Return of Organization Exempt From Income Tax
Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except banks, fertility clinics, benefit trusts or private foundations)

The organization may have to use a copy of this return to satisfy state reporting requirements

A For the 2002 calendar year, or tax year period beginning JUL 1, 2002 and ending JUN 30, 2003

B C Name of organization

HEADWATERS FOUNDATION FOR JUSTICE

122 WEST FRANKLIN AVENUE 518
MINNEAPOLIS, MN 55404

E Telephone number

612-879-0602

D Employer Identification number

36-3359386

F Accounting method

Cash

G Web site

WWW.HEADWATERSFUND.ORG

H and I are not applicable to section 527 organizations

H(a) Is this a group return for affiliates? Yes No

H(b) If "Yes," enter number of affiliates

H(c) Are all affiliates included? N/A Yes No

I Enter 4-digit GEN

2,206,009.00

J Organization type

501(c)(3)

Section 501(c)(3) organizations and 4947(a)(1) nonexempt charitable trusts must attach a completed Schedule A (Form 990 or 990-EZ)

K Organization need not file a return if the organization meets certain requirements if the organization received a Form 990 Package in the mail, it should file a return without validation. Some states require a complete return

L Gross receipts

Add lines 6b, 8b, 9b and 10b to line 12

2,206,009

Part I Revenue, Expenses, and Changes in Net Assets or Fund Balances

1 Contributions, gifts, grants, and similar amounts received

1a Direct public support

562,043

1b Indirect public support

70,468

1c Government contributions (grants)

431,145

4 Renter income (loss) (subtract line 6b from line 6a)

7 Other investment income (describe)

8 a Gross amount from sale of assets other than inventory

1,416,671

8b Less cost of other basis and sales expenses

1,892,611

8c Gain or (loss) (attach schedule)

-475,940

8d Net gain or (loss) (combine line 8c, columns (A) and (B))

STMT 1

8e Special events and activities (attach schedule)

9 Other revenue from (Part V, line 103)

11 Total revenue (add lines 1d, 2, 3, 4, 5, 6, 7, 8d, 9c, 10c, and 11)

12 Program services (from line 44, column (B))

13 Payments to associates (from line 44, column (C))

14 Membership dues (from line 44, column (D))

15 Other operating expenses (from lines 16 and 44, column (A))

16 Excess or (deficit) for year (subtract line 17 from line 12)

17 Net assets or fund balances at beginning of year (from line 73, column (A))

18 Other changes in the assets or fund balances (attach explanation)

19 Net assets or fund balances at end of year (combine lines 18 and 20)

20 see Statement 3

21 Net assets or fund balances at end of year (completes lines 18, 19, and 20)
### Statement of Functional Expenses

<table>
<thead>
<tr>
<th>Description</th>
<th>(A) Total</th>
<th>(B) Program services</th>
<th>(C) Management and general</th>
<th>(D) Fundraising</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grants and allocations (attach schedule)</td>
<td>546,327.</td>
<td>546,327.</td>
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<tr>
<td>Specific assistance to individuals (attach schedule)</td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Benefits paid to or for members (attach schedule)</td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Compensation of officers, directors, etc</td>
<td>62,858.</td>
<td>37,714.</td>
<td>12,572.</td>
<td>12,572.</td>
</tr>
<tr>
<td>Other salaries and wages</td>
<td>209,625.</td>
<td>125,952.</td>
<td>22,950.</td>
<td>60,723.</td>
</tr>
<tr>
<td>Pension plan contributions</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other employee benefits</td>
<td>35,978.</td>
<td>21,669.</td>
<td>4,671.</td>
<td>9,638.</td>
</tr>
<tr>
<td>Payroll taxes</td>
<td>21,032.</td>
<td>12,507.</td>
<td>2,783.</td>
<td>5,742.</td>
</tr>
<tr>
<td>Professional fundraising fees</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounting fees</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Legal fees</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Supplies</td>
<td>2,895.</td>
<td>1,889.</td>
<td>241.</td>
<td>765.</td>
</tr>
<tr>
<td>Telephone</td>
<td>5,327.</td>
<td>3,218.</td>
<td>629.</td>
<td>1,480.</td>
</tr>
<tr>
<td>Postage and shipping</td>
<td>7,374.</td>
<td>4,732.</td>
<td>406.</td>
<td>2,236.</td>
</tr>
<tr>
<td>Occupancy</td>
<td>21,983.</td>
<td>13,281.</td>
<td>2,595.</td>
<td>6,107.</td>
</tr>
<tr>
<td>Equipment rental and maintenance</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Printing and publications</td>
<td>20,870.</td>
<td>19,145.</td>
<td>331.</td>
<td>1,394.</td>
</tr>
<tr>
<td>Interest</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation, depletion, etc (attach schedule)</td>
<td>8,491.</td>
<td>5,130.</td>
<td>1,002.</td>
<td>2,359.</td>
</tr>
<tr>
<td>Other expenses not covered above (itemize)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total functional expenses (and line 22 through 43)</td>
<td>103,777.</td>
<td>81,891.</td>
<td>4,954.</td>
<td>16,932.</td>
</tr>
<tr>
<td>Joint Costs Check: Yes [X] No</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

#### Part III: Statement of Program Service Accomplishments

<table>
<thead>
<tr>
<th>Description</th>
<th>(Grants and allocations $)</th>
<th>Program Service Expenses (Required for 501(c)(3) and (4) organizations and section 4947(a)(1) nonexempt charitable trusts but optional for others)</th>
</tr>
</thead>
<tbody>
<tr>
<td>GRANTMAKING PROGRAMS - SEE ATTACHMENT B</td>
<td>490,505.</td>
<td>636,866.</td>
</tr>
<tr>
<td>CAPACITY BUILDING PROGRAM - SEE ATTACHMENT B</td>
<td></td>
<td></td>
</tr>
<tr>
<td>EDUCATION AND COMMUNICATION - SEE ATTACHMENT B</td>
<td></td>
<td></td>
</tr>
<tr>
<td>WALK FOR JUSTICE - SEE ATTACHMENT B</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other program services (attach schedule)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total of Program Service Expenses (should equal line 44 column (B), Program services)</td>
<td>873,455.</td>
<td></td>
</tr>
</tbody>
</table>
### Balance Sheets

#### Note
Where required, attached schedules and amounts within the description column should be for end-of-year amounts only.

