

Return of Private Foundation

2002

Department of the Treasury Internal Revenue Service

EXTENSION FILED TO 05/17/04

or Section 4947(a)(1) Nonexempt Charitable Trust Treated as a Private Foundation Note: The organization may be able to use a copy of this return to satisfy state reporting requirements.

For the calendar year 2002, or tax year beginning 07/01, 2002, and ending 06/30, 2003

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: ADELLE DAVIS FOUNDATION. Employer identification number: 23-7262117. Telephone number: (805) 969-9076. City or town, state, and ZIP + 4: SANTA BARBARA, CA 93108. H Check type of organization: Section 501(c)(3) exempt private foundation. I Fair market value of all assets at end of year: \$ 1,381,981. J Accounting method: Accrual.

Part I Analysis of Revenue and Expenses. Table with columns: (a) Revenue and expenses per books, (b) Net investment income, (c) Adjusted net income, (d) Disbursements for charitable purposes. Rows include: 1 Contributions, gifts, grants, etc., received; 2 Distributions from split-interest trusts; 3 Interest on savings and temporary cash investments; 4 Dividends and interest from securities; 5 a Gross rents; 6 a Net gain or (loss) from sale of assets not on line 10; 7 Capital gain net income; 8 Net short-term capital gain; 9 Income modifications; 10 a Gross sales less returns and allowances; 11 Other income; 12 Total; 13 Compensation of officers, directors, trustees, etc.; 14 Other employee salaries and wages; 15 Pension plans, employee benefits; 16 a Legal fees; 16 b Accounting fees; 16 c Other professional fees; 17 Interest; 18 Taxes; 19 Depreciation; 20 Occupancy; 21 Travel, conferences, and meetings; 22 Printing and publications; 23 Other expenses; 24 Total operating and administrative expenses; 25 Contributions, gifts, grants paid; 26 Total expenses and disbursements; 27 Subtract line 26 from line 12; a Excess of revenue over expenses and disbursements; b Net investment income; c Adjusted net income.

SCANNED JUL 09 2004

137 RECEIVED and Admin. COSTS

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	
Assets	1	Cash - non-interest-bearing	145,707.		
	2	Savings and temporary cash investments	95,794.	338,927.	338,927.
	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 sch.) (see page 15 of the instr.)			
	7	Other notes and loans receivable (att. sch.) 52,200.			
		Less: allowance for doubtful accounts ▶	52,200.	52,200.	52,200.
	8	Inventories for sale or use			
	9	Prepaid expenses and deferred charges			
	10a	Investments-U.S. and state government obligations (att. sch.)			
	b	Investments-corporate stock (att. sch.)	358,244.	346,460.	346,460.
	c	Investments-corporate bonds (att. sch.)	41,351.		
	11	Investments - land, buildings, and equipment- basis 644,394.			
	Less: accumulated depreciation (attach schedule) ▶	894,394.	644,394.	644,394.	
12	Investments-mortgage loans				
13	Investments-other (att. sch.)				
14	Land, buildings, and equipment- basis				
	Less: accumulated depreciation (attach schedule) ▶				
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)	1,587,690.	1,381,981.	1,381,981.	
Liabilities	17	Accounts payable and accrued expenses	8,806.		
	18	Grants payable			
	19	Deferred revenue			
	20	Loans from officers, directors, trustees, and other disqualified persons			
	21	Mortgages and other notes payable (att. sch.)			
	22	Other liabilities (describe ▶)			
	23	Total liabilities (add lines 17 through 22)	8,806.		
Net Assets or Fund Balances		Organizations that follow SFAS 117, check here <input checked="" type="checkbox"/> and complete lines 24 through 26 and lines 30 and 31.			
	24	Unrestricted	1,578,884.	1,381,981.	
	25	Temporarily restricted			
	26	Permanently restricted			
		Organizations that do not follow SFAS 117, check here and complete lines 27 through 31. <input type="checkbox"/>			
	27	Capital stock, trust principal, or current funds			
	28	Paid-in or capital surplus, or land, bldg., and equipment fund			
29	Retained earnings, accumulated income, endowment, or other funds				
30	Total net assets or fund balances (see page 16 of the instructions)	1,578,884.	1,381,981.		
31	Total liabilities and net assets/fund balances (see page 16 of the instructions)	1,587,690.	1,381,981.		

