

Return of Private Foundation or Section 4947(a)(1) Nonexempt Charitable Trust Treated as a Private Foundation

2003

Note: The organization may be able to use a copy of this return to satisfy state reporting requirements

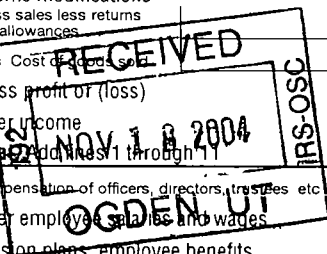
For calendar year **2003**, or tax year beginning _____, and ending _____

G Check all that apply: Initial return Final return Amended return Address change Name change

Use the IRS label otherwise, print or type See Specific Instructions	Name of organization THE STEPPING STONES FOUNDATION Number and street (or P O box number if mail is not delivered to street address) Room/suite PO BOX 452 City or town, state, and ZIP code BEDFORD HILLS, NY 10507	A Employer identification number 13-3031164 B Telephone number 914-232-4822
H Check type of organization: <input checked="" type="checkbox"/> Section 501(c)(3) exempt private foundation <input type="checkbox"/> Section 4947(a)(1) nonexempt charitable trust <input type="checkbox"/> Other taxable private foundation		C If exemption application is pending, check here <input type="checkbox"/> D 1 Foreign organizations, check here <input type="checkbox"/> 2 Foreign organizations meeting the 85% test, check here and attach computation <input type="checkbox"/>
I Fair market value of all assets at end of year (from Part II, col (c), line 16) \$ 7,095,804. (Part I, column (d) must be on cash basis)		E If private foundation status was terminated under section 507(b)(1)(A), check here <input type="checkbox"/> F If the foundation is in a 60-month termination under section 507(b)(1)(B), check here <input type="checkbox"/>

Part I Analysis of Revenue and Expenses <small>(The total of amounts in columns (b), (c), and (d) may not necessarily equal the amounts in column (a))</small>	(a) Revenue and expenses per books	(b) Net investment income	(c) Adjusted net income	(d) Disbursements for charitable purposes (cash basis only)
1 Contributions, gifts, grants, etc., received <small>Check <input checked="" type="checkbox"/> if the foundation is not required to attach Sch B</small>	8,852.			
2 Distributions from split-interest trusts				
3 Interest on savings and temporary cash investments	75.	75.	75.	Statement 2
4 Dividends and interest from securities	222,635.	222,635.	222,635.	Statement 3
5a Gross rents				
b (Net rental income or (loss))				
6a Net gain or (loss) from sale of assets not on line 10	-17,779.			Statement 1
b Gross sales price for all assets on line 6a	2,401,198.			
7 Capital gain net income (from Part IV, line 2)		0.		
8 Net short-term capital gain			33,531.	
9 Income modifications				
10a Gross sales less returns and allowances				
b Less Cost of goods sold				
c Gross profit or (loss)				
11 Other income	5,306.	0.	5,306.	Statement 4
12 Total additions 1 through 11	219,089.	222,710.	261,547.	
13 Compensation of officers, directors, trustees, etc.	65,000.	0.	0.	65,000.
14 Other employee salaries and wages	22,985.	0.	0.	22,985.
15 Pension plans, employee benefits	13,386.	0.	0.	13,386.
16a Legal fees Stmt 5	-1,696.	0.	0.	-1,314.
b Accounting fees Stmt 6	300.	300.	300.	0.
c Other professional fees Stmt 7	43,260.	37,260.	37,260.	6,000.
17 Interest				
18 Taxes Stmt 8	250.	0.	0.	250.
19 Depreciation and depletion	4,685.	0.	0.	
20 Occupancy				
21 Travel, conferences, and meetings	1,218.	0.	0.	1,218.
22 Printing and publications	8,768.	0.	0.	8,768.
23 Other expenses Stmt 9	115,966.	0.	0.	114,360.
24 Total operating and administrative expenses Add lines 13 through 23	274,122.	37,560.	37,560.	230,653.
25 Contributions, gifts, grants paid				
26 Total expenses and disbursements Add lines 24 and 25	274,122.	37,560.	37,560.	230,653.
27 Subtract line 26 from line 12				
a Excess of revenue over expenses and disbursements	-55,033.			
b Net investment income (if negative, enter -0-)		185,150.		
c Adjusted net income (if negative, enter -0-)			223,987.	

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Part II Balance Sheets		Attached schedules and amounts in the description column should be for end-of-year amounts only		Beginning of year	End of year	
		(a) Book Value	(b) Book Value	(c) Fair Market Value		
Assets	1	Cash - non-interest-bearing		21,134.	-1,745.	-1,745.
	2	Savings and temporary cash investments		-20,683.	-29,763.	29,763.
	3	Accounts receivable ▶ 40,692.				
		Less allowance for doubtful accounts ▶		44,634.	40,692.	40,692.
	4	Pledges receivable ▶				
		Less allowance for doubtful accounts ▶				
	5	Grants receivable				
	6	Receivables due from officers, directors, trustees, and other disqualified persons				
	7	Other notes and loans receivable ▶				
		Less allowance for doubtful accounts ▶				
	8	Inventories for sale or use				
	9	Prepaid expenses and deferred charges				
	10a	Investments - U S and state government obligations Stmt 10		881,147.	665,953.	665,953.
	b	Investments - corporate stock Stmt 11		2,122,588.	3,345,570.	3,345,570.
	c	Investments - corporate bonds Stmt 12		1,764,040.	1,562,962.	1,562,962.
	11	Investments - land, buildings, and equipment basis ▶				
	Less accumulated depreciation ▶					
12	Investments - mortgage loans					
13	Investments - other					
14	Land, buildings, and equipment basis ▶ 1,558,429.					
	Less accumulated depreciation Stmt 13 ▶ 105,820.		1,457,294.	1,452,609.	1,452,609.	
15	Other assets (describe ▶)					
16	Total assets (to be completed by all filers)		6,311,520.	7,095,804.	7,095,804.	
Liabilities	17	Accounts payable and accrued expenses		11,978.	14,544.	
	18	Grants payable				
	19	Deferred revenue				
	20	Loans from officers, directors, trustees, and other disqualified persons				
	21	Mortgages and other notes payable				
	22	Other liabilities (describe ▶)				
23	Total liabilities (add lines 17 through 22)		11,978.	14,544.		
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		6,299,542.	7,081,260.	
	25	Temporarily restricted				
	26	Permanently restricted				
	Organizations that do not follow SFAS 117, check here <input type="checkbox"/> and complete lines 27 through 31					
	27	Capital stock, trust principal, or current funds				
	28	Paid-in or capital surplus, or land, bldg, and equipment fund				
	29	Retained earnings, accumulated income, endowment, or other funds				
30	Total net assets or fund balances		6,299,542.	7,081,260.		
31	Total liabilities and net assets/fund balances		6,311,520.	7,095,804.		

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	6,299,542.
2	Enter amount from Part I, line 27a	2	-55,033.
3	Other increases not included in line 2 (itemize) ▶ CHANGE IN UNREALIZED APPRECIATION	3	836,751.
4	Add lines 1, 2, and 3	4	7,081,260.
5	Decreases not included in line 2 (itemize) ▶	5	0.
6	Total net assets or fund balances at end of year (line 4 minus line 5) - Part II, column (b), line 30	6	7,081,260.

Part IV Capital Gains and Losses for Tax on Investment Income

(a) List and describe the kind(s) of property sold (e.g., real estate, 2-story brick warehouse, or common stock, 200 shs MLC Co)	(b) How acquired P - Purchase D - Donation	(c) Date acquired (mo., day, yr.)	(d) Date sold (mo., day, yr.)
1a PER SCHEDULE ATTACHED #16	P		
b PER SCHEDULE ATTACHED #16	P		
c PER SCHEDULE ATTACHED #16	P		
d MISC	P		
e			

(e) Gross sales price	(f) Depreciation allowed (or allowable)	(g) Cost or other basis plus expense of sale	(h) Gain or (loss) (e) plus (f) minus (g)
a 1,131,575.		1,098,044.	33,531.
b 347,089.		387,366.	-40,277.
c 922,534.		931,705.	-9,171.
d		1,862.	-1,862.
e			

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

(i) FMV as of 12/31/69	(j) Adjusted basis as of 12/31/69	(k) Excess of col (i) over col (j), if any	(l) Gains (Col (h) gain minus col (k), but not less than -0-) or Losses (from col (h))
a			33,531.
b			-40,277.
c			-9,171.
d			-1,862.
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	-17,779.
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) If (loss), enter -0- in Part I, line 8	3	33,531.

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 instructions before making any entries

(a) Base period years Calendar year (or tax year beginning in)	(b) Adjusted qualifying distributions	(c) Net value of noncharitable-use assets	(d) Distribution ratio (col (b) divided by col (c))
2002	233,247.	5,207,596.	.0447898
2001	200,890.	5,538,113.	.0362741
2000	210,579.	5,863,842.	.0359114
1999	224,444.	5,694,473.	.0394144
1998	166,506.	5,251,081.	.0317089

2 Total of line 1, column (d)	2	.1880986
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	.0376197
4 Enter the net value of noncharitable-use assets for 2003 from Part X, line 5	4	5,032,704.
5 Multiply line 4 by line 3	5	189,329.
6 Enter 1% of net investment income (1% of Part I, line 27b)	6	1,852.
7 Add lines 5 and 6	7	191,181.
8 Enter qualifying distributions from Part XII, line 4	8	230,653.

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.

Part VI Excise Tax Based on Investment Income (Section 4940(a), 4940(b), 4940(e), or 4948 - see instructions)

Table with 11 rows for excise tax calculations. Includes categories like 'Exempt operating foundations', 'Domestic organizations that meet the section 4940(e) requirements', and 'Credits/Payments'. Total tax due is 2,349.

Part VII-A Statements Regarding Activities

Table with 11 rows for activity statements. Includes questions about political campaigns, unrelated business income, and state reporting. Includes 'Yes' and 'No' columns. Total tax-exempt interest received is N/A.

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.