<table>
<thead>
<tr>
<th>Part IV Balance Sheets</th>
<th>(A) Beginning of year</th>
<th>(B) End of year</th>
</tr>
</thead>
<tbody>
<tr>
<td>45 Cash - non-interest-bearing</td>
<td>65,359.45</td>
<td>692,149.45</td>
</tr>
<tr>
<td>46 Savings and temporary cash investments</td>
<td>607,950.45</td>
<td></td>
</tr>
<tr>
<td>47 a Accounts receivable</td>
<td>47a 9,139.</td>
<td>47c 9,139.</td>
</tr>
<tr>
<td>b Less allowance for doubtful accounts</td>
<td>13,979.47b</td>
<td></td>
</tr>
<tr>
<td>48 a Pledges receivable</td>
<td>48a 219,488.</td>
<td>48c 219,488.</td>
</tr>
<tr>
<td>b Less allowance for doubtful accounts</td>
<td>392,521.48b</td>
<td></td>
</tr>
<tr>
<td>49 Grants receivable</td>
<td>49</td>
<td></td>
</tr>
<tr>
<td>50 Receivables from officers, directors, trustees, and key employees</td>
<td>50</td>
<td></td>
</tr>
<tr>
<td>51 a Other notes and loans receivable</td>
<td>51a</td>
<td></td>
</tr>
<tr>
<td>b Less allowance for doubtful accounts</td>
<td>51b</td>
<td></td>
</tr>
<tr>
<td>52 Inventories for sale or use</td>
<td>52</td>
<td></td>
</tr>
<tr>
<td>53 Prepaid expenses and deferred charges</td>
<td>STMT 7 Cost FMW</td>
<td></td>
</tr>
<tr>
<td>54 Investments - securities</td>
<td>942,015.54</td>
<td>790,456.54</td>
</tr>
<tr>
<td>55 a Investments - land, buildings, and equipment basis</td>
<td>55a</td>
<td></td>
</tr>
<tr>
<td>b Less accumulated depreciation</td>
<td>55b</td>
<td></td>
</tr>
<tr>
<td>56 Investments - other</td>
<td>SEE STATEMENT 8 1,963,946.56</td>
<td>1,949,465.56</td>
</tr>
<tr>
<td>57 a Land, buildings, and equipment basis</td>
<td>57a 61,192.</td>
<td>57c 2,358.</td>
</tr>
<tr>
<td>b Less accumulated depreciation</td>
<td>STMT 9 58,034.57b</td>
<td></td>
</tr>
<tr>
<td>58 Other assets (describe )</td>
<td>58</td>
<td>58</td>
</tr>
<tr>
<td>59 Total assets (add lines 45 through 58)</td>
<td>3,997,941.59</td>
<td>3,664,911.59</td>
</tr>
<tr>
<td>60 Accounts payable and accrued expenses</td>
<td>26,498.60</td>
<td>13,124.60</td>
</tr>
<tr>
<td>61 Grants payable</td>
<td>115,000.61</td>
<td>104,500.61</td>
</tr>
<tr>
<td>62 Deferred revenue</td>
<td>62</td>
<td></td>
</tr>
<tr>
<td>63 Loans from officers, directors, trustees, and key employees</td>
<td>63</td>
<td></td>
</tr>
<tr>
<td>64 a Tax-exempt bond liabilities</td>
<td>64a</td>
<td></td>
</tr>
<tr>
<td>b Mortgages and other notes payable</td>
<td>64b</td>
<td></td>
</tr>
<tr>
<td>65 Other liabilities (describe )</td>
<td>65</td>
<td></td>
</tr>
<tr>
<td>66 Total liabilities (add lines 60 through 65)</td>
<td>141,498.66</td>
<td>117,624.66</td>
</tr>
<tr>
<td>Organizations that follow SFAS 117, check here</td>
<td></td>
<td></td>
</tr>
<tr>
<td>67 and lines 73 and 74</td>
<td></td>
<td></td>
</tr>
<tr>
<td>67 Unrestricted</td>
<td>201,537.67</td>
<td>52,120.67</td>
</tr>
<tr>
<td>68 Temporarily restricted</td>
<td>97,768.68</td>
<td>210,761.68</td>
</tr>
<tr>
<td>69 Permanently restricted</td>
<td>3,557,138.69</td>
<td>3,284,406.69</td>
</tr>
<tr>
<td>Organizations that do not follow SFAS 117, check here</td>
<td></td>
<td></td>
</tr>
<tr>
<td>70 through 74</td>
<td></td>
<td></td>
</tr>
<tr>
<td>70 Capital stock, trust principal, or current funds</td>
<td>70</td>
<td></td>
</tr>
<tr>
<td>71 Paid-in or capital surplus, or land, building, and equipment fund</td>
<td>71</td>
<td></td>
</tr>
<tr>
<td>72 Retained earnings, endowment, accumulated income or other funds</td>
<td>72</td>
<td></td>
</tr>
<tr>
<td>73 Total net assets or fund balances (add lines 67 through 69 or lines 70 through 72, column (A) must equal line 19, column (B) must equal line 21)</td>
<td>3,856,443.73</td>
<td>3,547,287.73</td>
</tr>
<tr>
<td>74 Total liabilities and net assets / fund balances (add lines 66 and 73)</td>
<td>3,997,941.74</td>
<td>3,664,911.74</td>
</tr>
</tbody>
</table>

Form 990 is available for public inspection and, for some people, serves as the primary or sole source of information about a particular organization. How the public perceives an organization in such cases may be determined by the information presented on its return. Therefore, please make sure the return is complete and accurate and fully describes, in Part III, the organization's programs and accomplishments.
### Part IV-A
Reconciliation of Revenue per Audited Financial Statements with Revenue per Return