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	1,578,884.
2	Enter amount from Part I, line 27a	2	<215,884.>
3	Other increases not included in line 2 (itemize) ▶ SEE SCHEDULE 7	3	19,000.
4	Add lines 1, 2, and 3	4	1,382,000.
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	1,382,000.

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.)
1 PUBLICALLY TRADED FROM MANAGED ACCOUNTS			
b AT SALOMON SMITH BARNEY	P	VARIOUS	VARIOUS
c WORTHLESS SECURITY - AMERICAN CONTINENTAL CORP.	P	UNKNOWN	UNKNOWN
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 29692		42820	<13128>
b			
c 0		41351	<41351>
d			
e			

Complete only for assets showing gain in column (h) and owned by the foundation on 12/31/69			(l) Gains (Col. (h) gain minus col. (k), but not less than -0- or Losses (from col. (h))
(i) F.M.V. as of 12/31/69	(j) Adjusted basis as of 12/31/69	(k) Excess of col. (i) over col. (j), if any	
a			
b			
c			
d			
e			

2 Capital gain net income or (net capital loss). If gain, also enter in Part I, line 7 If (loss), enter -0- in Part I, line 7	2
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

(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 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.	8

Part VI Excise Tax Based on Investment Income (Section 4940(a), 4940(b), 4940(e), or 4948 - see pg 17 of the instr)

1	a Exempt operating foundations described in section 4940(d)(2), check here <input type="checkbox"/> 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 <input type="checkbox"/> and enter 1% of Part I, line 27b	1	0.
	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	0.
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	0.
6	Credits/Payments:		
	a 2002 estimated tax payments and 2001 overpayment credited to 2002	6a	492.
	b Exempt foreign organizations - tax withheld at source	6b	
	c Tax paid with application for extension of time to file (Form 8868)	6c	1,720.
	d Backup withholding erroneously withheld	6d	
7	Total credits and payments. Add lines 6a through 6d	7	2,212.
8	Enter any penalty for underpayment of estimated tax. Check here <input type="checkbox"/> 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	2,212.
11	Enter the amount of line 10 to be: Credited to 2003 estimated tax <input type="checkbox"/> Refunded <input type="checkbox"/>	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?		X
1 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)? 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.		X
1 c Did the organization file Form 1120-POL for this year?		X
1 d Enter the amount (if any) of tax on political expenditures (section 4955) imposed during the year: (1) On the organization. ▶ \$ 0. (2) On organization managers. ▶ \$ 0.		
1 e Enter the reimbursement (if any) paid by the organization during the year for political expenditure tax imposed on organization managers. ▶ \$ 0.		
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.		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		X
4 a Did the organization have unrelated business gross income of \$1,000 or more during the year?		X
4 b If "Yes," has it filed a tax return on Form 990-T for this year?		
5 Was there a liquidation, termination, dissolution or substantial contraction during the year? N/A		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?		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.		X
8 a Enter the states to which the foundation reports or with which it is registered (see page 19 of the instructions) ▶ CALIFORNIA		
8 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 N/A		
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 2002 or the taxable year beginning in 2002 (see instructions for Part XIV on page 25)? If "Yes," complete Part XIV		X
10 Did any persons become substantial contributors during the tax year? If "Yes," attach a schedule listing their names and address.		X
11 Did the organization comply with the public inspection requirements for its annual returns and exemption application? N/A		
Web site address ▶ _____		
12 The books are in care of ▶ ELOISE DILLINGS Telephone no. ▶ (805) 969-9076		
Located at ▶ 116 MIDDLE ROAD ZIP + 4 ▶ 93108		
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 N/A ▶ 13		

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.