Table with columns for question text, Yes/No checkboxes, and a grid for Yes/No answers. Rows include questions 1a through 6b regarding disqualifying activities, undistributed income, and charitable investments.

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:

(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 Statement 14		65,000.	0.	0.

2 Compensation of five highest-paid employees (other than those included on line 1). 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 ▶ 0

3 Five highest-paid independent contractors for professional services. 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 ▶ 0

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

Describe the two largest program-related investments made by the foundation during the tax year on lines 1 and 2	Amount
1 N/A	
2	
All other program-related investments See instructions	
3	
Total. Add lines 1 through 3	0.

Part X Minimum Investment Return (All domestic foundations must complete this part Foreign foundations, see 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	5,034,781.
b Average of monthly cash balances	1b	31,900.
c Fair market value of all other assets	1c	42,663.
d Total (add lines 1a, b, and c)	1d	5,109,344.
e Reduction claimed for blockage or other factors reported on lines 1a and 1c (attach detailed explanation)	1e	0.
2 Acquisition indebtedness applicable to line 1 assets	2	0.
3 Subtract line 2 from line 1d	3	5,109,344.
4 Cash deemed held for charitable activities Enter 1 1/2% of line 3 (for greater amount, see instructions)	4	76,640.
5 Net value of noncharitable-use assets Subtract line 4 from line 3 Enter here and on Part V, line 4	5	5,032,704.
6 Minimum investment return Enter 5% of line 5	6	251,635.

Part XI Distributable Amount (see 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	
2a Tax on investment income for 2003 from Part VI, line 5	2a	
b Income tax for 2003 (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	
4a Recoveries of amounts treated as qualifying distributions	4a	
b Income distributions from section 4947(a)(2) trusts	4b	
c Add lines 4a and 4b	4c	
5 Add lines 3 and 4c	5	
6 Deduction from distributable amount (see instructions)	6	
7 Distributable amount as adjusted Subtract line 6 from line 5 Enter here and on Part XIII, line 1	7	

Part XII Qualifying Distributions (see 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	230,653.
b Program-related investments - Total from Part IX-B	1b	0.
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	230,653.
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	5	1,852.
6 Adjusted qualifying distributions Subtract line 5 from line 4	6	228,801.

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 instructions)

	(a) Corpus	(b) Years prior to 2002	(c) 2002	(d) 2003
1 Distributable amount for 2003 from Part XI, line 7				0.
2 Undistributed income, if any, as of the end of 2002				
a Enter amount for 2002 only			0.	
b Total for prior years		0.		
3 Excess distributions carryover, if any, to 2003				
a From 1998				
b From 1999				
c From 2000				
d From 2001				
e From 2002				
f Total of lines 3a through e	0.			
4 Qualifying distributions for 2003 from Part XII, line 4 ▶ \$ <u>N/A</u>				
a Applied to 2002, but not more than line 2a			0.	
b Applied to undistributed income of prior years (Election required - see instructions)		0.		
c Treated as distributions out of corpus (Election required - see instructions)	0.			
d Applied to 2003 distributable amount				0.
e Remaining amount distributed out of corpus	0.			
5 Excess distributions carryover applied to 2003 (If an amount appears in column (d), the same amount must be shown in column (a))	0.			0.
6 Enter the net total of each column as indicated below	0.			
a Corpus Add lines 3f, 4c, and 4e Subtract line 5	0.			
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		0.		
d Subtract line 6c from line 6b Taxable amount - see instructions		0.		
e Undistributed income for 2002 Subtract line 4a from line 2a Taxable amount - see instr			0.	
f Undistributed income for 2003 Subtract lines 4d and 5 from line 1 This amount must be distributed in 2004				0.
7 Amounts treated as distributions out of corpus to satisfy requirements imposed by section 170(b)(1)(E) or 4942(g)(3)	0.			
8 Excess distributions carryover from 1998 not applied on line 5 or line 7	0.			
9 Excess distributions carryover to 2004 Subtract lines 7 and 8 from line 6a	0.			
10 Analysis of line 9				
a Excess from 1999				
b Excess from 2000				
c Excess from 2001				
d Excess from 2002				
e Excess from 2003				

Part XIV Private Operating Foundations (see 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 2003, enter the date of the ruling **09/15/91**

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				(e) Total
	(a) 2003	(b) 2002	(c) 2001	(d) 2000	
2 a Enter the lesser of the adjusted net income from Part I or the minimum investment return from Part X for each year listed	223,987.	188,966.	178,995.	293,192.	885,140.
b 85% of line 2a	190,389.	160,621.	152,146.	249,213.	752,369.
c Qualifying distributions from Part XII, line 4 for each year listed	230,653.	234,948.	200,890.	210,579.	877,070.
d Amounts included in line 2c not used directly for active conduct of exempt activities	0.	3,000.	2,500.	12,500.	18,000.
e Qualifying distributions made directly for active conduct of exempt activities	230,653.	231,948.	198,390.	198,079.	859,070.
3 Complete 3a, b, or c for the alternative test relied upon					
a "Assets" alternative test - enter					
(1) Value of all assets					0.
(2) Value of assets qualifying under section 4942(j)(3)(B)(i)					0.
b "Endowment" alternative test - Enter 2/3 of minimum investment return shown in Part X, line 6 for each year listed	167,757.	173,587.	184,604.	195,461.	721,409.
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)					0.
(2) Support from general public and 5 or more exempt organizations as provided in section 4942(j)(3)(B)(iii)					0.
(3) Largest amount of support from an exempt organization					0.
(4) Gross investment income					0.

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 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

EILEEN GIULIANI, EXECUTIVE DIRECTOR 914-232-4822
THE STEPPING STONES FOUNDATION PO BOX 452 BEDFORD HILLS, NY 10507

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

THERE ARE NO FORMAL GUIDELINES FOR GRANT APPLICATIONS.

c Any submission deadlines

NONE

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

STEPPING STONES IS AN OPERATING FOUNDATION, SO FUNDS FOR GRANTS ARE LIMITED.

Part XV Supplementary Information (continued)

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

Recipient Name and address (home or business)	If recipient is an individual, show any relationship to any foundation manager or substantial contributor	Foundation status of recipient	Purpose of grant or contribution	Amount
a <i>Paid during the year</i> None				
Total				▶ 3a 0.
b <i>Approved for future payment</i> None				
Total				▶ 3b 0.

Part XVI-A Analysis of Income-Producing Activities

Table with 5 columns: (a) Business code, (b) Amount, (c) Exclusion code, (d) Amount, (e) Related or exempt function income. Rows include: 1 Program service revenue (Greeting Card Sales, Book Sales, Royalties on Book, Product Sales), 2 Membership dues and assessments, 3 Interest on savings and temporary cash investments, 4 Dividends and interest from securities, 5 Net rental income from real estate, 6 Net rental income from personal property, 7 Other investment income, 8 Gain or loss from sales of assets other than inventory, 9 Net income from special events, 10 Gross profit from sales of inventory, 11 Other revenue, 12 Subtotal, 13 Total.

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

Table with 2 columns: Line No, Explain below how each activity for which income is reported in column (e) of Part XVI-A contributed importantly to the accomplishment of the organization's exempt purposes. Rows include: 1A GREETING CARDS HIGHLIGHT VARIOUS ASPECTS OF A VISIT TO THE STEPPING STONES HISTORIC SITE., 1B BOOK RELATED TO ALCOHOLISM - "LOIS REMEMBERS", 1C BOOK RELATED TO ALCOHOLISM RE FOUNDER OF AA.

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

- 1 Did the organization directly or indirectly engage in any of the following with any other organization described in section 501(c) of the Code... a Transfers from the reporting organization to a noncharitable exempt organization of (1) Cash (2) Other assets b Other transactions (1) Sales of assets to a noncharitable exempt organization (2) Purchases of assets from a noncharitable exempt organization (3) Rental of facilities, equipment, or other assets (4) Reimbursement arrangements (5) Loans or loan guarantees (6) Performance of services or membership or fundraising solicitations c Sharing of facilities, equipment, mailing lists, other assets, or paid employees d If the answer to any of the above is "Yes," complete the following schedule...

Table with 2 columns: Yes, No. Rows include 1a(1), 1a(2), 1b(1), 1b(2), 1b(3), 1b(4), 1b(5), 1b(6), and 1c. All 'No' boxes are checked with an 'X'.

Table with 4 columns: (a) Line no, (b) Amount involved, (c) Name of noncharitable exempt organization, (d) Description of transfers, transactions, and sharing arrangements. The first row contains 'N/A' in column (c).

2a Is the organization directly or indirectly affiliated with, or related to, one or more tax-exempt organizations described in section 501(c) of the Code (other than section 501(c)(3)) or in section 527? [] Yes [X] No

Table with 3 columns: (a) Name of organization, (b) Type of organization, (c) Description of relationship. The first row contains 'N/A' in column (b).

I am preparing this schedule and statements, and to the best of my knowledge and belief, it is true, correct, and complete to the best of my knowledge.

11/15/04 [Signature] - Director

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Form 990-PF Page 1

990-PF

Asset No	Description	Date Acquired	Method	Life	Line No	Unadjusted Cost Or Basis	Bus % Excl	* Reduction In Basis	Basis For Depreciation	Accumulated Depreciation	Current Sec 179	Amount Of Depreciation
1	LAND & BUILDINGS	100588L				1400000.			1400000.			0.
2	BUILDING IMPROVEMENTS	Varies	SL	27.50	17	90,147.			90,147.	34,196.		4,435.
3	DRIVEWAY	Varies	SL	20.00	17	5,000.			5,000.	2,500.		250.
4	HEATING SYSTEM	Varies	SL	7.00	17	8,100.			8,100.	9,257.		0.
5	EQUIPMENT	Varies	SL	7.00	17	18,364.			18,364.	18,364.		0.
6	EQUIPMENT	Varies	SL	5.00	17	32,429.			32,429.	32,429.		0.
7	EQUIPMENT	010197SL		5.00	17	4,389.			4,389.	4,389.		0.
	* Total 990-PF Pg 1 Depr					1558429.		0.	1558429.	101,135.	0.	4,685.