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>a</td>
<td>Total revenue gains, and other support per audited financial statements</td>
</tr>
<tr>
<td>b</td>
<td>Amounts included on line a but not on line 12, Form 990</td>
</tr>
<tr>
<td>(1)</td>
<td>Net unrealized gains on investments</td>
</tr>
<tr>
<td>(2)</td>
<td>Donated services and use of facilities</td>
</tr>
<tr>
<td>(3)</td>
<td>Recoveries of prior year grants</td>
</tr>
<tr>
<td>(4)</td>
<td>Other (specify)</td>
</tr>
<tr>
<td>Add amounts on lines (1) through (4)</td>
<td>$441,253</td>
</tr>
<tr>
<td>Line e minus line b</td>
<td>$313,398</td>
</tr>
<tr>
<td>d</td>
<td>Amounts included on line 12, Form 990 but not on line a</td>
</tr>
<tr>
<td>(1)</td>
<td>Investment expenses not included on line 6b, Form 990</td>
</tr>
<tr>
<td>(2)</td>
<td>Other (specify)</td>
</tr>
<tr>
<td>STMT 11</td>
<td>$-17,270</td>
</tr>
<tr>
<td>e</td>
<td>Total revenue per line 12, Form 990</td>
</tr>
<tr>
<td>(line c plus line d)</td>
<td>$296,128</td>
</tr>
</tbody>
</table>

### Part IV-B
Reconciliation of Expenses per Audited Financial Statements with Expenses per Return

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>a</td>
<td>Total expenses and losses per audited financial statements</td>
</tr>
<tr>
<td>b</td>
<td>Amounts included on line a but not on line 12, Form 990</td>
</tr>
<tr>
<td>(1)</td>
<td>Donated services and use of facilities</td>
</tr>
<tr>
<td>(2)</td>
<td>Prior year adjustments reported on line 20, Form 990</td>
</tr>
<tr>
<td>(3)</td>
<td>Losses reported on line 20, Form 990</td>
</tr>
<tr>
<td>(4)</td>
<td>Other (specify)</td>
</tr>
<tr>
<td>Add amounts on lines (1) through (4)</td>
<td>$17,270</td>
</tr>
<tr>
<td>Line e minus line b</td>
<td>$1,046,537</td>
</tr>
<tr>
<td>d</td>
<td>Amounts included on line 17, Form 990 but not on line a</td>
</tr>
<tr>
<td>(1)</td>
<td>Investment expenses not included on line 6b, Form 990</td>
</tr>
<tr>
<td>(2)</td>
<td>Other (specify)</td>
</tr>
<tr>
<td>e</td>
<td>Total expenses per line 17, Form 990</td>
</tr>
<tr>
<td>(line c plus line d)</td>
<td>$1,046,537</td>
</tr>
</tbody>
</table>

### Part V
List of Officers, Directors, Trustees, and Key Employees (List each one even if not compensated)

<table>
<thead>
<tr>
<th>(A) Name and address</th>
</tr>
</thead>
<tbody>
<tr>
<td>SEE STATEMENT 12</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>(B) Title and average hours per week devoted to position</th>
<th>(C) Compensation (If not paid, enter &quot;-&quot;)</th>
<th>(D) Contributions to employee benefit plans and deferred compensation</th>
<th>(E) Expense account and other allowances</th>
</tr>
</thead>
<tbody>
<tr>
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</tr>
</tbody>
</table>

75 Did any officer, director, trustee, or key employee receive aggregate compensation of more than $100,000 from your organization and all related organizations, of which more than $10,000 was provided by the related organizations? If "Yes," attach schedule □ Yes □ No
HEADWATERS FOUNDATION FOR JUSTICE

Form 990 (2002)

Part VI - Other Information

75 Did the organization engage in any activity not previously reported to the IRS? If "Yes," attach a detailed description of each activity

76 X

77 Were any changes made in the organizing or governing documents but not reported to the IRS?

77 X

78 a Did the organization have unrelated business gross income of $1,000 or more during the year covered by this return?

78a X

b If "Yes," file a tax return on Form 990-T for this year?

78b N/A

79 Was there a liquidation, dissolution, termination, or substantial contraction during the year?

79 X

N/A

80 a Is the organization related (other than by association with a statewide or nationwide organization) through common membership, governing bodies, trustees, officers, etc., to any other exempt or nonexempt organization?

80a X

b If "Yes," enter the name of the organization:

N/A

81 a Enter direct or indirect political expenditures. See line 81 instructions

81a 0

b Did the organization file Form 1120-POL for this year?

81b X

82 a Did the organization receive donated services or the use of materials, equipment, or facilities at no charge or at substantially less than fair rental value?

82a X

b If "Yes," you may indicate the value of these items here. Do not include this amount as revenue in Part I or as an expense in Part II (See instructions in Part III)

82b N/A

83 a Did the organization comply with the public inspection requirements for returns and exemption applications?

83a X

b Did the organization comply with the disclosure requirements relating to quid pro quo contributions?

83b X

84 a Did the organization solicit any contributions or gifts that were not tax deductible?

84a X

b If "Yes," did the organization include with every solicitation an expression statement that such contributions or gifts were not tax deductible?

84b N/A

85 S01(c)(4), (5), or (6) organizations

85a N/A

a Were substantially all dues nondeductible by members?

85a N/A

b Did the organization make only in-house lobbying expenditures of $2,000 or less?

85b N/A

If "Yes" was answered to either 85a or 85b, do not complete 85c through 85h below unless the organization received a waiver for proxy tax owed for the prior year

c Dues, assessments, and similar amounts from members

85c N/A

d Section 162(e) lobbying and political expenditures

85d N/A

e Aggregate nondeductible amount of section 6033(e)(1)(A) dues notices

85e N/A

f Taxable amount of lobbying and political expenditures (line 85d less 85e)

85f N/A

g Does the organization elect to pay the section 6033(e) tax on the amount on line 85f?

85g N/A

h If section 6033(e)(1)(A) dues notices were sent, does the organization agree to add the amount on line 85f to its reasonable estimate of dues allocable to nondeductible lobbying and political expenditures for the following tax year?

85h N/A

85 S01(c)(7) organizations

85a N/A

a Enter initiation fees and capital contributions included on line 12

85a N/A

b Gross receipts, included on line 12, for public use of club facilities

85b N/A

85 S01(c)(12) organizations

85a N/A

a Gross income from members or shareholders

85a N/A

b Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)

85b N/A

88 At any time during the year did the organization own a 50% or greater interest in a taxable corporation or partnership, or an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3?

88 X

89 S01(c)(3) organizations

89a 0

a Enter amount of tax imposed on the organization during the year under section 4911,

89a 0

b Section 4911 and S01(c)(3) organizations

89a 0

Did the organization engage in any section 4958 excess benefit transaction during the year or did it become aware of an excess benefit transaction from a prior year?