		Yes	No
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?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
	(2) Borrow money from, lend money to, or otherwise extend credit to (or accept it from) a disqualified person?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
	(3) Furnish goods, services, or facilities to (or accept them from) a disqualified person?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
	(4) Pay compensation to, or pay or reimburse the expenses of, a disqualified person?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> 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)?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> 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.)	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> 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)? Organizations relying on a current notice regarding disaster assistance check here		N/A
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?		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 the tax year 2002, did the organization have any undistributed income (lines 6d and 6e, Part XIII) for tax year(s) beginning before 2002? If "Yes," list the years	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
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.)		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?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> 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.)		N/A
4 a	Did the organization invest during the year any amount in a the manner that would jeopardize its charitable purposes?		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?		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))?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
(2)	Influence the outcome of any specific public election (see section 4955); or to carry on, directly or indirectly, any voter registration drive?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
(3)	Provide a grant to an individual for travel, study, or other similar purposes?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> 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)?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> 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?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> 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)? Organizations relying on a current notice regarding disaster assistance check here		N/A
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? If "Yes," attach the statement required by Regulations section 53.4945-5(d).	<input type="checkbox"/> Yes	<input type="checkbox"/> No
			N/A
6 a	Did the organization, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
b	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?		X
	If you answered "Yes" to 6b, also file Form 8870.		

* BUT, SEE ATTACHED STATEMENT.

Part VIII Information About Officers, Directors, Trustees, Foundation Managers, Highly Paid Employees, and Contractors

1 List all officers, directors, trustees, foundation managers and their compensation (see page 20 of the instructions):

(a) Name and address	(b) Title and average hours per week devoted to position	(c) Compensation (if not paid, enter -0-)	(d) Contributions to employee benefit plans and deferred compensation	(e) Expense account, other allowances
SEE SCHEDULE 2				

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 N/A	
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	313,243.
b	Average of monthly cash balances	1b	338,927.
c	Fair market value of all other assets (see page 22 of the instructions)	1c	644,394.
d	Total (add lines 1a, b, and c)	1d	1,296,564.
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	1,296,564.
4	Cash deemed held for charitable activities. Enter 1 1/2% of line 3 (for greater amount, see page 22 of the instructions)	4	19,448.
5	Net value of noncharitable-use assets. Subtract line 4 from line 3. Enter here and on Part V, line 4	5	1,277,116.
6	Minimum investment return. Enter 5% of line 5	6	63,856.

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	63,856.
2	a Tax on investment income for 2002 from Part VI, line 5	2a	
	b Income tax for 2002. (This does not include the tax from Part VI.)	2b	
c	Add lines 2a and 2b	2c	
3	Distributable amount before adjustments. Subtract line 2c from line 1	3	63,856.
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	63,856.
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	63,856.

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	35,516.
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	35,516.
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	35,516.

Note: The amount on line 6 will be used in Part V, column (b), in subsequent years when calculating whether the foundation qualifies for the section 4940(e) reduction of tax in those years.

Part XIII Undistributed Income (see page 24 of the instructions)

