Financial Statements

Theodore R. and Vivian M. Johnson Scholarship Foundation

Period from May 28, 1991 (inception) to April 30, 1992 with Report of Independent Auditors

ERNST & YOUNG

Theodore R. and Vivian M. Johnson Scholarship Foundation

Financial Statements

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to April 30, 1992

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Report of Independent Auditors

Board of Directors
Theodore R. and Vivian M. Johnson
Scholarship Foundation

We have audited the accompanying balance sheet of the Theodore R. and Vivian M. Johnson Scholarship Foundation as of April 30, 1992 and the related statements of revenue, expenses and changes in fund balance, and cash flows for the period from May 28, 1991 (inception) to April 30, 1992. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As described in Note 1, these financial statements have been prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than generally accepted accounting principles.

As explained in Note 2, the financial statements include securities valued at $24,194,856 whose values have been estimated by the Board of Directors in the absence of readily ascertainable market values. We have reviewed the procedures used by the Board of Directors in arriving at its estimate of value of such securities and have inspected underlying documentation and, in the circumstances, we believe the procedures are reasonable and the documentation appropriate. However, because of the uncertainty of valuation, those estimated values may differ significantly from the values that would have been used had a market for the securities existed, and the differences could be material.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Theodore R. and Vivian M. Johnson Scholarship Foundation at April 30, 1992, the results of its operations and its cash flows for the period from May 28, 1991 (inception) to April 30, 1992 on the basis of accounting described in Note 1.

Ernst + Young

December 31, 1992

Theodore R. and Vivian M. Johnson Scholarship Foundation

Balance Sheet

April 30, 1992

Assets	
Cash and cash equivalents	$ 536,386
Investments	23,410,049
	$23,946,435
Fund balance	$23,946,435

See accompanying notes.

Theodore R. and Vivian M. Johnson Scholarship Foundation

Statement of Revenue, Expenses and Changes in Fund Balance

Period from May 28, 1991 (inception) to April 30, 1992

Revenue and support:	
Contribution of cash and investments	$23,647,269
Interest and dividends	318,159
Gain on sale of investment	25,967
	23,991,395
Expenses:	
Investment advisory fees	21,716
Scholarship administrative expense	11,300
Brochure design and printing	1,455
Wages	2,836
Trustee's fees and other	1,553
Federal excise tax	7,100
	45,960
Excess of revenue over expenses	23,945,435
Fund balance, beginning of period	–
Initial cash contribution	1,000
Fund balance, end of period	$23,946,435

See accompanying notes.

Theodore R. and Vivian M. Johnson Scholarship Foundation

Statement of Cash Flows

Period from May 28, 1991 (inception)
to April 30, 1992

Operating activities	
Excess of revenue over expenses	$23,945,435
Adjustments to reconcile excess of revenue over expenses to net cash provided by operating activities:	
Gain on sale of investment	(25,967)
Contribution of stocks and bonds, at market value	(23,133,374)
Net cash provided by operating activities	786,094
Investing activities	
Proceeds from sale of investment	448,309
Purchases of investments	(699,017)
Net cash used in investing activities	(250,708)
Financing activity	
Proceeds from initial cash contribution	1,000
Net cash provided by financing activity	1,000
Net increase in and balance of cash and cash equivalents at end of period	$ 536,386

Supplemental information

During the period, stocks and bonds valued at $23,133,374 were contributed to the Foundation.

See accompanying notes.

Theodore R. and Vivian M. Johnson
Scholarship Foundation

Notes to Financial Statements

April 30, 1992

1. Nature of Business and Summary of Accounting Policies

Organization and Operations

The Theodore R. and Vivian M. Johnson Scholarship Foundation (the Foundation) was formed on May 28, 1991 to provide educational scholarships and grants to deserving persons who might not otherwise have the financial means to enable them to attend an institution of higher learning.

Basis of Accounting

The Foundation maintains its accounting records and prepares its statements on the cash basis. Revenue is recognized when collected and expenses are recorded when paid, rather than when the commitment or obligation is incurred.

Cash and Cash Equivalents

The Foundation considered all highly liquid investments with original maturities of three months or less to be cash equivalents. The cash and cash equivalents are held by the U.S. Trust Company of Florida.

Investments

Investments are recorded at cost when purchased or, if received as a contribution, at their market value on the date of the contribution. Because these securities are held for investment purposes and the quoted market values fluctuate during the investment period, gains or losses are recognized (based on the specific identification method) upon realization, or when their values are deemed to have been permanently impaired. Dividends and interest are recognized as income when received.

Income Taxes

The Foundation is incorporated as a private foundation and is currently exempt from federal income tax under the provision of Section 509(a) of the Internal Revenue Code, however, it is subject to an excise tax on its net investment income. The Foundation is also exempt from Florida state corporate income tax.

2. Investments

The aggregate cost or market value on date contributed (carrying value) and market value of the investments consist of the following:

	Carrying Value	Market Value	Unrealized Gain (Loss)
Corporate bonds	$ 699,017	$ 670,807	$ (28,210)
Corporate stock	22,711,032	24,194,856	1,483,824
	$23,410,049	$24,865,663	$1,455,614

The corporate stock consists entirely of shares of United Parcel Service (UPS) and Overseas Partners Ltd., a subsidiary of UPS. The value of these holdings are determined by management of the Foundation based on information supplied by UPS.

3. Contribution of Cash and Investments

During the period ended April 30, 1992, the Foundation received contributions consisting of cash of $513,895, and stocks and bonds with a fair market value of $23,133,374 at the date contributed.

4. Subsequent Events

On November 30, 1992, the Foundation received approximately $11,100,000 from the sale of 600,000 shares of UPS stock, which had a carrying value of approximately $9,450,000.