Form 990-PF Gain or (Loss) from Sale of Assets Statement 1

(a) Description of Property	(b) Gross Sales Price	(c) Cost or Other Basis	(d) Expense of Sale	Manner Acquired (e) Deprec.	Date Acquired (f) Gain or Loss	Date Sold
PER SCHEDULE ATTACHED #16				Purchased		
	1,131,575.	1,098,044.	0.	0.	33,531.	

(a) Description of Property	(b) Gross Sales Price	(c) Cost or Other Basis	(d) Expense of Sale	Manner Acquired (e) Deprec.	Date Acquired (f) Gain or Loss	Date Sold
PER SCHEDULE ATTACHED #16				Purchased		
	347,089.	387,366.	0.	0.	-40,277.	

(a) Description of Property	(b) Gross Sales Price	(c) Cost or Other Basis	(d) Expense of Sale	Manner Acquired (e) Deprec.	Date Acquired (f) Gain or Loss	Date Sold
PER SCHEDULE ATTACHED #16				Purchased		
	922,534.	931,705.	0.	0.	-9,171.	

(a) Description of Property	Manner Acquired	Date Acquired	Date Sold
MISC	Purchased		
(b) Gross Sales Price	(c) Cost or Other Basis	(d) Expense of Sale	(e) Deprec.
0.	1,862.	0.	0.
(f) Gain or Loss			
			-1,862.
Capital Gains Dividends from Part IV			0.
Total to Form 990-PF, Part I, line 6a			-17,779.

Form 990-PF	Interest on Savings and Temporary Cash Investments	Statement	2
Source			Amount
CHECKING			75.
Total to Form 990-PF, Part I, line 3, Column A			75.

Form 990-PF	Dividends and Interest from Securities	Statement	3
Source	Gross Amount	Capital Gains Dividends	Column (A) Amount
DIVIDENDS & INTEREST ON SECURITIES	222,635.	0.	222,635.
Total to Fm 990-PF, Part I, ln 4	222,635.	0.	222,635.

Form 990-PF	Other Income	Statement	4
Description			Amount
GREETING CARD SALES			757.
BOOK SALES			345.
ROYALTIES ON BOOK			1,603.
PRODUCT SALES			2,601.
Total to Form 990-PF, Part I, line 11, Column A			5,306.

Form 990-PF	Legal Fees			Statement	5
Description	(a) Expenses Per Books	(b) Net Invest- ment Income	(c) Adjusted Net Income	(d) Charitable Purposes	
GIBNEY ANTHONY & FLAHERTY - LEGAL	2,132.	0.	0.	2,014.	
AARON SCHWARTZ - LEGAL	-3,828.	0.	0.	-3,328.	
To Fm 990-PF, Pg 1, ln 16a	-1,696.	0.	0.	-1,314.	

Form 990-PF	Accounting Fees			Statement	6
Description	(a) Expenses Per Books	(b) Net Invest- ment Income	(c) Adjusted Net Income	(d) Charitable Purposes	
OWEN J FLANAGAN & CO - ACCOUNTING & TAX	300.	300.	300.	0.	
To Form 990-PF, Pg 1, ln 16b	300.	300.	300.	0.	

Form 990-PF	Other Professional Fees			Statement	7
Description	(a) Expenses Per Books	(b) Net Invest- ment Income	(c) Adjusted Net Income	(d) Charitable Purposes	
MORSE WILLIAMS - INV. ADVISORY	37,260.	37,260.	37,260.	0.	
MARK MCHUGH - CONSULTING	5,500.	0.	0.	5,500.	
MICHAEL KAY - CONSULTING	500.	0.	0.	500.	
To Form 990-PF, Pg 1, ln 16c	43,260.	37,260.	37,260.	6,000.	

Form 990-PF	Taxes			Statement 8
Description	(a) Expenses Per Books	(b) Net Invest- ment Income	(c) Adjusted Net Income	(d) Charitable Purposes
NYS FILING	250.	0.	0.	250.
To Form 990-PF, Pg 1, ln 18	250.	0.	0.	250.

Form 990-PF	Other Expenses			Statement 9
Description	(a) Expenses Per Books	(b) Net Invest- ment Income	(c) Adjusted Net Income	(d) Charitable Purposes
REPAIRS & MAINTENANCE	49,650.	0.	0.	47,714.
UTILITIES	10,157.	0.	0.	10,487.
TELEPHONE	3,813.	0.	0.	3,813.
ARCHIVES	1,144.	0.	0.	1,144.
ANNUAL PICNIC	2,639.	0.	0.	2,639.
INSURANCE	2,798.	0.	0.	2,798.
OFFICE	11,195.	0.	0.	11,195.
MISCELLANEOUS	1,511.	0.	0.	1,511.
HERITAGE PRESERVATION COSTS	3,630.	0.	0.	3,630.
WEB SITE	1,380.	0.	0.	1,380.
PRODUCTS	4,122.	0.	0.	4,122.
CLEANING SERVICE	3,115.	0.	0.	3,115.
BOARD	20,812.	0.	0.	20,812.
To Form 990-PF, Pg 1, ln 23	115,966.	0.	0.	114,360.

Form 990-PF U.S. and State/City Government Obligations Statement 10

Description	U.S. Gov't	Other Gov't	Book Value	Fair Market Value
US GOVERNMENT BONDS STMT #15	X		665,953.	665,953.
Total U.S. Government Obligations			665,953.	665,953.
Total State and Municipal Government Obligations				
Total to Form 990-PF, Part II, line 10a			665,953.	665,953.

Form 990-PF Corporate Stock Statement 11

Description	Book Value	Fair Market Value
CORPORATE STOCK STMT #15	3,345,570.	3,345,570.
Total to Form 990-PF, Part II, line 10b	3,345,570.	3,345,570.

Form 990-PF Corporate Bonds Statement 12

Description	Book Value	Fair Market Value
CORPORATE BONDS STMT #15	1,562,962.	1,562,962.
Total to Form 990-PF, Part II, line 10c	1,562,962.	1,562,962.

Form 990-PF Depreciation of Assets Not Held for Investment Statement 13

Description	Cost or Other Basis	Accumulated Depreciation	Book Value
LAND & BUILDINGS	1,400,000.	0.	1,400,000.
BUILDING IMPROVEMENTS	90,147.	38,631.	51,516.
DRIVEWAY	5,000.	2,750.	2,250.
HEATING SYSTEM	8,100.	9,257.	-1,157.
EQUIPMENT	18,364.	18,364.	0.
EQUIPMENT	32,429.	32,429.	0.
EQUIPMENT	4,389.	4,389.	0.
Total To Fm 990-PF, Part II, ln 14	1,558,429.	105,820.	1,452,609.

Form 990-PF Part VIII - List of Officers, Directors Trustees and Foundation Managers Statement 14

Name and Address	Title and Avg Hrs/Wk	Compensation	Employee Ben Plan Contrib	Expense Account
MAUREEN SULLIVAN NEW YORK, NY	TRUSTEE 1	0.	0.	0.
PETER O. ROSTENBERG NEW FAIRFIELD, CT	TRUSTEE 1	0.	0.	0.
WILLIAM BORCHERT OSSINING, NY	TRUSTEE 1	0.	0.	0.
ROBERT HOGUET NEW YORK, NY	PRESIDENT 1	0.	0.	0.
JULIE CLARK BOAK NEW YORK, NY	SECRETARY 1	0.	0.	0.
JOHNNY W. ALLEM WASHINGTON, DC	TRUSTEE 1	0.	0.	0.
EILEEN GIULIANI BEDFORD HILLS, NY	EXECUTIVE DIRECTOR 40	65,000.	0.	0.
JOANNA COHLAN CHAPPAQUA, NY	VICE-PRESIDENT 1	0.	0.	0.
Totals included on 990-PF, Page 6, Part VIII		65,000.	0.	0.

MORSE, WILLIAMS AND CO., INC.

RR: 1

ACNUM: -02514

PRICES AS OF 12/31

P O R T F O L I O S U M M A R Y

THE STEPPING STONES FOUNDATION

December 31, 2003

	CURRENT VALUE	% PORT	ANNUAL INCOME	CURR YIELD
CASH & CASH EQUIVALENTS	29,763	0.5	417	1.4
FIXED INCOME				
GOVERNMENT OBLIGATIONS	665,953	11.9	40,458	6.1
CORPORATE BONDS	1,272,705	22.7	85,461	6.7
FOREIGN BONDS	123,257	2.2	7,500	6.1
PREFERRED STOCKS	80,380	1.4	5,920	7.4
TOTAL FIXED INCOME	2,142,295	38.2	139,339	6.5
CONVERTIBLES				
CONVERTIBLE BONDS	167,000	3.0	16,000	9.6
CONVERTIBLE PREFERRED STOCKS	129,900	2.3	8,250	6.4
TOTAL CONVERTIBLES	296,900	5.3	24,250	8.2
EQUITIES				
BASIC MATERIALS	111,658	2.0	2,216	2.0
CAPITAL GOODS	492,123	8.8	8,196	1.7
CONSUMER CYCLICAL	295,490	5.3	2,580	0.9
CONSUMER STAPLES	357,349	6.4	6,256	1.8
ENERGY	381,308	6.8	14,629	3.8
FINANCIAL	417,735	7.5	11,355	2.7
SERVICES	183,517	3.3	1,390	0.8
TECHNOLOGY	673,543	12.0	1,779	0.3
UTILITIES	142,880	2.5	6,080	4.3
DIVERSIFIED	34,012	0.6	576	1.7
REAL ESTATE	45,675	0.8	2,100	4.6
TOTAL EQUITIES	3,135,290	55.9	57,157	1.8
TOTAL PORTFOLIO	\$ 5,604,248	100.0	221,162	3.9
TOTAL ACCRUED INCOME	40,692			
TOTAL PORTFOLIO W/ ACCRUED INCOME	\$ 5,644,940			

=====

STMT #15

MORSE, WILLIAMS AND CO., INC.
 PORTVUE - R2514L.LCM
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 P O R T F O L I O A P P R A I S A L
 THE STEPPING STONES FOUNDATION
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	UNIT COST	MARKET PRICE	ORIGINAL COST	CURRENT VALUE	% PORT	ANNUAL INCOME	CURR YIELD
CASH & CASH EQUIVALENTS							
29,763 CASH BALANCE			29,763	29,763	0.5	417	1.4