	(a) Corpus	(b) Years prior to 2001	(c) 2001	(d) 2002
1 Distributable amount for 2002 from Part XI, line 7				63,856.
2 Undistributed income, if any, as of the end of 2001:				
a Enter amount for 2001 only				
b Total for prior years:		0.		
3 Excess distributions carryover, if any, to 2002:				
a From 1997				
b From 1998				
c From 1999				
d From 2000				8,025.
e From 2001				32,822.
f Total of lines 3a through e	40,847.			
4 Qualifying distributions for 2002 from Part XII, line 4: ▶ \$ 35,516.				
a Applied to 2001, but not more than line 2a				
b Applied to undistributed income of prior years (Election required - see page 24 of the instructions)		0.		
c Treated as distributions out of corpus (Election required - see page 24 of the instructions)				
d Applied to 2002 distributable amount				35,516.
e Remaining amount distributed out of corpus	0.			
5 Excess distributions carryover applied to 2002 (If an amount appears in column (d), the same amount must be shown in column (a).)	28,340.			28,340.
6 Enter the net total of each column as indicated below.				
a Corpus. Add lines 3f, 4c, and 4e. Subtract line 5	12,507.			
b Prior years' undistributed income. Subtract line 4b from line 2b		0.		
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		0.		
e Undistributed income for 2001. Subtract line 4a from line 2a. Taxable amount - see page 24 of the instructions			0.	
f Undistributed income for 2002. Subtract lines 4d and 5 from line 1. This amount must be distributed in 2003				0.
7 Amounts treated as distributions out of corpus to satisfy requirements imposed by section 170(b)(1)(E) or 4942(g)(3) (see page 24 of the instructions)				
8 Excess distributions carryover from 1997 not applied on line 5 or line 7 (see page 25 of the instructions)	0.			
9 Excess distributions carryover to 2003. Subtract lines 7 and 8 from line 6a	12,507.			
10 Analysis of line 9:				
a Excess from 1998				
b Excess from 1999				
c Excess from 2000				8,025.
d Excess from 2001				32,822.
e Excess from 2002				0.

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

1 a If the foundation has received a ruling or determination letter that it is a private operating foundation, and the ruling is effective for 2002, enter the date of the ruling _____
 b Check box to indicate whether the organization is a private operating foundation described in section 4942(j)(3) or 4942(j)(5).

	Tax year	Prior 3 years			(e) Total
	(a) 2002	(b) 2001	(c) 2000	(d) 1999	
2 a Enter the lesser of the adjusted net income from Part I or the minimum investment return from Part X for each year listed					
b 85% of line 2a					
c Qualifying distributions from Part XII, line 4 for each year listed					
d Amounts included in line 2c not used directly for active conduct of exempt activities					
e Qualifying distributions made directly for active conduct of exempt activities. Subtract line 2d from line 2c					
3 Complete 3a, b, or c for the alternative test relied upon:					
a "Assets" alternative test - enter:					
(1) Value of all assets					
(2) Value of assets qualifying under section 4942(j)(3)(B)(i)					
b "Endowment" alternative test - Enter 2/3 of minimum investment return shown in Part X, line 6 for each year listed					
c "Support" alternative test - enter:					
(1) Total support other than gross investment income (interest, dividends, rents, payments on securities loans (section 512(a)(5)), or royalties)					
(2) Support from general public and 5 or more exempt organizations as provided in section 4942(j)(3)(B)(ii)					
(3) Largest amount of support from an exempt organization					
(4) Gross investment income					

Part XV Supplementary Information (Complete this part only if the organization had \$5,000 or more in assets at any time during the year - see page 25 of the instructions.)

1 **Information Regarding Foundation Managers:**
 a List any managers of the foundation who have contributed more than 2% of the total contributions received by the foundation before the close of any tax year (but only if they have contributed more than \$5,000). (See section 507(d)(2).)
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: _____
- b The form in which applications should be submitted and information and materials they should include: _____
- c Any submission deadlines: _____
- d Any restrictions or limitations on awards, such as by geographical areas, charitable fields, kinds of institutions, or other factors: _____

Part XV Supplementary Information (continued)

3 Grants and Contributions Paid During the Year or Approved for Future Payment

Recipient	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
Name and address (home or business)				
<p>a Paid during the year</p>				
Total				▶ 3a
<p>b Approved for future payment</p>				
Total				▶ 3b

SUPPLEMENTAL RENTAL SCHEDULE

ADELLE DAVIS FOUNDATION

23-7262117

KIND AND LOCATION :