89a X

b If "Yes," attach a statement explaining each transaction

89b X

90 a List the states with which a copy of this return was filed

90a MINNESOTA, WISCONSIN

b Number of employees employed in the pay period that includes March 12, 2002

90b 10

Telephone no 612-879-0602

Located at 122 WEST FRANKLIN AVENUE, MINNEAPOLIS, MN

ZIP + 4 55404

N/A

92 Section 4947(a)(1) nonexempt charitable trusts filing Form 990 in lieu of Form 1041. Check here and enter the amount of tax-exempt interest received or accrued during the tax year

92 0
### Part VII: Analysis of Income-Producing Activities

<table>
<thead>
<tr>
<th>Note</th>
<th>Description</th>
<th>(A) Business code</th>
<th>(B) Amount</th>
<th>(C) Exclusion code</th>
<th>(D) Amount</th>
<th>(E) Related or exempt function income</th>
</tr>
</thead>
<tbody>
<tr>
<td>93</td>
<td>Program service revenue</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>a</td>
<td>CONFERENCE FEES AND MERCHANDISE SALES</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>b</td>
<td>EVENTS</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>c</td>
<td>Medicare/Medicaid payments</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>d</td>
<td>Fees and contracts from government agencies</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>e</td>
<td>Membership dues and assessments</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>95</td>
<td>Interest on savings and temporary cash investments</td>
<td>14</td>
<td>16,078</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>96</td>
<td>Dividends and interest from securities</td>
<td>14</td>
<td>8,345</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>97</td>
<td>Net rental income or (loss) from real estate</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>a</td>
<td>debt-financed property</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>b</td>
<td>not debt-financed property</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>98</td>
<td>Net rental income or (loss) from personal property</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>99</td>
<td>Other investment income</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>100</td>
<td>Gain or (loss) from sales of assets</td>
<td>18</td>
<td>-475,940</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>101</td>
<td>Net income or (loss) from special events</td>
<td>01</td>
<td>24,838</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>102</td>
<td>Gross profit or (loss) from sales of inventory</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>103</td>
<td>Other revenue</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>a</td>
<td>MISCELLANEOUS</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>b</td>
<td>c</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>d</td>
<td>e</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>104</td>
<td>Subtotal (add columns (B), (D), and (E))</td>
<td></td>
<td>-425,477</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>105</td>
<td>Total (add line 104 columns (B), (D), and (E))</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>-336,383</td>
</tr>
</tbody>
</table>

**Note:** Line 105 plus line 1d, Part I, should equal the amount on line 12, Part I.

### Part VIII: Relationship of Activities to the Accomplishment of Exempt Purposes

<table>
<thead>
<tr>
<th>Line No</th>
<th>Explain how each activity for which income is reported in column (E) of Part VII contributed importantly to the accomplishment of the organization's exempt purposes (other than by providing funds for such purposes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>93B</td>
<td>CONFERENCE FEES AND MERCHANDISE SALES ARE RECEIVED FROM SPONSORING TRAINING CONFERENCES AND SELLING TRAINING VIDEOS. SUCH ACTIVITIES ARE PART OF THE TECHNICAL ASSISTANCE PROVIDED TO DONORS AND GRANTEES.</td>
</tr>
<tr>
<td>93C</td>
<td>EVENTS HELD IN ORDER TO RAISE AWARENESS OF GRASSROOTS ORGANIZATIONS.</td>
</tr>
</tbody>
</table>

### Part IX: Information Regarding Taxable Subsidiaries and Disregarded Entities

<table>
<thead>
<tr>
<th>Name, address, and EIN of corporation, partnership, or disregarded entity</th>
<th>Percentage of ownership interest</th>
<th>Nature of activities</th>
<th>Total income</th>
<th>End-of-year assets</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>N/A</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>N/A</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>N/A</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>N/A</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Part X: Information Regarding Transfers Associated with Personal Benefit Contracts

- (a) Did the organization, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract? [ ] Yes [x] No
- (b) Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? [ ] Yes [x] No

**Note:** If "Yes" to (b), file Form 8870 and Form 4720 (see instructions).

**Prepared by:**

**Signature of officer:**

**Date:** 10/3/03

**Type or print name and title:**

**Preparer's signature:**

**Preparer's SSN or PTIN:**

**Preparer's address and ZIP:**

**EIN:**

**Phone no:** 651-222-1801

---

**Date on Form 990:**

**6 08030922 742225 01705.00 2002.06000 HEADWATERS FOUNDATION FOR JUSTICE 36-3359386 Page 6**
<table>
<thead>
<tr>
<th>(Form 990 or 990-EZ)</th>
</tr>
</thead>
<tbody>
<tr>
<td>SCHEDULE A</td>
</tr>
<tr>
<td>Organization Exempt Under Section 501(c)(3)</td>
</tr>
<tr>
<td>(Except Private Foundation) and 501(e), 501(f), 501(k), 501(m), or Section 4947(a)(11) Nonexempt Charitable Trust</td>
</tr>
<tr>
<td>Supplementary Information—(See separate instructions.)</td>
</tr>
<tr>
<td>MUST be completed by the above organizations and attached to their Form 990 or 990-EZ</td>
</tr>
</tbody>
</table>

2002

Name of the organization: HEADWATERS FOUNDATION FOR JUSTICE

Employer identification number: 36 3359386

<table>
<thead>
<tr>
<th>Part I</th>
<th>Compensation of the Five Highest Paid Employees Other Than Officers, Directors, and Trustees</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(See page 1 of the instructions. List each one. If there are none, enter &quot;None&quot;).</td>
</tr>
<tr>
<td>(a) Name and address of each employee paid more than $50,000</td>
<td>(b) Title and average hours per week devoted to position</td>
</tr>
<tr>
<td>JOY PALMER</td>
<td>PROGRAM DIR</td>
</tr>
</tbody>
</table>

Total number of other employees paid over $50,000: 0

<table>
<thead>
<tr>
<th>Part II</th>
<th>Compensation of the Five Highest Paid Independent Contractors for Professional Services</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(See page 2 of the instructions. List each one (whether individuals or firms). If there are none, enter &quot;None&quot;).</td>
</tr>
<tr>
<td>(a) Name and address of each independent contractor paid more than $50,000</td>
<td>(b) Type of service</td>
</tr>
<tr>
<td>NONE</td>
<td></td>
</tr>
</tbody>
</table>