FIXED INCOME

GOVERNMENT OBLIGATIONS

50,000 U S TREASURY NOTE	101.13	106.91	50,563	53,453	1.0	3,750	7.0
100,000 U S TREASURY NOTE	100.56	112.00	100,563	112,000	2.0	7,000	6.3
100,000 U S TREASURY NOTE	99.09	111.91	99,094	111,906	2.0	6,125	5.5
100,000 FEDERAL FARM CREDIT	100.00	104.31	100,000	104,313	1.9	6,120	5.9
50,000 FEDERAL FARM CREDIT	100.00	104.63	50,000	52,313	0.9	3,000	5.7
50,000 U S TREASURY BOND	98.73	127.31	49,366	63,656	1.1	3,750	5.9
100,000 FEDERAL HOME LOAN BANK	100.00	100.78	100,000	100,781	1.8	6,650	6.6
50,000 U S TREASURY BOND	100.38	135.06	50,188	67,531	1.2	4,063	6.0

TOTAL GOVERNMENT OBLIGATIONS

599,772 665,953 11.9 40,458 6.1

CORPORATE BONDS

100,000 CIT SR NOTES	98.37	106.06	98,366	106,062	1.9	5,910	5.6
80,000 ARKLA INC	115.10	113.31	92,080	90,646	1.6	7,120	7.9
100,000 GTE CALIFORNIA	99.75	112.97	99,750	112,972	2.0	7,650	6.8
50,000 AMGEN	97.50	112.45	48,750	56,225	1.0	3,250	5.8
100,000 BANK OF BOSTON	100.94	111.03	100,938	111,029	2.0	6,375	5.7
100,000 AT&T CORP	96.25	107.00	96,250	107,000	1.9	6,000	5.6
100,000 FORD MOTOR CREDIT	103.66	109.82	103,655	109,816	2.0	7,375	6.7
50,000 HSBC HOUSEHOLD FIN CO	100.00	99.10	50,000	49,551	0.9	2,250	4.5
200,000 MOTOROLA	97.97	114.93	195,938	229,860	4.1	15,250	6.6
125,000 BOEING CAP CORP	103.45	107.93	129,306	134,915	2.4	7,625	5.7
100,000 ELOT INC.	80.50	30.50	80,500	30,500	0.5	7,500	24.6
50,000 CATERPILLAR FINC SERV.	100.00	98.54	50,000	49,271	0.9	2,500	5.1
75,000 FORD MOTOR CO	107.00	113.15	80,250	84,859	1.5	6,656	7.8

TOTAL CORPORATE BONDS

1,225,783 1,272,705 22.7 85,461 6.7

MORSE, WILLIAMS AND CO., INC.
 PORTFOLIO - R2514L.LCM
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 P O R T F O L I O A P P R A I S A L
 THE STEPPING STONES FOUNDATION
 December 31, 2003
 PRICES AS OF 12/31

			UNIT	MARKET	ORIGINAL	CURRENT	%	ANNUAL	CURR
			COST	PRICE	COST	VALUE	PORT	INCOME	YIELD
FOREIGN BONDS									
=====									
100,000 QUEBEC HYDRO	7.500%	04/01/16	98.40	123.26	98,398	123,257	2.2	7,500	6.1
PREFERRED STOCKS									
=====									
2,000 PMA CAPITAL	8.500%	06/15/18	10.38	7.69	20,769	15,380	0.3	1,700	11.1
2,500 TENN VALLEY AUTH SERIES B	6.750%	06/01/28	25.63	26.00	64,073	65,000	1.2	4,220	6.5
TOTAL PREFERRED STOCKS					84,842	80,380	1.4	5,920	7.4
TOTAL FIXED INCOME					2,008,794	2,142,295	38.2	139,339	6.5

CONVERTIBLES									
=====									
CONVERTIBLE BONDS									
=====									
200,000 SPACEHAB CVTS	8.000%	10/15/07	95.84	83.50	191,687	167,000	3.0	16,000	9.6
CONVERTIBLE PREFERRED STOCKS									
=====									
3,000 TEXAS INDS PEDS			32.81	43.30	98,444	129,900	2.3	8,250	6.4
TOTAL CONVERTIBLES					290,131	296,900	5.3	24,250	8.2

EQUITIES									
=====									
BASIC MATERIALS									
=====									
CHEMICALS									
=====									
800 DU PONT E I DE NEMOURS CO			53.32	45.89	42,654	36,712	0.7	1,120	3.1
1,600 RPM INC OHIO			13.64	16.46	21,822	26,336	0.5	896	3.4
TOTAL EQUITIES					64,476	63,048	1.1	2,016	3.2

MORSE, WILLIAMS AND CO., INC.
 PORTVUE - R2514L.LCM
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 PRICES AS OF 12/31
 P O R T F O L I O A P P R A I S A L
 THE STEPPING STONES FOUNDATION
 December 31, 2003

	UNIT COST	MARKET PRICE	ORIGINAL COST	CURRENT VALUE	% PORT	ANNUAL INCOME	CURR YIELD
METALS & MINING							
1,000 NEWMONT MNG CORP	23.74	48.61	23,744	48,610	0.9	200	0.4
TOTAL BASIC MATERIALS			88,220	111,658	2.0	2,216	2.0

	UNIT COST	MARKET PRICE	ORIGINAL COST	CURRENT VALUE	% PORT	ANNUAL INCOME	CURR YIELD
CAPITAL GOODS							
=====							
AEROSPACE							
1,500 APPLIED SIGNAL TECH	17.73	23.18	26,602	34,770	0.6	750	2.2
1,500 FREQUENCY ELECTRS INC	12.39	14.50	18,591	21,750	0.4	300	1.4
600 LOCKHEED MARTIN CORP	53.47	51.40	32,082	30,840	0.6	528	1.7
700 L-3 COMMUNICATIONS HLDGS INCCOM	45.78	51.36	32,044	35,952	0.6	280	0.8
1,500 RAYTHEON CO	30.05	30.04	45,080	45,060	0.8	1,200	2.7
700 UNITED TECHNOLOGIES CORP	67.75	94.77	47,424	66,339	1.2	980	1.5
			201,823	234,711	4.2	4,038	1.7

	UNIT COST	MARKET PRICE	ORIGINAL COST	CURRENT VALUE	% PORT	ANNUAL INCOME	CURR YIELD
BUILD. & CONSTRUCT.							
300 AMERICAN STD COS INC DEL	84.30	100.70	25,290	30,210	0.5	20	0.1
1,000 JLG INDS INC	14.95	15.23	14,952	15,230	0.3	20	0.1
			40,242	45,440	0.8	20	0.1

	UNIT COST	MARKET PRICE	ORIGINAL COST	CURRENT VALUE	% PORT	ANNUAL INCOME	CURR YIELD
ELECTRICAL EQUIP.							
1,500 GENERAL ELECTRIC COMPANY	43.53	30.98	65,289	46,470	0.8	1,200	2.6
1,000 HONEYWELL INTERNATIONAL, INC.	34.25	33.43	34,249	33,430	0.6	750	2.2
1,000 TEXTRON INC	42.10	57.06	42,104	57,060	1.0	1,300	2.3
			141,642	136,960	2.4	3,250	2.4

	UNIT COST	MARKET PRICE	ORIGINAL COST	CURRENT VALUE	% PORT	ANNUAL INCOME	CURR YIELD
INSTRUMENTATION							
1,000 THERMO ELECTRON CORP	23.49	25.20	23,492	25,200	0.4		

MORSE, WILLIAMS AND CO., INC.
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P O R T F O L I O A P P R A I S A L

THE STEPPING STONES FOUNDATION

PRICES AS OF 12/31

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MACHINERY

600 CATERPILLAR TRACTOR

TOTAL CAPITAL GOODS

CONSUMER CYCLICAL

=====

FOOD SERV/LODG

1,200 SYSCO CORP

PUBLISHING/ VIDEO/ BROADCAST

1,000 COMCAST CORP CL A SPL

1,500 TIME WARNER INC

RETAIL - GENERAL

500 WAL MART STORES INC

600 WALGREEN COMPANY

RETAIL - SPECIALTY

400 COACH INC

1,400 HOME DEPOT INC

800 TIFFANY & CO NEW

1,000 V F CORP

TOTAL CONSUMER CYCLICAL

	UNIT COST	MARKET PRICE	ORIGINAL COST	CURRENT VALUE	% PORT	ANNUAL INCOME	CURR YIELD
	49.37	83.02	29,619	49,812	0.9	888	1.8
			436,818	492,123	8.8	8,196	1.7
	27.36	37.23	32,835	44,676	0.8	624	1.4
	28.06	31.29	28,059	31,290	0.6		
	15.17	17.99	22,749	26,985	0.5		
			50,808	58,275	1.0		
	58.99	53.05	28,493	26,525	0.5	260	1.0
	31.75	36.38	19,049	21,828	0.4	104	0.5
			47,542	48,353	0.9	364	0.8
	28.27	37.75	11,306	15,100	0.3		
	41.55	35.49	58,174	49,686	0.9	392	0.8
	30.10	45.20	24,081	36,160	0.6	160	0.4
	39.12	43.24	39,124	43,240	0.8	1,040	2.4
			132,684	144,186	2.6	1,592	1.1
			263,869	295,490	5.3	2,580	0.9

COM

COM

MORSE, WILLIAMS AND CO., INC.
 PORTVUE - R2514L.LCM
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PRICES AS OF 12/31