COMMERCIAL PROPERTY LA CANADA, CA

DESCRIPTION

AMOUNT

2. RENTS RECEIVED	
3. ADVERTISING	
4. AUTO AND TRAVEL	
5. CLEANING AND MAINTENANCE	
6. COMMISSIONS	
7. INSURANCE	1,375.
8. LEGAL & OTHER PROFESSIONAL FEES	
9. MORTGAGE INTEREST	
9. OTHER INTEREST	
10. REPAIRS	10,072.
11. TAXES	
12. UTILITIES	
13. WAGES AND SALARIES	
14. DEPRECIATION	
15. OTHER	
16. TOTAL EXPENSES	11,447.
21. NET INCOME OR LOSS	<11,447.>

Federal Attachments

2002

Name(s) as shown on return ADELLE DAVIS FOUNDATION	Identification Number 23-7262117
--	--

FORM 990-PF PART I - SALE OF NON-INVENTORY ASSETS SCHEDULE 1

PUBLICLY TRADED SECURITIES

GROSS SALES PRICE:	29692.
COST OR OTHER BASIS:	84171.
EXPENSES OF SALE:	0.

NET GAIN/LOSS FROM SALE OF PUBLICLY TRADED SECURITIES	54479.-
ASSETS OTHER THAN SECURITIES	

HOW ACQUIRED:

TO WHOM SOLD: PUBLIC SALE

GROSS SALES PRICE:	245000.
COST OR BASIS:	250000.
EXPENSE OF SALE:	17573.
NET GAIN OR LOSS:	22573.-

TOTAL NET GAIN/LOSS FROM SALE OF ASSETS OTHER THAN SECURITIES	22573.-
---	---------

TOTAL NET GAIN/LOSS TO FORM 990PF, PART I, LINE 6A	77052.-
--	---------

Federal Attachments

2002

Name(s) as shown on return ADELLE DAVIS FOUNDATION	Identification Number 23-7262117
--	--

FORM 990-PF PART VIII - OFFICERS, DIRECTORS, TRUSTEES, KEY EMP'S SCHEDULE 2
--

NAME AND ADDRESS	TITLE	HRS/WEEK
JULIA IRONS 705 MC GEE STREET KANSAS, MO 64106	DIRECTOR	2

COMPENSATION	CONTRIBS TO BENFT PLANS	EXPENSE ACCT & OTH ALLOWS
0	0	0

NAME AND ADDRESS	TITLE	HRS/WEEK
KIRKPATRICK DILLING 1120 LEE ROAD NORTHBROOK, IL 60062	DIRECTOR	2

COMPENSATION	CONTRIBS TO BENFT PLANS	EXPENSE ACCT & OTH ALLOWS
0	0	0

NAME AND ADDRESS	TITLE	HRS/WEEK
ELOISE DILLING 116 MIDDLE ROAD SANTA BARBARA, CA 93108	PRESIDENT	10

COMPENSATION	CONTRIBS TO BENFT PLANS	EXPENSE ACCT & OTH ALLOWS
0	0	0

FORM 990-PF PART I - ACCOUNTING FEES SCHEDULE 3
--

ACCOUNTING FEES	BOOK REVENUE	NET INVES INCOME	ADJUSTED NET INCOME	CHARITBL PURPOSES
GREGORY D. SIADAL, CPA <i>see attached statement</i>	1000.	0.	0.	1000.
TOTAL	1000.	0.	0.	1000.

Federal Attachments

2002

Name(s) as shown on return ADELLE DAVIS FOUNDATION	Identification Number 23-7262117
--	--

FORM 990-PF PART I - OTHER PROFESSIONAL FEES	SCHEDULE 4
---	-------------------

OTHER PROFESSIONAL FEES	BOOK REVENUE	NET INVES INCOME	ADJUSTED NET INCOME	CHARITBL PURPOSES
CASE, KNOWLSON, ET. AL. <i>SEE ATTACHED STATEMENT</i>	23192.	0.	0.	23192.
TOTAL	23192.	0.	0.	23192.

FORM 990-PF PART I - TAXES	SCHEDULE 5
-----------------------------------	-------------------

TAXES	BOOK REVENUE	NET INVES INCOME	ADJUSTED NET INCOME	CHARITBL PURPOSES
PROPERTY TAXES	16897.	16897.	0.	0.
TOTAL	16897.	16897.	0.	0.

