>
<tr>
<td>Total current liabilities</td>
<td>20,767,760</td>
<td>16,329,500</td>
</tr>
<tr>
<td>Long-term debt (note 6)</td>
<td>2,301,095</td>
<td>2,383,768</td>
</tr>
<tr>
<td>Total liabilities</td>
<td>23,068,855</td>
<td>18,713,268</td>
</tr>
<tr>
<td>Net assets:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unrestricted:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Designated for endowment</td>
<td>445,257</td>
<td>445,257</td>
</tr>
<tr>
<td>Undesignated</td>
<td>3,025,939</td>
<td>3,256,176</td>
</tr>
<tr>
<td>Total unrestricted</td>
<td>3,471,196</td>
<td>3,701,433</td>
</tr>
<tr>
<td>Temporarily restricted (note 5)</td>
<td>114,019,769</td>
<td>73,341,165</td>
</tr>
<tr>
<td>Permanently restricted (note 5)</td>
<td>15,875,677</td>
<td>15,067,501</td>
</tr>
<tr>
<td>Total net assets</td>
<td>133,366,642</td>
<td>92,110,099</td>
</tr>
<tr>
<td>Total liabilities and net assets</td>
<td>$156,435,497</td>
<td>$110,823,367</td>
</tr>
</tbody>
</table>

See accompanying notes to financial statements (page 22).

### STATEMENTS OF ACTIVITIES

**Years Ended June 30, 2003 and 2002**

<table>
<thead>
<tr>
<th>Changes in unrestricted net assets:</th>
<th>2003</th>
<th>2002</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total scholarships raised</td>
<td>$107,348,993</td>
<td>$100,821,015</td>
</tr>
<tr>
<td>Less scholarships designated by donors for specific beneficiaries</td>
<td>(52,162,073)</td>
<td>(56,303,718)</td>
</tr>
<tr>
<td>Scholarship revenue</td>
<td>55,186,920</td>
<td>44,517,297</td>
</tr>
<tr>
<td>Program management fees</td>
<td>6,812,502</td>
<td>6,269,409</td>
</tr>
<tr>
<td>Investment income (note 4)</td>
<td>346,944</td>
<td>535,959</td>
</tr>
<tr>
<td>Contributions</td>
<td>2,056,954</td>
<td>1,768,005</td>
</tr>
<tr>
<td>Other income</td>
<td>1,801,503</td>
<td>1,359,434</td>
</tr>
<tr>
<td>Adjustments to reconcile increase in net assets to net cash provided by operating activities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$117,218,820-</td>
<td>$42,229,603</td>
</tr>
<tr>
<td>Accounts, interest and other receivables</td>
<td>2,445,911</td>
<td>2,775,062</td>
</tr>
<tr>
<td>Contributions receivable, net (note 3)</td>
<td>4,378,833</td>
<td>4,433,586</td>
</tr>
<tr>
<td>Prepaid expenses and other assets</td>
<td>458,367</td>
<td>283,373</td>
</tr>
<tr>
<td>Total scholarships designated by donors for specific beneficiaries</td>
<td>(52,162,073)</td>
<td>(56,303,718)</td>
</tr>
<tr>
<td>Scholarship awards</td>
<td>60,904,097</td>
<td>48,398,252</td>
</tr>
<tr>
<td>Scholarship Management Services™</td>
<td>4,524,317</td>
<td>4,302,384</td>
</tr>
<tr>
<td>Dollars for Scholars®</td>
<td>2,531,052</td>
<td>2,007,739</td>
</tr>
<tr>
<td>ScholarShop®</td>
<td>417,888</td>
<td>373,372</td>
</tr>
<tr>
<td>Supporting services:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>General and administration</td>
<td>3,117,465</td>
<td>2,790,227</td>
</tr>
<tr>
<td>Fundraising</td>
<td>2,343,555</td>
<td>1,692,584</td>
</tr>
<tr>
<td>Total expenses</td>
<td>73,838,374</td>
<td>59,564,558</td>
</tr>
<tr>
<td>(Decrease) increase in unrestricted net assets</td>
<td>(230,237)</td>
<td>202,708</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Changes in temporarily restricted net assets:</th>
<th>2003</th>
<th>2002</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contributions and project grants</td>
<td>45,757,931</td>
<td>66,341,808</td>
</tr>
<tr>
<td>Investment income (note 4)</td>
<td>1,710,939</td>
<td>587,207</td>
</tr>
<tr>
<td>Transfer from permanently restricted net assets</td>
<td>0</td>
<td>202,390</td>
</tr>
<tr>
<td>Satisfaction of program restrictions</td>
<td>(6,790,266)</td>
<td>(4,825,371)</td>
</tr>
<tr>
<td>Total expenses</td>
<td>40,678,604</td>
<td>62,306,034</td>
</tr>
</tbody>
</table>

See accompanying notes to financial statements (page 22).