Total number of others receiving over $50,000 for professional services: 0

For Paperwork Reduction Act Notice, see the Instructions for Form 990 and Form 990-EZ.
Part III  Statements About Activities (See page 2 of the instructions)

1. During the year, has the organization attempted to influence national, state, or local legislation including any attempt to influence public opinion on a legislative matter or referendum? If "Yes" enter the total expenses paid or incurred in connection with the lobbying activities $13,900. (Must equal amounts on line 36, Part VI-A or line 1 of Part VI-B)  
   Organizations that made an election under section 501(h) by filing Form 5268 must complete Part VI-A Other organizations checking "Yes" must complete Part VI-B AND attach a statement giving a detailed description of the lobbying activities  
   $  
   X  

2. During the year, has the organization, either directly or indirectly, engaged in any of the following acts with any substantial contributors, trustees, directors, officers, creators, key employees, or members of their families or with any taxable organization with which any such person is affiliated as an officer, director, trustee, majority owner, or principal beneficiary? (If the answer to any question is "Yes," attach a detailed statement explaining the transactions) SEE STATEMENT 13  
   a. Sale, exchange, or leasing of property  
      X  
   b. Lending of money or other extension of credit  
      X  
   c. Furnishing of goods, services, or facilities  
      X  
   d. Payment of compensation (or payment or reimbursement of expenses if more than $1,000)  
      X  
   e. Transfer of any part of its income or assets  
      X  

3. Does the organization make grants for scholarships, fellowships, student loans, etc.? (See Note below)  
   X  

4. Do you have a section 403(b) annuity plan for your employees?  
   X  

Note: Attach a statement to explain how the organization determines that individuals or organizations receiving grants or loans from it in furtherance of its charitable programs "quality" to receive payments SEE STATEMENT 14  

Part IV  Reason for Non-Private Foundation Status (See pages 3 through 5 of the instructions)  

The organization is not a private foundation because it is (Please check only ONE applicable box)  

5. A church or convention of churches, or association of churches Section 170(b)(1)(A)(ii)  
6. A school Section 170(b)(1)(A)(ii) (Also complete Part V)  
7. A hospital or a cooperative hospital service organization Section 170(b)(1)(A)(iii)  
8. A Federal, state, or local government or governmental unit Section 170(b)(1)(A)(iv)  
9. A medical research organization operated in conjunction with a hospital Section 170(b)(1)(A)(iv) Enter the hospital's name, city, and state  

10. An organization operated for the benefit of a college or university owned or operated by a governmental unit Section 170(b)(1)(A)(iv) (Also complete the Support Schedule in Part IV-A)  
11a. An organization that normally receives a substantial part of its support from a governmental unit or from the general public Section 170(b)(1)(A)(v) (Also complete the Support Schedule in Part IV-A)  
11b. A community trust Section 170(b)(1)(A)(v) (Also complete the Support Schedule in Part IV-A)  
12. An organization that normally receives (1) more than 33 1/3% of its support from contributions, membership fees, and gross receipts from activities related to its charitable, etc., functions subject to certain exceptions, and (2) no more than 33 1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975 See section 509(a)(2) (Also complete the Support Schedule in Part IV-A)  

13. An organization that is not controlled by any disqualified persons (other than foundation managers) and supports organizations described in (1) lines 5 through 12 above, or (2) section 501(c)(4), (5), or (6), if they meet the test of section 509(a)(2). (See section 509(a)(3))  

   Provide the following information about the supported organizations (See page 5 of the instructions)  

   (a) Name(s) of supported organization(s)  
   (b) Line number from above  

14. An organization organized and operated to test for public safety. Section 509(a)(4). (See page 5 of the instructions)  

Schedule A (Form 990 or 990-EZ) 2002  

223111  
01-22-09  
08030922 742225 01705.00  
2002.06000 HEADWATERS FOUNDATION FOR J 01705.01
### Schedule A (Form 990 or 990-EZ) 2002

**HEADWATERS FOUNDATION FOR JUSTICE**

**Page 3**

#### Part IV-A Support Schedule

(Complete only if you checked a box on line 10, 11, or 12) Use cash method of accounting

*You may use the worksheet in the instructions for converting from the accrual to the cash method of accounting*

- **Calendar year (or fiscal year beginning in)**
  - (a) 2001
  - (b) 2000
  - (c) 1999
  - (d) 1998
  - (e) Total

<table>
<thead>
<tr>
<th>15 Gifts, grants, and contributions received (Do not include unusual grants. See line 28)</th>
<th>(a) 2001</th>
<th>(b) 2000</th>
<th>(c) 1999</th>
<th>(d) 1998</th>
<th>(e) Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1,105,165</td>
<td>1,249,170</td>
<td>2,050,017</td>
<td>833,031</td>
<td>5,237,383</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>16 Membership fees received</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>17 Gross receipts from admissions, merchandise sold or services performed, or furnishing of facilities in any activity that is related to the organization's charitable purpose</th>
</tr>
</thead>
<tbody>
<tr>
<td>111,517</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>18 Gross income from interest, dividends, amounts received from payments on securities loans (section 512(a)(5)), rents, royalties, and unrelated business taxable income (less section 511 taxes) from businesses acquired by the organization after June 30, 1975</th>
</tr>
</thead>
<tbody>
<tr>
<td>76,557</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>19 Net income from unrelated business activities not included in line 18</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>20 Tax revenues levied for the organization's benefit and either paid to it or expended on its behalf</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>21 The value of services or facilities furnished to the organization by a governmental unit without charge Do not include the value of services or facilities generally furnished to the public without charge</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>22 Other income (Attach a schedule) Do not include gain or (loss) from sale of capital assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>1,052</td>
</tr>
<tr>
<td>See Statement 15</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>23 Total of lines 15 through 22</th>
<th>(a) 2001</th>
<th>(b) 2000</th>
<th>(c) 1999</th>
<th>(d) 1998</th>
<th>(e) Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1,294,291</td>
<td>1,620,164</td>
<td>2,328,880</td>
<td>1,055,635</td>
<td>6,298,970</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>24 Line 23 minus line 17</th>
<th>(a) 2001</th>
<th>(b) 2000</th>
<th>(c) 1999</th>
<th>(d) 1998</th>
<th>(e) Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1,182,774</td>
<td>1,492,788</td>
<td>2,225,464</td>
<td>908,928</td>
<td>5,809,954</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>25 Enter 1% of line 23</th>
<th>(a) 2001</th>
<th>(b) 2000</th>
<th>(c) 1999</th>
<th>(d) 1998</th>
<th>(e) Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>12,943</td>
<td>16,202</td>
<td>23,289</td>
<td>10,556</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

| 26 Organizations described on lines 10 or 11 a Enter 2% of amount in column (e), line 24 |
|---|---|
| 26a 116,199 |