FORM 990-PF PART I - OTHER EXPENSES	SCHEDULE 6
--	-------------------

DESCRIPTION	BOOK REVENUE	NET INVES INCOME	ADJUSTED NET INCOME	CHARITBL PURPOSES
INVESTMENT ADVISORY FEES	3072.	0.	0.	3072.
TELEPHONE	194.	0.	0.	194.
FILING FEES	63.	0.	0.	63.
OFFICE	222.	0.	0.	222.
ADMINISTRATION	2160.	0.	0.	2160.
UNACCOUNTED FOR	4152.	0.	0.	4152.
INCOME TAXES	1720.	1720.	0.	0.
LOST FUNDS-SEE ATTACHED <i>STATEMENT</i>	83063.	83063.	0.	0.
RENTAL EXPENSES	11447.			
TOTAL TO FORM 990PF PART I, LINE 23	106093.	84783.	0.	9863.

FORM 990-PF PART III - INCREASES IN NET ASSETS OR FUND BALANCES	SCHEDULE 7
--	-------------------

OTHER INCREASES	AMOUNT
REIMBURSEMENT OF PRIOR PERIOD EXPENSES	19000.
TOTAL OTHER INCREASES TO FORM 990-PF PART III LINE 3	19000.

Adelle Davis Foundation
Tax I.D. # 23-7262117

Circumstances Leading to Missing Records

The Adelle Davis Foundation ("Foundation") and its tax preparer have made every effort to provide complete and accurate information in this tax return. However, litigation between the Foundation and its former president, Stephen E. Thurman, and the death of Mr. Thurman, have hindered the Foundation's efforts to obtain complete information about its funds. The Foundation has included a category of "unaccounted for funds" on its return because it has not been able to obtain all of the information necessary to account for all of its transactions and assets. Below is a summary of the litigation and other circumstances that have affected the Foundation's ability to complete its tax return.

In the summer of 2001, a dispute arose between two directors of the Foundation, Stephen E. Thurman and Kirkpatrick Dilling. Both Mr. Thurman and Mr. Dilling accused each other of misappropriating Foundation funds. The third director was Julia Irons. At that time, Mr. Thurman was president of the Foundation and the Foundation's accountant. The vast majority of the Foundation's books and records were in his possession.

In November, 2001, the Board of Directors fired Mr. Thurman as president. In January, 2002, the Board voted to remove Mr. Thurman as director and advised him that he no longer was the Foundation's accountant. Mr. Thurman disputed the legality of his removal as president, director and accountant for the Foundation. He also sent letters to financial institutions where the Foundation had investments, directing them not to cooperate with Kirkpatrick Dilling and Julia Irons.

On April 8, 2002, Mr. Thurman filed an action in Los Angeles County Superior Court, Case Number BC 271607 (the "Action") against Kirkpatrick Dilling. Shortly thereafter Mr. Thurman amended his complaint to name the Foundation as a defendant. The Foundation, in turn, filed a cross-complaint against Mr. Thurman.

After the Action was filed, the Attorney General of the State of California commenced an investigation of the alleged misconduct of both Mr. Thurman and Mr. Dilling. In light of that investigation and in order to conserve its resources,

the Foundation agreed to postpone the litigation. On March 24, 2003, Mr. Thurman and the Foundation dismissed their respective pleadings in the Action without prejudice.

On May 13, 2003, Stephen E. Thurman died. On June 19, 2003, Kirkpatrick Dilling died. Shortly thereafter, the Foundation elected a new Board of Directors and new officers.

At the time of his death, Mr. Thurman continued to maintain possession of the vast majority of the Foundation's books and records. To date, his Estate has failed to forward them to the Foundation. Although the new management team has been able assemble many relevant documents through a variety of sources, there are still missing records and unidentified transactions.

