EXHIBIT 21

FOUNDATION ACCOUNTING SYSTEMS

A SPECIAL EXHIBIT ON FOUNDATION ACCOUNTING IS PRESENTLY BEING PREPARED BUT WAS NOT AVAILABLE AT THE TIME OF THIS SEMINAR. IT WILL BE FORWARDED TO YOU AS SOON AS POSSIBLE.

Two basic accounting systems can be employed by foundations to accurately reflect their economic positions for management evaluation of the foundation's efficiency and for tax purposes.

The first system is that used by normal business corporations. Almost any accountant or CPA can establish a corporate accounting system that would accurately reflect your foundation's income, outgo, and assets and liabilities. If your foundation is relatively small, then your accounting review might be accomplished on a semi-annual basis and the rest of your accounting reflected in your corporate bank account.

WE RECOMMEND THAT AN ACCOUNTING BE ACCOMPLISHED EVERY YEAR OF THE FOUNDATION'S OPERATION.

The second accounting system that is often used by foundations is one that not only reflects the expenditures made by a foundation, but also provides evidence of philanthropic operation. This is the so-called fund accounting system which is employed by governments and other non-profit institutions. Most accountants can explain this system to you in some detail.

Under the fund accounting system a foundation would budget certain amounts to various funds which would be created to manage the individual foundation operations. First, there would be a general fund. Out of the general fund would come the various other smaller funds which would topically cover all the foundation's activities. For example, there might be an educational fund, a scientific research fund or a student loan fund. Finally, there would be an overhead fund. Various amounts would be allocated to all of the funds from the general fund with the exception of the overhead fund. Nothing would be allocated to the overhead fund. As expenditures are made during any year, the amounts are allocated to the fund for which the expenditure was made. If no such allocation can be made for any particular expenditure this bill is placed in the overhead fund.

At the end of any fiscal year, the deficit in the overhead fund is usually proportionately distributed over the rest of the smaller funds. Upon review of each of the smaller funds it will be found that there is a deficit or surplus in each account or the

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