### STATEMENTS OF CASH FLOWS

**Years Ended June 30, 2003 and 2002**

<table>
<thead>
<tr>
<th>Cash flows from operating activities:</th>
<th>2003</th>
<th>2002</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increase in net assets</td>
<td>41,256,543</td>
<td>$62,716,026</td>
</tr>
<tr>
<td>Adjustments to reconcile increase in net assets to cash provided by operating activities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation</td>
<td>426,937</td>
<td>457,366</td>
</tr>
<tr>
<td>Unrealized losses (gains) on investments</td>
<td>(892,342)</td>
<td>1,052,003</td>
</tr>
<tr>
<td>Gain (loss) on sale of investments</td>
<td>920,049</td>
<td>(55,290)</td>
</tr>
<tr>
<td>Scholarships designated by donors for specific beneficiaries</td>
<td>(52,162,073)</td>
<td>(56,303,718)</td>
</tr>
<tr>
<td>Scholarships designated by donors for specific beneficiaries</td>
<td>(52,162,073)</td>
<td>(56,303,718)</td>
</tr>
<tr>
<td>Permanently restricted contributions</td>
<td>(808,176)</td>
<td>(409,674)</td>
</tr>
<tr>
<td>Changes in assets and liabilities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts, interest and other receivables</td>
<td>86,483</td>
<td>(545,023)</td>
</tr>
<tr>
<td>Contributions receivable</td>
<td>(494,481)</td>
<td>(3,173,756)</td>
</tr>
<tr>
<td>Prepaid expenses and other assets</td>
<td>67,674</td>
<td>6,982</td>
</tr>
<tr>
<td>Cash value of life insurance</td>
<td>287,553</td>
<td>(29,491)</td>
</tr>
<tr>
<td>Accounts payable</td>
<td>(40,713)</td>
<td>113,920</td>
</tr>
<tr>
<td>Scholarships payable</td>
<td>(193,537)</td>
<td>(329,967)</td>
</tr>
<tr>
<td>Accrued expenses</td>
<td>(356,220)</td>
<td>442,438</td>
</tr>
<tr>
<td>Refundable deposits</td>
<td>5,025,294</td>
<td>819,892</td>
</tr>
<tr>
<td>Net cash provided by operating activities</td>
<td>44,830,061</td>
<td>61,065,428</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Cash flows from investing activities:</th>
<th>2003</th>
<th>2002</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchase of investments</td>
<td>(261,484,012)</td>
<td>(50,564,707)</td>
</tr>
<tr>
<td>Proceeds from sale of investments</td>
<td>291,146,654</td>
<td>11,733,992</td>
</tr>
<tr>
<td>Purchase of property and equipment</td>
<td>(232,427)</td>
<td>(261,416)</td>
</tr>
<tr>
<td>Net cash provided by (used in) investing activities</td>
<td>728,941</td>
<td>334,082</td>
</tr>
</tbody>
</table>

| Net cash provided by (used in) operating activities | 44,830,061 | 61,065,428 |

See accompanying notes to financial statements (page 22).

### Supplemental cash flow information:

| Cash paid during the year for interest | $134,765 | $139,396 |

| Cash costs for scholarships and project grants | 808,176 | 409,674 |
| Repayments of long-term debt | (79,235) | (75,592) |
| Net cash provided by financing activities | 278,553 | (29,491) |
| Accounts payable | (40,713) | 113,920 |
| Scholarships payable | (193,537) | (329,967) |
| Accrued expenses | (356,220) | 442,438 |
| Refundable deposits | 5,025,294 | 819,892 |
| Net cash provided by operating activities | 44,830,061 | 61,065,428 |

| Net cash provided by investing activities | 728,941 | 334,082 |

| Net cash provided by operating activities | 44,830,061 | 61,065,428 |

See accompanying notes to financial statements (page 22).
NOTES TO FINANCIAL STATEMENTS
June 30, 2003 and 2002

1) Organization
Scholarship America, Inc. (Scholarship America) is a nonprofit organization chartered under the laws of the Commonwealth of Massachusetts to expand access to education opportunities by involving and stimulating communities, corporations, foundations, organizations, and individuals in the support of students and in the encouragement of educational achievements. On January 1, 2003 the corporation was known as Citizens’ Scholarship Foundation of America.

The financial statements do not include assets, liabilities, revenues, or expenses of the individual Dollars for Scholarship America chapters. These chapters are treated as independent organizations.

In fiscal year 2002, the Families of Freedom Scholarship Fund was created to provide postsecondary education assistance for postsecondary education to families of service members who have been killed or permanently disabled as a result of the terrorist attacks on September 11, 2001, and during fiscal year 2003, additional families were related to 11 other attacks. The Fund is intended for children and spouses of the victims, including airline crew and passengers, World Trade Center and Pentagon workers and visitors, and rescue workers, including firefighters, emergency medical personnel, and law enforcement personnel. Assistance from the Fund must be used to defray costs of education at accredited colleges, universities, or vocational technical schools based in the United States. Scholarship America may from time to time assess a charge to income of the Fund in an amount reasonably calculated to reimburse Scholarship America’s direct and indirect costs incurred in the administration of the Fund.