On October 10, 2003, the Foundation commenced a lawsuit against Citigroup Global Markets, Inc. ("Citigroup"), the trustee of the Estate of Stephen E. Thurman ("Estate") and others in Los Angeles County Superior Court, Case Number BC 304023. Among other things, the Foundation seeks an accounting from Citigroup and the Estate of Foundation.

For further information regarding the Attorney General's investigation, please contact:

Deputy Attorney General Sonja Berdnt
Department of Justice
Los Angeles, California 90013
300 South Spring Street, Suite 1703
(213) 897-2179

For further information regarding the above described litigation, please contact:

Armen Tamzarian
Case, Knowlson, Jordan & Wright LLP
2049 Century Park East, Suite 3350
Los Angeles, CA 90067
(310) 552-2766

**Adelle Davis Foundation
Tax I.D. # 23-7262117**

Circumstances Leading to Missing Records

The Adelle Davis Foundation ("Foundation") and its tax preparer have made every effort to provide complete and accurate information in this tax return. However, litigation between the Foundation and its former president, Stephen E. Thurman, and the death of Mr. Thurman, have hindered the Foundation's efforts to obtain complete information about its funds. The Foundation has included a category of "unaccounted for funds" on its return because it has not been able to obtain all of the information necessary to account for all of its transactions and assets. Below is a summary of the litigation and other circumstances that have affected the Foundation's ability to complete its tax return.

In the summer of 2001, a dispute arose between two directors of the Foundation, Stephen E. Thurman and Kirkpatrick Dilling. Both Mr. Thurman and Mr. Dilling accused each other of misappropriating Foundation funds. The third director was Julia Irons. At that time, Mr. Thurman was president of the Foundation and the Foundation's accountant. The vast majority of the Foundation's books and records were in his possession.

In November, 2001, the Board of Directors fired Mr. Thurman as president. In January, 2002, the Board voted to remove Mr. Thurman as director and advised him that he no longer was the Foundation's accountant. Mr. Thurman disputed the legality of his removal as president, director and accountant for the Foundation. He also sent letters to financial institutions where the Foundation had investments, directing them not to cooperate with Kirkpatrick Dilling and Julia Irons.

On April 8, 2002, Mr. Thurman filed an action in Los Angeles County Superior Court, Case Number BC 271607 (the "Action") against Kirkpatrick Dilling. Shortly thereafter Mr. Thurman amended his complaint to name the Foundation as a defendant. The Foundation, in turn, filed a cross-complaint against Mr. Thurman.

After the Action was filed, the Attorney General of the State of California commenced an investigation of the alleged misconduct of both Mr. Thurman and Mr. Dilling. In light of that investigation and in order to conserve its resources,

the Foundation agreed to postpone the litigation. On March 24, 2003, Mr. Thurman and the Foundation dismissed their respective pleadings in the Action without prejudice.

On May 13, 2003, Stephen E. Thurman died. On June 19, 2003, Kirkpatrick Dilling died. Shortly thereafter, the Foundation elected a new Board of Directors and new officers.

At the time of his death, Mr. Thurman continued to maintain possession of the vast majority of the Foundation's books and records. To date, his Estate has failed to forward them to the Foundation. Although the new management team has been able to assemble many relevant documents through a variety of sources, there are still missing records and unidentified transactions.

On October 10, 2003, the Foundation commenced a lawsuit against Citigroup Global Markets, Inc. ("Citigroup"), the trustee of the Estate of Stephen E. Thurman ("Estate") and others in Los Angeles County Superior Court, Case Number BC 304023. Among other things, the Foundation seeks an accounting from Citigroup and the Estate of Foundation.

For further information regarding the Attorney General's investigation, please contact:

Deputy Attorney General Sonja Berndt
Department of Justice
Los Angeles, California 90013
300 South Spring Street, Suite 1703
(213) 897-2179

For further information regarding the above described litigation, please contact:

Armen Tamzarian
Case, Knowlson, Jordan & Wright LLP
2049 Century Park East, Suite 3350
Los Angeles, CA 90067
(310) 552-2766