<table>
<thead>
<tr>
<th>b Prepare a list for your records to show the name of and amount contributed by each person (other than a governmental unit or publicly supported organization) whose total gifts for 1998 through 2001 exceeded the amount shown in line 26a</th>
</tr>
</thead>
<tbody>
<tr>
<td>Do not file this list with your return Enter the sum of all these excess amounts</td>
</tr>
<tr>
<td>26b 1,414,660</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>c Total support for section 509(a)(1) test Enter line 24, column (e)</th>
</tr>
</thead>
<tbody>
<tr>
<td>26c 5,809,954</td>
</tr>
</tbody>
</table>

| d Add Amounts from column (e) for lines 18 571,519 19 22 1,052 26b 1,414,660 |
|---|---|---|---|---|---|
| 26d 1,987,231 |

<table>
<thead>
<tr>
<th>e Public support (line 26c minus line 26d total)</th>
</tr>
</thead>
<tbody>
<tr>
<td>26e 3,822,723</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>f Public support percentage (line 26e (numerator) divided by line 26f (denominator))</th>
</tr>
</thead>
<tbody>
<tr>
<td>26f 65.7961%</td>
</tr>
</tbody>
</table>

| 27 Organizations described on line 12 a For amounts included in lines 15, 16, and 17 that were received from a "disqualified person," prepare a list for your records to show the name of, and total amounts received in each year from, each "disqualified person." Do not file this list with your return Enter the sum of such amounts for each year |
|---|---|---|---|---|---|
| N/A | N/A | N/A | N/A |

| b For any amount included in line 17 that was received from each person (other than "disqualified persons"), prepare a list for your records to show the name of, and amounts received for each year, that was more than the larger of (1) the amount on line 25 for the year or (2) $5,000 (Include in the list organizations described in lines 5 through 11, as well as individuals.) Do not file this list with your return After computing the difference between the amount received and the larger amount described in (1) or (2), enter the sum of these differences for each year |
|---|---|---|---|---|---|
| N/A | N/A | N/A | N/A |

| c Add Amounts from column (e) for lines 15 15 15 |
|---|---|---|
| 27c N/A |

<table>
<thead>
<tr>
<th>d Add Line 27a total and line 27b total</th>
</tr>
</thead>
<tbody>
<tr>
<td>27d N/A</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>e Public support (line 27c total minus line 27d total)</th>
</tr>
</thead>
<tbody>
<tr>
<td>27e N/A</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>f Total support for section 509(a)(2) test Enter amount on line 23, column (e)</th>
</tr>
</thead>
<tbody>
<tr>
<td>27f N/A</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>g Public support percentage (line 27e (numerator) divided by line 27f (denominator))</th>
</tr>
</thead>
<tbody>
<tr>
<td>27g N/A</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>h Investment income percentage (line 18, column (e) (numerator) divided by line 27f (denominator))</th>
</tr>
</thead>
<tbody>
<tr>
<td>27h N/A</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>28 Unusual Grants For an organization described in line 10, 11, or 12 that received any unusual grants during 1998 through 2001, prepare a list for your records to show, for each year, the name of the contributor, the date and amount of the grant, and a brief description of the nature of the grant. Do not file this list with your return Do not include these grants in line 15</th>
</tr>
</thead>
<tbody>
<tr>
<td>NONE</td>
</tr>
</tbody>
</table>

---

**SCHEDULE A (FORM 990 OR 990-EZ) 2002**

**908030292 742225 01705.00**

**2002.06000 HEADWATERS FOUNDATION FOR J. 01705.01**
### Part V  Private School Questionnaire

(To be completed ONLY by schools that checked the box on line 6 in Part IV)

| 29 | Does the organization have a racially nondiscriminatory policy toward students by statement in its charter, bylaws, other governing instrument, or in a resolution of its governing body? | Yes | No |
| 30 | Does the organization include a statement of its racially nondiscriminatory policy toward students in all its brochures, catalogues, and other written communications with the public dealing with student admissions, programs, and scholarships? |  |  |
| 31 | Has the organization published its racially nondiscriminatory policy through newspaper or broadcast media during the period of solicitation for students, or during the registration period if it has no solicitation program, in a way that makes the policy known to all parts of the general community it serves? |  |  |

If "Yes," please describe. If "No," please explain. (If you need more space, attach a separate statement.)

| 32 | Does the organization maintain the following: |  |  |
| a | Records indicating the racial composition of the student body, faculty, and administrative staff? |  |  |
| b | Records documenting that scholarships and other financial assistance are awarded on a racially nondiscriminatory basis? |  |  |
| c | Copies of all catalogues, brochures, announcements, and other written communications to the public dealing with student admissions, programs, and scholarships? |  |  |
| d | Copies of all material used by the organization or on its behalf to solicit contributions? |  |  |

If you answered "No" to any of the above, please explain. (If you need more space, attach a separate statement.)

| 33 | Does the organization discriminate by race in any way with respect to: |  |  |
| a | Students' rights or privileges? |  |  |
| b | Admissions policies? |  |  |
| c | Employment of faculty or administrative staff? |  |  |
| d | Scholarships or other financial assistance? |  |  |
| e | Educational policies? |  |  |
| f | Use of facilities? |  |  |
| g | Athletic programs? |  |  |
| h | Other extracurricular activities? |  |  |

If you answered "Yes" to any of the above, please explain. (If you need more space, attach a separate statement.)

| 34a | Does the organization receive any financial aid or assistance from a governmental agency? |  |  |
| 34b | Has the organization's right to such aid ever been revoked or suspended? |  |  |

If you answered "Yes" to either 34a or b, please explain using an attached statement.