In fiscal year 2003, Families of Freedom 2 was created to provide postsecondary education assistance for those working in the World Trade Center neighborhood who lost their jobs or businesses as a result of the attack.

2) Summary of Significant Accounting Policies
The accounting and reporting of the assets and liabilities of the Account in conformity with accounting principles generally accepted in the United States of America, as described in Statement of Financial Accounting Standards No. 13, Employee Retirement Income Security Act of 1974 (the Pension Act) as amended by Scholarship America are set forth below. Scholarship America is a nonprofit organization and is not subject to accounting principles generally accepted in the United States of America. Statement of Financial Accounting Standards No. 13, Employee Retirement Income Security Act of 1974 (the Pension Act) as amended by the Pension Protection Act of 1991, as contained in the Financial Accounting Standards Board’s Codification, Codification Section 505 (the Codification Section), will be followed. The Codification Section is an authoritative source of guidance and assistance that provides standard definitions, as well as criteria and measurements for the management of the financial statements. A number of changes, however, have been made to the Codification Section as a result of the Codification’s transition activities implemented by the Codification Section through Notice(s) and Interpretive Guidance(s) that have been made available to the public.
Schedule 1
SCHEDULE OF FINANCIAL POSITION
June 30, 2003

Assets
Current assets:
Cash and cash equivalents $86,569,877
Contributions receivable, net 1,315,047
Interest receivable 56,026
Total current assets 87,940,950
Contributions receivable, less current portion, net 997,294
Investments 4,118,420
Total assets $93,056,664

Liabilities and Net Assets
Net assets:
Temporarily restricted 93,056,664
Total liabilities and net assets $93,056,664

See accompanying independent auditor’s report (page 20).

Schedule 2
SCHEDULE OF ACTIVITIES
Year ended June 30, 2003

Changes in unrestricted net assets:
Net assets released from restrictions:
Satisfaction of program restrictions $2,079,895
Total unrestricted revenues and support 2,079,895
Total expenses 2,079,895
Increase in unrestricted net assets 0

Changes in temporarily restricted net assets:
Contributions for:
Scholarships 31,918,086
Support Services 9,532
Investment income 246,285
Total contributions and income 32,173,903
Net assets released from restrictions:
Satisfaction of program restrictions (2,079,895)
Increase in temporarily restricted net assets 30,094,008
Increase in net assets 30,094,008
Net assets:
Balance at beginning of year 62,962,656
Balance at end of year $93,056,664

See accompanying independent auditor’s report (page 20).

Scholarship America Rankings

• **SmartMoney**, *The Wall Street Journal’s* magazine of personal finance, ranked Scholarship America as one of the nation’s 17 most efficient nonprofits for the sixth year in a row.

• **The Nonprofit Times** lists Scholarship America 71st among the 100 largest nonprofits in America.

• **Charity Navigator**, America’s largest independent evaluator of charities, gave Scholarship America a 4-star rating (the highest) for the second consecutive year.

• **The Business Journal of Minnesota** ranked Scholarship America #1 on its Top 25 List of Civic Nonprofits in December, 2002.

• **American Employer Digest** lists Scholarship America as one of America’s most admired employers for 2003.
The sixth annual National Scholarship Month, held in May 2003, was Scholarship America’s largest ever, with 70 events held across the country in support of greater access to higher education.

**Highlights from National Scholarship Month 2003**

- A new website solely devoted to National Scholarship Month (www.nationalscholarshipmonth.org) was launched in March 2003, providing a variety of resources, including the opportunity for communities to register their events in the national database.
- A special $31,000 grant from AXA Foundation enabled Scholarship America to produce a striking, four-color Info Kit about National Scholarship Month, which was mailed to more than 10,000 individuals across the country, including AXA Advisors, Dollars for Scholars chapter presidents,

Dollars for Scholars high schools, ScholarShop coordinators, Scholarship Management Services clients, and individuals associated with National Scholarship Month Organizational Partners.
- Scholarship America president Bill Nelsen awarded the President’s Award to Former Senate Majority Leader Bob Dole and Minnesota Supreme Court Justice Alan Page. Phyllis McGrath, chair of the board, awarded the National Trustees’ Award to Bremer Financial Corporation and Best Buy Corporation.
- Amy Grant and Vince Gill performed at the “In Celebration of Education Gala” in Minneapolis, along with the Osmond Brothers, Sounds of Blackness, Heather Osmond Hallows and Tony Orlando.
now you can support youth in your community who want to pursue postsecondary education.

For more information about:

Starting a scholarship or educational assistance program at your company,
contact one of the Scholarship Management Services regional representatives listed on the previous page, or call 800/537-4180.

Organizing a Dollars for Scholars chapter,
call 800/537-4180, ext. 490.

Starting a ScholarShop in your community,
call 800/537-4180, ext. 656.

Sponsorship opportunities,
call 800/279-2083.

Making a donation,
call 800/279-2083.

See inside back cover for additional contact information.