P O R T F O L I O A P P R A I S A L

THE STEPPING STONES FOUNDATION

December 31, 2003

CONSUMER STAPLES
 =====

BIOTECHNOLOGY

700 AMGEN
 800 GENZYME CORP
 1,500 MILLENNIUM PHARMACTCLS INC COM

DRUGS

2,000 BRISTOL MYERS SQUIBB CO
 1,000 PFIZER INC

FOODS

1,400 CONAGRA INC

HEALTH CARE

300 BARD C R INC N J
 500 HCA INC
 800 JOHNSON & JOHNSON
 COM

SOAPS & TOILETRIES

600 COLGATE PALMOLIVE CO

TOTAL CONSUMER STAPLES

	UNIT COST	MARKET PRICE	ORIGINAL COST	CURRENT VALUE	% PORT	ANNUAL INCOME	CURR YIELD
	46.95	61.79	32,864	43,253	0.8		
	35.62	49.29	28,499	39,432	0.7		
	14.13	18.65	21,194	27,975	0.5		
			82,557	110,660	2.0		
	27.45	28.60	54,901	57,200	1.0	2,240	3.9
	40.26	35.33	40,264	35,330	0.6	680	1.9
			95,165	92,530	1.7	2,920	3.2
	23.67	26.39	33,142	36,946	0.7	1,456	3.9
	70.23	81.25	21,070	24,375	0.4	276	1.1
	38.37	42.96	19,187	21,480	0.4	260	1.2
	43.29	51.66	34,633	41,328	0.7	768	1.9
			74,890	87,183	1.6	1,304	1.5
	56.08	50.05	33,649	30,030	0.5	576	1.9
			319,403	357,349	6.4	6,256	1.8

MORSE, WILLIAMS AND CO., INC.
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 P O R T F O L I O A P P R A I S A L
 THE STEPPING STONES FOUNDATION

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PRICES AS OF 12/31

ENERGY
 =====

	UNIT COST	MARKET PRICE	ORIGINAL COST	CURRENT VALUE	% PORT	ANNUAL INCOME	CURR YIELD
1,000 BP AMOCO ADS	55.86	49.35	55,865	49,350	0.9	1,530	3.1
1,500 CHEVRONTXACO CORPORATION	83.67	86.39	41,837	43,195	0.8	1,460	3.4
1,500 CROSS TIMBERS RTY TR	25.85	28.60	38,772	42,900	0.8	2,918	6.8
1,200 EXXON CORPORATION	41.20	41.00	49,437	49,200	0.9	1,200	2.4
1,000 HALLIBURTON CO	22.29	26.00	22,288	26,000	0.5	500	1.9
2,000 LACLEDE GROUP INC	24.04	28.55	48,083	57,100	1.0	2,720	4.8
1,700 MARATHON OIL CORP	23.06	33.09	39,205	56,253	1.0	1,700	3.0
600 MESA RTY TR	53.57	55.50	32,142	33,300	0.6	2,602	7.8
1,000 TRANSOCEAN SEDCO FOREX INC	28.48	24.01	28,482	24,010	0.4		
			356,111	381,308	6.8	14,629	3.8

FINANCIAL
 =====

BANKS

2,000 ABIGAIL ADAMS NATL BANCORP	13.69	19.02	27,386	38,040	0.7	1,000	2.6
1,000 AMSOUTH BANCORPORATION	24.22	24.50	24,222	24,500	0.4	960	3.9
1,000 CITIGROUP INC.	47.60	48.54	47,603	48,540	0.9	1,600	3.3
500 HSBC HLDGS PLC	63.09	78.82	31,547	39,410	0.7	1,500	3.8
2,000 U S BANCORP	21.38	29.78	42,755	59,560	1.1	1,920	3.2
			173,513	210,050	3.7	6,980	3.3

FINANCIAL SERVICES

1,200 ALLIANCE CAP MGMT HLDG L P	35.75	33.75	42,897	40,500	0.7	2,736	6.8
500 AMERICAN EXPRESS CO	47.75	48.23	23,877	24,115	0.4	200	0.8
300 GOLDMAN SACHS GROUP INC	85.43	98.73	25,630	29,619	0.5	300	1.0
			92,404	94,234	1.7	3,236	3.4

MORSE, WILLIAMS AND CO., INC.
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 P O R T F O L I O A P P R A I S A L
 THE STEPPING STONES FOUNDATION

December 31, 2003

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	UNIT COST	MARKET PRICE	ORIGINAL COST	CURRENT VALUE	% PORT	ANNUAL INCOME	CURR YIELD
INSURANCE							
600 AMERICAN INTL GROUP INC	70.88	66.28	42,527	39,768	0.7	156	0.4
600 UNITEDHEALTH GROUP INC	49.04	58.18	29,422	34,908	0.6	18	0.1
500 XL CAPITAL LTD.	76.42	77.55	38,212	38,775	0.7	965	2.5
			110,161	113,451	2.0	1,139	1.0
			-----	-----	-----	-----	-----
TOTAL FINANCIAL			376,078	417,735	7.5	11,355	2.7

SERVICES
 =====

600 CINTAS CORP.	33.21	50.10	19,923	30,060	0.5	174	0.6
800 GTECH HLDGS CORP	24.67	49.49	19,737	39,592	0.7	544	1.4
1,000 IRON MTN INC PA	36.85	39.54	36,848	39,540	0.7		
600 UNITED PARCEL SVC INC	66.42	74.55	39,850	44,730	0.8	672	1.5
500 UTSTARCOM INC	38.06	37.07	19,032	18,535	0.3		
1,000 1 800 FLOWERS COM INC	11.02	11.06	11,017	11,060	0.2		
			146,406	183,517	3.3	1,390	0.8

TECHNOLOGY
 =====

	UNIT COST	MARKET PRICE	ORIGINAL COST	CURRENT VALUE	% PORT	ANNUAL INCOME	CURR YIELD
OFFICE EQUIPMENT							
2,500 CRAY INC	6.18	9.93	15,457	24,825	0.4		
1,000 DELL INC	23.87	33.98	23,870	33,980	0.6		
2,000 E M C CORP MASS	10.55	12.92	21,102	25,840	0.5		
1,000 NETWORK APPLIANCE INC	11.24	20.44	11,242	20,440	0.4		
1,000 STORAGE TECHNOLOGY CORP	25.38	25.75	25,381	25,750	0.5		
			97,052	130,835	2.3		

MORSE, WILLIAMS AND CO., INC.
 PORTVUE - R2514L.LCM
 RR: 1
 ACNUM: -02514
 PRICES AS OF 12/31
 December 31, 2003

P O R T F O L I O A P P R A I S A L
 THE STEPPING STONES FOUNDATION

	UNIT COST	MARKET PRICE	ORIGINAL COST	CURRENT VALUE	% PORT	ANNUAL INCOME	CURR YIELD
TELECOMMUNICATIONS							
2,000 CHINA MOBILE HONG KONG LTD	14.00	15.53	27,994	31,060	0.6	616	2.0
4,000 CIENA CORP	5.87	6.56	23,472	26,240	0.5		
1,200 CISCO SYS INC	17.18	24.23	20,615	29,076	0.5		
1,500 FOUNDRY NETWORKS	9.10	27.33	13,651	40,995	0.7		
1,000 JUNIPER NETWORKS INC	14.40	18.68	14,402	18,680	0.3	320	0.7
1,800 QUALCOMM INC	36.23	53.93	28,985	43,144	0.8	471	1.3
1,500 VODAFONE GROUP PLC	20.23	25.04	30,341	37,560	0.7		
			159,460	226,755	4.0	1,407	0.6
SEMICONDUCTORS							
1,000 ANALOG DEVICES INC	31.35	45.65	31,346	45,650	0.8	80	0.2
1,700 BROADCOM CORP	26.19	34.02	18,331	23,814	0.4		
1,200 INTEL CORP	31.31	32.05	37,566	38,460	0.7	192	0.5
2,000 MICRON TECHNOLOGY INC	8.98	13.47	17,954	26,940	0.5		
2,500 RF MICRO DEVICES INC	6.29	10.06	15,722	25,150	0.4		
1,000 TEXAS INSTRUMENTS INC	29.06	29.38	29,059	29,380	0.5	85	0.3
			149,978	189,394	3.4	357	0.2
SOFTWARE							
300 ADOBE SYS INC	44.70	39.08	13,411	11,724	0.2	15	0.1
1,500 BEA SYS INC	13.90	12.30	20,852	18,450	0.3		
2,000 BOTTOMLINE TECHNOLOGIES DEL	6.29	9.00	12,578	18,000	0.3		
2,000 ORACLE SYSTEMS CORPORATION	11.81	13.23	23,614	26,460	0.5		
2,500 RSA SEC INC	8.88	14.25	22,195	35,625	0.6		
1,000 VERISIGN INC	13.07	16.30	13,072	16,300	0.3		
			105,722	126,559	2.3	15	
			512,212	673,543	12.0	1,779	0.3
TOTAL TECHNOLOGY							

MORSE, WILLIAMS AND CO., INC.
 PORTVUE - R2514L.LCM
 RR: 1
 ACNUM: -02514

PORTFOLIO APPRAISAL
 THE STEPPING STONES FOUNDATION

December 31, 2003

PRICES AS OF 12/31

UTILITIES
 =====

1,300 ALLIANT CORP COM
 500 ALLTEL CORP
 2,000 SBC COMMUNICATIONS, INC COMMON STOCK
 1,000 VERIZON COMMUNICATIONS

	UNIT COST	MARKET PRICE	ORIGINAL COST	CURRENT VALUE	% PORT	ANNUAL INCOME	CURR YIELD
	16.40	24.90	21,326	32,370	0.6	1,300	4.0
	51.65	46.58	25,823	23,290	0.4	1,740	3.2
	22.70	26.07	45,394	52,140	0.9	2,500	4.8
	37.57	35.08	37,567	35,080	0.6	1,540	4.4
			130,110	142,880	2.5	6,080	4.3

DIVERSIFIED
 =====

400 3M COMPANY COM

REAL ESTATE
 =====

1,500 PLUM CREEK TIMBER CO INC COM

TOTAL EQUITIES

TOTAL PORTFOLIO

TOTAL ACCRUED INCOME

TOTAL PORTFOLIO W/ ACCRUED INCOME

	63.06	85.03	25,223	34,012	0.6	576	1.7
	27.47	30.45	41,198	45,675	0.8	2,100	4.6
			2,695,649	3,135,290	55.9	57,157	1.8
			\$ 5,024,337	\$ 5,604,248	100.0	221,162	3.9
				40,692			
				\$ 5,644,940			