| 35 | Does the organization certify that it has complied with the applicable requirements of sections 401 through 405 of Rev. Proc. 75-50, 1975-2 CB 587 covering racial nondiscrimination? If "No," attach an explanation |  |  |
### Part VI-A Lobbying Expenditures by Electing Public Charities

(See page 9 of the instructions)

(To be completed ONLY by an eligible organization that filed Form 5768)

Check □ a if the organization belongs to an affiliated group

Check □ b if you checked "a" and "limited control" provisions apply

<table>
<thead>
<tr>
<th>Limits on Lobbying Expenditures</th>
</tr>
</thead>
<tbody>
<tr>
<td>(The term &quot;expenditures&quot; means amounts paid or incurred)</td>
</tr>
<tr>
<td>(a) Affiliated group totals</td>
</tr>
<tr>
<td>36 Total lobbying expenditures to influence public opinion (grassroots lobbying)</td>
</tr>
<tr>
<td>37 Total lobbying expenditures to influence a legislative body (direct lobbying)</td>
</tr>
<tr>
<td>38 Total lobbying expenditures (add lines 36 and 37)</td>
</tr>
<tr>
<td>39 Other exempt purpose expenditures</td>
</tr>
<tr>
<td>40 Total exempt purpose expenditures (add lines 38 and 39)</td>
</tr>
<tr>
<td>41 Lobbying nontaxable amount Enter the amount from the following table</td>
</tr>
<tr>
<td>If the amount on line 40 is</td>
</tr>
<tr>
<td>Not over $500,000</td>
</tr>
<tr>
<td>Over $500,000 but not over $1,000,000</td>
</tr>
<tr>
<td>Over $1,000,000 but not over $1,500,000</td>
</tr>
<tr>
<td>Over $1,500,000 but not over $1,750,000</td>
</tr>
<tr>
<td>Over $1,750,000</td>
</tr>
<tr>
<td>42 Grassroots nontaxable amount (enter 25% of line 41)</td>
</tr>
<tr>
<td>43 Subtract line 42 from line 36 Enter 0 if line 42 is more than line 36</td>
</tr>
<tr>
<td>44 Subtract line 41 from line 38 Enter 0 if line 41 is more than line 38</td>
</tr>
</tbody>
</table>

Caution: If there is an amount on either line 43 or line 44, you must file Form 4720

#### 4-Year Averaging Period Under Section 501(h)

(Some organizations that made a section 501(h) election do not have to complete all of the five columns below. See the instructions for lines 45 through 50 on page 11 of the instructions)

<table>
<thead>
<tr>
<th>Calendar year (or fiscal year beginning in)</th>
<th>(a) 2002</th>
<th>(b) 2001</th>
<th>(c) 2000</th>
<th>(d) 1999</th>
<th>(e) Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>45 Lobbying nontaxable amount</td>
<td>179,654.</td>
<td>182,748.</td>
<td>0.</td>
<td>0.</td>
<td>362,402.</td>
</tr>
<tr>
<td>46 Lobbying ceiling amount (150% of line 45)</td>
<td>0.</td>
<td>0.</td>
<td>0.</td>
<td>0.</td>
<td>543,603.</td>
</tr>
<tr>
<td>47 Total lobbying expenditures</td>
<td>13,900.</td>
<td>3,500.</td>
<td>0.</td>
<td>0.</td>
<td>17,400.</td>
</tr>
<tr>
<td>48 Grassroots nontaxable amount</td>
<td>44,914.</td>
<td>45,687.</td>
<td>0.</td>
<td>0.</td>
<td>90,601.</td>
</tr>
<tr>
<td>49 Grassroots ceiling amount (150% of line 48)</td>
<td>0.</td>
<td>0.</td>
<td>0.</td>
<td>0.</td>
<td>135,902.</td>
</tr>
<tr>
<td>50 Grassroots lobbying expenditures</td>
<td>13,900.</td>
<td>1,250.</td>
<td>0.</td>
<td>0.</td>
<td>15,150.</td>
</tr>
</tbody>
</table>

### Part VI-B Lobbying Activity by Nonelecting Public Charities

(For reporting only by organizations that did not complete Part VI-A) (See page 11 of the instructions)

<table>
<thead>
<tr>
<th>Aktivity</th>
<th>Yes</th>
<th>No</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>a Volunteers</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>b Paid staff or management (Include compensation in expenses reported on lines c through h)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>c Media advertisements</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>d Mailings to members, legislators, or the public</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>e Publications, or published or broadcast statements</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>f Grants to other organizations for lobbying purposes</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>g Direct contact with legislators, their staffs, government officials, or a legislative body</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>h Rallies, demonstrations, seminars, conventions, speeches, lectures, or any other means</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>i Total lobbying expenditures (Add lines c through h)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

If "Yes" to any of the above, also attach a statement giving a detailed description of the lobbying activities

N/A

Schedule A (Form 990 or 990-EZ) 2002

08030922 742225 01705.00 2002.06000 HEADWATERS FOUNDATION FOR JUSTICE 36-3359386 Page 6
<table>
<thead>
<tr>
<th>Line no</th>
<th>Amount involved</th>
<th>Name of noncharitable exempt organization</th>
<th>Description of transfers, transactions, and sharing arrangements</th>
</tr>
</thead>
</table>

52 a 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 [ ]  No [x]  

<table>
<thead>
<tr>
<th>(a) Name of organization</th>
<th>(b) Type of organization</th>
<th>(c) Description of relationship</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

51 Did the reporting organization directly or indirectly engage in any of the following with any other organization described in section 501(c) of the Code (other than section 501(c)(3) organizations) or in section 527, relating to political organizations?  
   Yes [x]  No [ ]  

<table>
<thead>
<tr>
<th>(a) Transfers from the reporting organization to a noncharitable exempt organization of</th>
<th>(b)</th>
<th>(c)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(i) Cash</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(ii) Other assets</td>
<td>(i) Sales or exchanges of assets with a noncharitable exempt organization</td>
<td></td>
</tr>
<tr>
<td>(iii) Purchases of assets from a noncharitable exempt organization</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(iv) Rental of facilities, equipment, or other assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(v) Reimbursement arrangements</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(vi) Loans or loan guarantees</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(vii) Performance of services or membership or fundraising solicitations</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(c) Sharing of facilities, equipment, mailing lists, other assets, or paid employees</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

If the answer to any of the above is "Yes," complete the following schedule Column (b) should always show the fair market value of the goods, assets or services given by the reporting organization. If the organization received less than the fair market value in any transaction or sharing arrangement, show in column (d) the value of the goods, assets, or services received.  