Total Fair Value 5,604,248
 Total Cost 5,024,337
 Valuation 579,911

MORSE, WILLIAMS AND CO., INC.
 PORTVUE - R2514L.LSK

SCHEDULE OF REALIZED GAINS AND LOSSES
 THE STEPPING STONES FOUNDATION

FOR THE PERIOD FROM: 01/01/03 THROUGH 12/31/03

SECURITY DESCRIPTION	ORIGINAL COST	PURCHASE DATE	PROCEEDS	SALE DATE	GAIN OR (-LOSS)
Short-term (Max tax rate 35.0%)					
=====					
SEARS ROEBUCK & CO	11,776.00	10/17/02	11,912.63	01/03/03	136.63
SYSCO CORP	5,764.40	01/29/02	6,098.81	01/07/03	334.41
AMGEN	5,137.15	05/23/02	4,955.84	01/08/03	-181.31
SYSCO CORP	8,646.60	01/29/02	9,145.72	01/08/03	499.12
FEDERAL NAT MORTGAGE ASSN	13,270.40	09/18/02	13,658.58	01/09/03	388.18
STARBUCKS CORP COM	23,483.00	05/30/02	20,407.38	01/14/03	-3,075.62
KOPIN CORP COM	18,077.00	03/04/02	7,858.43	01/22/03	-10,218.57
KOPIN CORP COM	3,585.18	07/31/02	1,964.61	01/22/03	-1,620.57
XCEL ENERGY INC	22,256.00	05/22/02	11,522.65	01/24/03	-10,733.35
GIECH HLDGS CORP COM	4,934.17	12/05/02	5,368.83	01/28/03	434.66
SEARS ROEBUCK & CO	11,776.00	10/17/02	11,082.52	02/10/03	-693.48
SEARS ROEBUCK & CO	5,569.00	11/05/02	4,433.01	02/10/03	-1,135.99
COLGATE PALMOLIVE CO	10,816.80	04/18/02	9,896.70	03/05/03	-920.10
COLGATE PALMOLIVE CO	5,408.40	04/18/02	4,925.35	03/07/03	-483.05
COLGATE PALMOLIVE CO	5,522.50	05/06/02	4,925.35	03/07/03	-597.15
FEDERAL HOME LOAN BANK	38,852.00	04/04/02	40,000.00	03/14/03	1,148.00
ALBEMARLE CORP COM	7,385.72	10/10/02	7,192.81	03/26/03	-192.91
ROCKWELL COLLINS INC COM	12,635.00	05/31/02	9,187.76	03/27/03	-3,447.24
ALBEMARLE CORP COM	4,923.81	10/10/02	4,872.77	04/03/03	-51.04
HCA INC COM	14,761.20	06/10/02	11,200.47	04/04/03	-3,560.73
HCA INC COM	9,231.36	09/05/02	5,768.93	04/15/03	-3,462.43
HCA INC COM	13,786.00	09/25/02	8,653.39	04/15/03	-5,132.61
XCEL ENERGY INC	11,052.00	11/06/02	12,837.39	04/15/03	1,785.39
GTECH HLDGS CORP COM	4,934.17	12/05/02	6,700.68	04/22/03	1,766.51
AMSOUTH BANCORPORATION COM	20,272.00	07/25/02	21,177.00	05/05/03	905.00
WAL MART STORES INC	16,948.20	06/10/02	16,687.21	05/05/03	-260.99
XCEL ENERGY INC	5,555.67	03/12/03	6,852.67	05/05/03	1,297.00
AMSOUTH BANCORPORATION COM	10,192.00	03/26/03	10,538.50	05/07/03	346.50
AMSOUTH BANCORPORATION COM	10,297.00	04/02/03	10,538.50	05/07/03	241.50
DUN & BRADSTREET CORP DEL NECOM	17,953.00	09/13/02	19,347.09	05/07/03	1,394.09
XCEL ENERGY INC	5,555.66	03/12/03	6,772.68	05/07/03	1,217.02
QUALCOMM INC COM	7,768.80	01/09/03	6,046.71	05/08/03	-1,722.09
KOPIN CORP COM	13,082.00	04/15/03	9,969.52	05/13/03	-3,112.48
FAIRCHILD SEMICONDUCTOR INTLCL A	6,646.00	12/10/02	6,247.70	05/14/03	-398.30
XCEL ENERGY INC	5,555.67	03/12/02	6,933.67	05/14/03	1,378.00
XCEL ENERGY INC	5,649.67	03/13/03	6,933.67	05/14/03	1,284.00
BRIGGS & STRATTON CORP COM	8,413.83	11/22/02	9,250.44	05/15/03	836.61
AGL RES INC COM	22,636.00	08/26/02	24,826.83	05/19/03	2,190.83
ALBEMARLE CORP COM	24,619.05	10/10/02	25,696.79	05/19/03	1,077.74
XCEL ENERGY INC	11,299.33	03/13/03	14,537.31	05/19/03	3,237.98
400 ALLTEL CORP	20,301.60	11/18/02	18,913.11	05/29/03	-1,388.49
FAIRCHILD SEMICONDUCTOR INTLCL A	6,646.00	12/10/02	6,827.67	06/04/03	181.67
FAIRCHILD SEMICONDUCTOR INTLCL A	11,907.00	02/18/03	13,391.36	06/10/03	1,484.36
FORD MOTOR CREDIT 7.375% 10/28/09	97,625.00	12/02/02	105,500.00	06/10/03	7,875.00
FORD MOTOR CREDIT 7.375% 10/28/09	48,687.50	12/04/02	52,750.00	06/10/03	4,062.50
CRAY INC COM	2,436.50	10/28/02	3,827.81	06/18/03	1,391.31
1,000 INTERDIGITAL COMMUNICATION COM	24,447.00	05/12/03	23,276.90	06/30/03	-1,170.10

STMT #16

MORSE, WILLIAMS AND CO., INC.
 PORTVUE - R2514L.LSK

SCHEDULE OF REALIZED GAINS AND LOSSES
 THE STEPPING STONES FOUNDATION

FOR THE PERIOD FROM: 01/01/03 THROUGH 12/31/03

SECURITY DESCRIPTION	ORIGINAL COST	PURCHASE DATE	PROCEEDS	SALE DATE	GAIN OR (-LOSS)
MAGNA DESIGN AUTOMATION INC COM	9,181.00	04/14/03	17,907.15	06/30/03	8,726.15
FOUNDRY NETWORKS COM	4,550.25	02/18/03	7,080.60	07/01/03	2,530.35
BMC SOFTWARE INC	9,056.00	11/26/02	7,107.66	07/10/03	-1,948.34
CATERPILLAR TRACTOR	9,216.67	12/16/02	11,238.47	07/10/03	2,021.80
BRIGGS & STRATTON CORP COM	12,620.74	11/22/02	15,420.92	07/11/03	2,800.18
BRIGGS & STRATTON CORP COM	8,338.67	11/26/02	10,280.61	07/11/03	1,941.94
BMC SOFTWARE INC	9,056.00	11/26/02	6,877.67	07/18/03	-2,178.33
MAGNA DESIGN AUTOMATION INC COM	4,590.50	04/14/03	8,307.60	07/21/03	3,717.10
BRIGGS & STRATTON CORP COM	4,169.33	11/26/02	5,246.42	07/23/03	1,077.09
BRIGGS & STRATTON CORP COM	8,245.00	03/21/03	10,492.84	07/23/03	2,247.84
MAGNA DESIGN AUTOMATION INC COM	4,590.50	04/14/03	8,067.62	07/24/03	3,477.12
ZORAN CORP COM	1,104.40	09/30/02	2,559.48	07/29/03	1,455.08
INTRADO INC COM	14,012.00	06/10/03	16,687.21	07/30/03	2,675.21
VERIZON COMMUNICATIONS	6,202.80	10/03/02	7,075.00	07/30/03	872.20
VERIZON COMMUNICATIONS	3,555.40	10/21/02	3,537.50	07/30/03	-17.90
FORD MOTOR CO 8.875% 01/15/22	53,500.00	06/10/03	50,125.00	08/05/03	-3,375.00
FORD MOTOR CO 8.875% 01/15/22	26,750.00	06/10/03	25,093.75	08/20/03	-1,656.25
UTSTARCOM INC COM	14,927.00	06/10/03	17,342.18	09/10/03	2,415.18
ZORAN CORP COM	4,417.60	09/30/02	9,115.97	09/23/03	4,698.37
ZORAN CORP COM	3,859.00	12/10/02	4,557.99	09/23/03	698.99
ZORAN CORP COM	7,418.05	05/14/03	9,115.97	09/23/03	1,697.92
ZORAN CORP COM	2,436.50	10/28/02	6,177.70	09/24/03	3,741.20
CRAY INC COM	16,717.00	06/18/03	19,713.74	10/02/03	2,996.74
NEXTEL COMMUNICATIONS INC CL A	14,101.00	07/23/03	14,192.33	10/09/03	91.33
ALBEMARLE CORP COM	14,101.00	07/23/03	13,957.34	10/10/03	-143.66
ALBEMARLE CORP COM	12,554.00	11/05/02	14,417.72	10/22/03	1,863.72
BOEING CO	5,107.00	06/30/03	6,214.53	10/29/03	1,107.53
TAIWAN SEMICONDUCTOR MFG CO ADR SPONSORED	10,516.00	03/27/03	11,500.61	10/30/03	984.61
HALLIBURTON CO	13,459.75	08/25/03	15,432.27	11/11/03	1,972.52
FLIR SYS INC COM	17,422.00	07/01/03	25,908.88	11/11/03	8,486.88
PEI SMART INC COM	10,000.00	05/29/03	6,808.34	11/25/03	-3,191.66
PMA CAPITAL 8.500% 06/15/18	6,049.00	02/11/03	7,598.84	12/02/03	1,549.84
BOEING CO	8,191.00	03/26/03	11,398.26	12/02/03	3,207.26
APPLIED MATLS INC	7,492.00	04/22/03	11,593.46	12/04/03	4,101.46
CUBIC CORP COM	28,431.00	11/14/03	22,526.94	12/16/03	-5,904.06
PMA CAPITAL 8.500% 06/15/18	10,000.00	05/29/03	7,537.64	12/16/03	-2,462.36
RSA SEC INC COM	3,156.00	01/02/03	6,887.67	12/16/03	3,731.67
PMA CAPITAL 8.500% 06/15/18	10,472.00	07/31/03	7,528.64	12/22/03	-2,943.36
PMA CAPITAL 8.500% 06/15/18	5,202.00	08/06/03	3,764.32	12/22/03	-1,437.68
PMA CAPITAL 8.500% 06/15/18	5,197.00	08/07/03	3,764.32	12/22/03	-1,432.68
Short-term	\$1,098,043.50		\$1,131,574.91		\$33,531.41
TOTAL					

MORSE, WILLIAMS AND CO., INC.
 PORTVUE - R2514L.LSK

SCHEDULE OF REALIZED GAINS AND LOSSES
 THE STEPPING STONES FOUNDATION

FOR THE PERIOD FROM: 01/01/03 THROUGH 12/31/03

SECURITY DESCRIPTION	ORIGINAL COST	PURCHASE DATE	PROCEEDS	SALE DATE	GAIN OR (-LOSS)
Long-term (Max tax rate 20.0%)					
TAIWAN SEMICONDUCTOR MFG CO ADR SPONSORED	11,842.54	07/14/00	3,797.88	01/06/03	-8,044.66
RF MICRO DEVICES INC COM	11,214.50	09/19/01	4,087.87	01/07/03	-7,126.63
FIRST HEALTH GROUP CORP	2,931.00	07/28/00	4,726.26	01/08/03	1,795.26
FIRST HEALTH GROUP CORP	7,677.00	06/20/01	7,089.38	01/08/03	-587.62
DELL COMPUTER CORP COM	2,481.25	11/27/00	2,614.42	01/14/03	133.17
DELL COMPUTER CORP COM	2,270.00	11/29/00	2,614.42	01/14/03	344.42
TRIZETTO GROUP INC COM	5,381.63	07/09/01	2,798.91	01/14/03	-2,582.72
TRIZETTO GROUP INC COM	5,791.75	08/29/01	2,798.92	01/14/03	-2,992.83
HOME DEPOT INC	10,863.50	05/12/00	4,294.86	01/22/03	-6,568.64
KOPIN CORP COM	6,434.50	01/11/02	1,964.60	01/22/03	-4,469.90
TENN VALLEY AUTH SERIES B 6.750% 06/01/28	12,891.00	12/11/01	13,207.60	02/10/03	316.60
AMERICAN INTL GROUP INC	6,956.67	04/18/00	4,742.85	03/04/03	-2,213.82
DELL COMPUTER CORP COM	2,270.00	11/29/00	2,629.42	03/04/03	359.42
DELL COMPUTER CORP COM	2,032.75	11/30/00	2,629.42	03/04/03	596.67
MICRON TECHNOLOGY INC	6,738.34	02/22/02	1,448.95	03/04/03	-5,289.39
SYSCO CORP	5,764.40	01/29/02	5,280.83	03/04/03	-483.57
FEDERAL HOME LOAN BANK 6.540% 03/14/17	100,000.00	02/28/02	100,000.00	03/14/03	0.00
TAIWAN SEMICONDUCTOR MFG CO ADR SPONSORED	1,657.95	07/14/00	519.81	03/27/03	-1,138.14
TAIWAN SEMICONDUCTOR MFG CO ADR SPONSORED	7,015.14	11/07/00	3,193.09	03/27/03	-3,822.05
APPLIED SIGNAL TECH	5,061.24	02/06/02	7,162.66	04/04/03	2,101.42
STAPLES INC 7.125% 08/15/07	51,250.00	05/04/98	55,356.50	04/11/03	4,106.50
STAPLES INC 7.125% 08/15/07	50,888.50	11/06/98	55,356.50	04/11/03	4,468.00
STAPLES INC 7.125% 08/15/07	24,375.00	04/03/02	27,678.25	04/11/03	3,303.25
DU PONT E I DE NEMOURS CO	11,017.00	12/09/98	8,010.62	04/22/03	-3,006.38
RPM INC OHIO	7,491.00	03/26/02	5,513.74	04/22/03	-1,977.26
RPM INC OHIO	7,967.00	04/11/02	5,513.74	04/22/03	-2,453.26
RPM INC OHIO	17,102.00	04/30/02	12,057.43	05/01/03	-5,044.57
Long-term TOTAL	\$387,365.66		\$347,088.93		\$-40,276.73

MORSE, WILLIAMS AND CO., INC.
 PORTVUE - R2514L.LSK

SCHEDULE OF REALIZED GAINS AND LOSSES
 THE STEPPING STONES FOUNDATION

FOR THE PERIOD FROM: 01/01/03 THROUGH 12/31/03

SECURITY DESCRIPTION	ORIGINAL COST	PURCHASE DATE	PROCEEDS	SALE DATE	GAIN OR (-LOSS)
Long-term (Max tax rate 15.0%)					
FREQUENCY ELECTRS INC COM	8,051.00	08/29/01	4,407.79	05/13/03	-3,643.21
DELL COMPUTER CORP COM	4,065.50	11/30/00	6,374.69	05/14/03	2,309.19
TENN VALLEY AUTH SERIES B 6.750% 06/01/28	12,891.00	12/11/01	12,683.40	05/14/03	-207.60
TENN VALLEY AUTH SERIES B 6.750% 06/01/28	12,961.00	02/01/02	12,852.39	05/16/03	-108.61
APPLIED MATLS INC	8,347.00	04/05/01	5,514.14	05/19/03	-2,832.86
APPLIED MATLS INC	2,086.25	04/05/01	1,378.53	05/19/03	-707.72
APPLIED SIGNAL TECH	3,036.74	02/06/02	4,819.77	05/27/03	1,783.03
WAL-MART STORES 6.500% 06/01/03	48,600.00	08/23/95	50,000.00	06/01/03	1,400.00
APPLIED SIGNAL TECH	2,024.50	02/06/02	3,080.85	06/03/03	1,056.35
MICROSOFT CORP.	9,042.00	01/03/01	9,732.11	06/06/03	690.11
MICROSOFT CORP.	7,131.00	05/29/01	4,866.05	06/06/03	-2,264.95
MICROSOFT CORP.	14,258.00	05/29/01	9,732.11	06/06/03	-4,525.89
RF MICRO DEVICES INC COM	11,214.50	09/19/01	2,692.87	06/10/03	-8,521.63
TENN VALLEY AUTH SERIES B 6.750% 06/01/28	12,961.00	02/01/02	13,372.37	06/10/03	411.37
GENZYME CORP	11,091.57	01/11/02	8,400.60	06/23/03	-2,690.97
MOTOROLA INC	16,099.79	04/19/02	9,277.56	06/23/03	-6,822.23
CIT SR NOTES 5.910% 11/23/05	50,864.00	01/25/99	53,625.00	07/01/03	2,761.00
UNITED TECHNOLOGIES CORP	14,013.00	05/13/02	14,676.31	07/08/03	663.31
FREQUENCY ELECTRS INC COM	5,852.00	09/07/01	4,997.76	07/10/03	-854.24
APPLIED SIGNAL TECH	4,496.00	03/27/02	9,382.55	07/25/03	4,886.55
FREQUENCY ELECTRS INC COM	5,377.00	09/20/01	4,757.77	07/29/03	-619.23
ZORAN CORP COM	8,398.80	06/10/02	10,237.91	07/29/03	1,839.11
MICRON TECHNOLOGY INC	13,476.69	02/22/02	5,777.22	07/30/03	-7,699.47
MICRON TECHNOLOGY INC	10,422.00	05/17/02	5,777.23	07/30/03	-4,644.77
U S TREASURY BOND 8.375% 08/15/08	50,765.63	11/21/94	50,000.00	08/15/03	-765.63
MEDCO HEALTH SOLUTIONS INC COM	9.45	05/08/96	18.61	08/25/03	9.16
NETWORK APPLIANCE INC COM	11,061.00	12/12/01	10,767.49	08/27/03	-293.51
ELOT INC. 7.500% 03/15/11	4,400.00	07/02/97	1,412.50	09/08/03	-2,987.50
ELOT INC. 7.500% 03/15/11	17,000.00	11/26/97	5,650.00	09/08/03	-11,350.00
NETWORK APPLIANCE INC COM	5,499.77	02/27/02	7,015.66	09/08/03	1,515.89
NETWORK APPLIANCE INC COM	3,666.52	02/27/02	4,466.99	09/11/03	800.47
APPLIED SIGNAL TECH	4,496.00	03/27/02	10,268.51	09/26/03	5,772.51
MEDCO HEALTH SOLUTIONS INC COM	1,256.51	05/08/96	2,532.06	10/10/03	1,275.55
MEDCO HEALTH SOLUTIONS INC COM	587.74	06/10/02	637.78	10/10/03	50.04
U S BANCORP	528.95	06/26/02	637.78	10/10/03	108.83
FEDERAL NAT MORTGAGE ASSN	4,676.40	02/16/01	5,022.76	10/10/03	346.36
BOEING CO	6,635.20	09/18/02	7,227.65	10/14/03	592.45
AT&T CORP 8.625% 12/01/31	17,593.60	06/25/02	14,667.02	10/21/03	-2,926.58
AT&T CORP 8.625% 12/01/31	103,375.00	01/10/00	105,280.00	10/22/03	1,905.00
AT&T CORP 8.625% 12/01/31	51,187.00	02/28/02	52,640.00	10/22/03	1,453.00
AT&T CORP 8.625% 12/01/31	50,817.00	04/23/02	52,640.00	10/22/03	1,823.00
AT&T CORP 8.625% 12/01/31	22,250.00	05/31/02	26,320.00	10/22/03	4,070.00
AT&T CORP 8.625% 12/01/31	23,150.00	09/25/02	26,320.00	10/22/03	3,170.00
BOEING CO	4,398.40	06/25/02	3,604.43	10/22/03	-793.97
TAIWAN SEMICONDUCTOR MFG CO ADR SPONSORED	5,546.86	11/07/00	3,872.31	10/22/03	-1,674.55
TAIWAN SEMICONDUCTOR MFG CO ADR SPONSORED	1,794.89	07/31/01	1,400.44	10/22/03	-394.45

Underpayment of Estimated Tax by Corporations

▶ See separate instructions
▶ Attach to the corporation's tax return.

Form **990-PF**

2003

Name **THE STEPPING STONES FOUNDATION** Employer identification number **13-3031164**

Note In most cases, the corporation **does not** need to file Form 2220 (See Part I below for exceptions.) The IRS will figure any penalty owed and bill the corporation. If the corporation does not need to file Form 2220, it may still use it to figure the penalty. Enter the amount from line 36 on the estimated tax penalty line of the corporation's income tax return, but **do not** attach Form 2220.

Part I Reasons For Filing - Check the boxes below that apply. If any boxes are checked, the corporation must file Form 2220, even if it does not owe the penalty. If the box on line 1 or line 2 applies, the corporation may be able to lower or eliminate the penalty.

- 1 The corporation is using the adjusted seasonal installment method
- 2 The corporation is using the annualized income installment method
- 3 The corporation is a "large corporation" figuring its first required installment based on the prior year's tax

Part II Figuring the Underpayment

4 Total tax (see instructions)	4	1,852.
5a Personal holding company tax (Schedule PH (Form 1120), line 26) included on line 4	5a	
b Look-back interest included on line 4 under section 460(b)(2) for completed long-term contracts or of section 167(g) for property depreciated under the income forecast method	5b	
c Credit for Federal tax paid on fuels (see instructions)	5c	
d Total Add lines 5a through 5c	5d	
6 Subtract line 5d from line 4. If the result is less than \$500, do not complete or file this form. The corporation does not owe the penalty.	6	1,852.
7 Enter the tax shown on the corporation's 2002 income tax return. Caution If the tax is zero or the tax year was for less than 12 months, skip this line and enter the amount from line 6 on line 8.	7	1,701.
8 Enter the smaller of line 6 or line 7. If the corporation is required to skip line 7, enter the amount from line 6.	8	1,701.

	(a)	(b)	(c)	(d)	(e)	
9 Installment due dates Enter in col (a) through (d) the 15th day of the 4th (Form 990-PF filers Use 5th month), 6th, 9th, and 12th mos of the corporation's tax year. Exception If one of your installment due dates is Sept 15, 2003, or Sept 15, 2004, see the instructions.	9	05/15/03	06/15/03	09/15/03	10/01/03	12/15/03
10 Required installments. If the box on line 1 and/or line 2 above is checked, enter the amounts from Schedule A, line 38. If the box on line 3 (but not 1 or 2) is checked, see instructions for the amounts to enter. If none of these boxes are checked, enter 25% of line 8 above in each column.	10	425.	426.	319.	106.	425.
11 Estimated tax paid or credited for each period (see instructions). For column (a) only, enter the amount from line 11 on line 15. Complete lines 12 through 18 of one column before going to the next column.	11	1,801.				
12 Enter amount, if any, from line 18 of the preceding column.	12		1,376.	950.	631.	525.
13 Add lines 11 and 12.	13		1,376.	950.	631.	525.
14 Add amounts on lines 16 and 17 of the preceding column.	14					
15 Subtract line 14 from line 13. If zero or less, enter -0-	15	1,801.	1,376.	950.	631.	525.
16 If the amount on line 15 is zero, subtract line 13 from line 14. Otherwise, enter -0-	16		0.	0.	0.	
17 Underpayment If line 15 is less than or equal to line 10, subtract line 15 from line 10. Then go to line 12 of the next column. Otherwise, go to line 18.	17					
18 Overpayment If line 10 is less than line 15, subtract line 10 from line 15. Then go to line 12 of the next column.	18	1,376.	950.	631.	525.	

Complete Part III on page 2 to figure the penalty. If there are no entries on line 17, no penalty is owed.

Part III Figuring the Penalty

	(a)	(b)	(c)	(d)	(e)
19 Enter the date of payment or the 15th day of the 3rd month after the close of the tax year, whichever is earlier (see instructions) (Form 990-PF and Form 990-T filers Use 5th month instead of 3rd month)	19				
20 Number of days from due date of installment on line 9 to the date shown on line 19	20				
21 Number of days on line 20 after 4/15/2003 and before 10/1/2003	21				
22 Underpayment on line 17 x Number of days on line 21 x 5% 365	22 \$	\$	\$	\$	\$
23 Number of days on line 20 after 9/30/2003 and before 1/1/2004	23				
24 Underpayment on line 17 x Number of days on line 23 x 4% 365	24 \$	\$	\$	\$	\$
25 Number of days on line 20 after 12/31/2003 and before 4/1/2004	25				
26 Underpayment on line 17 x Number of days on line 25 x 4% 366	26 \$	\$	\$	\$	\$
27 Number of days on line 20 after 3/31/2004 and before 7/1/2004	27				
28 Underpayment on line 17 x Number of days on line 27 x 4% 366	28 \$	\$	\$	\$	\$
29 Number of days on line 20 after 6/30/2004 and before 10/1/2004	29				
30 Underpayment on line 17 x Number of days on line 29 x 4% 366	30 \$	\$	\$	\$	\$
31 Number of days on line 20 after 9/30/2004 and before 1/1/2005	31				
32 Underpayment on line 17 x Number of days on line 31 x 4% 366	32 \$	\$	\$	\$	\$
33 Number of days on line 20 after 12/31/2004 and before 2/15/2005	33				
34 Underpayment on line 17 x Number of days on line 33 x 4% 365	34 \$	\$	\$	\$	\$
35 Add lines 22, 24, 26, 28, 30, 32, and 34	35 \$	\$	\$	\$	\$
36 Penalty Add columns (a) through (e), of line 35 Enter the total here and on Form 1120, line 33, Form 1120-A, line 29, or the comparable line for other income tax returns	36 \$				0.

* For underpayments paid after March 31, 2004 For lines 28, 30, 32 and 34, use the penalty interest rate for each calendar quarter, which the IRS will determine during the first month in the preceding quarter. These rates are published quarterly in an IRS News Release and in a revenue ruling in the Internal Revenue Bulletin. To obtain this information on the Internet, access the IRS website at www.irs.gov. You can also call 1-800-829-1040 to get interest rate information.

- If you are filing for an **Additional (not automatic) 3-Month Extension**, complete only Part II and check this box
- Note: Only complete Part II if you have already been granted an automatic 3-month extension on a previously filed Form 8868.**
- If you are filing for an **Automatic 3-Month Extension**, complete only Part I (on page 1).

Part II Additional (not automatic) 3-Month Extension of Time - Must file Original and One Copy.		
Type or print.	Name of Exempt Organization <i>The Stepping Stones Foundation</i>	Employer identification number <i>13-3031164</i>
File by the extended due date for filing the return See instructions	Number, street, and room or suite no. If a P.O. box, see instructions <i>PO Box 452</i>	For IRS use only
	City, town, or post office, state, and ZIP code For a foreign address, see instructions <i>Orchard Hills, NY 10507</i>	

Check type of return to be filed (File a separate application for each return)

- Form 990
 Form 990-EZ
 Form 990-T (sec 401(a) or 408(a) trust)
 Form 1041-A
 Form 5227
 Form 8870
 Form 990-BL
 Form 990-PF
 Form 990-T (trust other than above)
 Form 4720
 Form 6069

STOP: Do not complete Part II if you were not already granted an automatic 3-month extension on a previously filed Form 8868.

- If the organization does not have an office or place of business in the United States, check this box
- If this is for a **Group Return**, enter the organization's four digit Group Exemption Number (GEN) _____ . If this is for the **whole group**, check this box If it is for **part of the group**, check this box and attach a list with the names and EINs of all members the extension is for

- 4 I request an additional 3-month extension of time until *Nov 15, 2004*
- 5 For calendar year *2003*, or other tax year beginning _____ and ending _____
- 6 If this tax year is for less than 12 months, check reason: Initial return Final return Change in accounting period
- 7 State in detail why you need the extension *The audit of the organization upon which the tax return is based is not yet complete.*

- 8a If this application is for Form 990-BL, 990-PF, 990-T, 4720, or 6069, enter the tentative tax, less any nonrefundable credits. See instructions \$ *4201*
- b If this application is for Form 990-PF, 990-T, 4720, or 6069, enter any refundable credits and estimated tax payments made. Include any prior year overpayment allowed as a credit and any amount paid previously with Form 8868 \$ *4201*
- c **Balance Due.** Subtract line 8b from line 8a. Include your payment with this form, or, if required, deposit with FTD coupon or, if required, by using EFTPS (Electronic Federal Tax Payment System). See instructions \$ *None*

Signature and Verification

Under penalties of perjury, I declare that I have examined this form, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete, and that I am authorized to prepare this form

Signature *[Signature]* Title *CRA* Date *8/13/04*

Notice to Applicant - To Be Completed by the IRS

- We have approved this application. Please attach this form to the organization's return
- We have not approved this application. However, we have granted a 10-day grace period from the later of the date shown below or the due date of the organization's return (including any prior extensions). This grace period is considered to be a valid extension of time for elections otherwise required to be made on a timely return. Please attach this form to the organization's return
- We have not approved this application. After considering the reasons stated in item 7, we cannot grant your request for an extension. **EXTENSION APPROVED**
- We cannot consider this application because it was filed after the due date of the return for which an extension was requested.
- Other _____

AUG 13 2004

By _____, FIELD DIRECTOR, SUBMISSION PROCESSING, OGDEN Date _____

Alternate Mailing Address - Enter the address if you want the copy of this application for an additional 3-month extension returned to an address different than the one entered above

Type or print	Name <i>Stepping Stones End of Owen J Flanagan + Co</i>
	Number and street (include suite, room, or apt no) Or a P.O. box number <i>610 E 42nd St</i>
	City or town, province or state, and country (including postal or ZIP code) <i>New York, NY 10105</i>