<table>
<thead>
<tr>
<th>Line no</th>
<th>Amount involved</th>
<th>Name of noncharitable exempt organization</th>
<th>Description of transfers, transactions, and sharing arrangements</th>
</tr>
</thead>
<tbody>
<tr>
<td>Asset No</td>
<td>Description</td>
<td>Date Acquired</td>
<td>Method</td>
</tr>
<tr>
<td>----------</td>
<td>-------------</td>
<td>---------------</td>
<td>--------</td>
</tr>
<tr>
<td></td>
<td>EQUIPMENT</td>
<td>5.00</td>
<td>16</td>
</tr>
<tr>
<td></td>
<td>TOTAL 990 PAGE 2</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>DEPR</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(D) - Asset disposed

* ITC, Section 179, Salvage, HR 3090, Commercial Revitalization Deduction
<table>
<thead>
<tr>
<th>Organization</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Access Press</td>
<td>2,499</td>
</tr>
<tr>
<td>Access to Higher Education Coalition of MN</td>
<td>500</td>
</tr>
<tr>
<td>Advocating Change Together (ACT)</td>
<td>1,318</td>
</tr>
<tr>
<td>AFL CIO Community Services</td>
<td>214</td>
</tr>
<tr>
<td>Ann Dah Yung Center</td>
<td>185</td>
</tr>
<tr>
<td>Al Phan Minneapolis Collective</td>
<td>650</td>
</tr>
<tr>
<td>Alliance of Early Childhood Professionals</td>
<td>20,000</td>
</tr>
<tr>
<td>Alliance of the Streets</td>
<td>1,000</td>
</tr>
<tr>
<td>aMaze</td>
<td>10,121</td>
</tr>
<tr>
<td>American Indian Policy Center</td>
<td>5,000</td>
</tr>
<tr>
<td>American Indian Policy Roundtable</td>
<td>5,420</td>
</tr>
<tr>
<td>Anti War Committee</td>
<td>1,181</td>
</tr>
<tr>
<td>Arab American Anti Discrimination Committee</td>
<td>5,000</td>
</tr>
<tr>
<td>Asian American Renaissance</td>
<td>1,000</td>
</tr>
<tr>
<td>BITHA Women In Action</td>
<td>556</td>
</tr>
<tr>
<td>Breast Cancer Action</td>
<td>8,000</td>
</tr>
<tr>
<td>Brothers and Sisters in Recovery</td>
<td>499</td>
</tr>
<tr>
<td>Cabrini House</td>
<td>2,238</td>
</tr>
<tr>
<td>Calliope Women's Chorus</td>
<td>2,000</td>
</tr>
<tr>
<td>Camden Community News</td>
<td>696</td>
</tr>
<tr>
<td>Capoeira Egungun</td>
<td>495</td>
</tr>
<tr>
<td>Center for a Cooperative Economy</td>
<td>500</td>
</tr>
<tr>
<td>Center for Victims of Torture</td>
<td>3,000</td>
</tr>
<tr>
<td>Centro Campesino</td>
<td>2,425</td>
</tr>
<tr>
<td>Centro de Informacion y Referencias</td>
<td>500</td>
</tr>
<tr>
<td>Chrysalis</td>
<td>3,000</td>
</tr>
<tr>
<td>Circle for Indigenous Peoples Rights</td>
<td>2,000</td>
</tr>
<tr>
<td>Circle of Discipline</td>
<td>590</td>
</tr>
<tr>
<td>Circle of Men Institute Inc</td>
<td>377</td>
</tr>
<tr>
<td>Circle, The</td>
<td>10,535</td>
</tr>
<tr>
<td>Colombia Support Group of MN</td>
<td>188</td>
</tr>
<tr>
<td>Communities United Against Police Brutality</td>
<td>7,435</td>
</tr>
<tr>
<td>Community Computer Access Network (C CAN)</td>
<td>500</td>
</tr>
<tr>
<td>Community Solutions Fund</td>
<td>6,000</td>
</tr>
<tr>
<td>Council on Crime and Justice</td>
<td>541</td>
</tr>
<tr>
<td>Cultural Diversity Network of Steele County</td>
<td>533</td>
</tr>
<tr>
<td>Cultural Survival</td>
<td>1,000</td>
</tr>
<tr>
<td>Dharma Collective</td>
<td>132</td>
</tr>
<tr>
<td>Disability institute</td>
<td>10,000</td>
</tr>
<tr>
<td>District 202</td>
<td>2,000</td>
</tr>
<tr>
<td>Domestic Abuse Project</td>
<td>1,149</td>
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<tr>
<td>Earth Island Institute</td>
<td>1,000</td>
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<tr>
<td>East Metro Women's Council</td>
<td>373</td>
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<tr>
<td>Eco Animal Allies</td>
<td>582</td>
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<tr>
<td>Elaine M Stately Peacemakers Center</td>
<td>500</td>
</tr>
<tr>
<td>Elim Transitional Housng, Inc</td>
<td>23</td>
</tr>
<tr>
<td>Emma Norton Residence</td>
<td>668</td>
</tr>
<tr>
<td>Empower Nepal Foundation</td>
<td>351</td>
</tr>
<tr>
<td>Exchange Mind</td>
<td>44</td>
</tr>
<tr>
<td>Express to Success</td>
<td>35</td>
</tr>
<tr>
<td>Families Moving Forward</td>
<td>416</td>
</tr>
<tr>
<td>Filipino American Women's Network (FAWN)</td>
<td>86</td>
</tr>
<tr>
<td>Freire Center, The</td>
<td>1,500</td>
</tr>
<tr>
<td>Friends for a Non Violent World</td>
<td>338</td>
</tr>
<tr>
<td>Organization</td>
<td>Grant Amount</td>
</tr>
<tr>
<td>------------------------------------------------------------------------------</td>
<td>--------------</td>
</tr>
<tr>
<td>Funding Exchange</td>
<td>2,500</td>
</tr>
<tr>
<td>Give Us Wings</td>
<td>1,772</td>
</tr>
<tr>
<td>Hamline University School of Law</td>
<td>440</td>
</tr>
<tr>
<td>Headwaters Foundation for Justice donor advised general purpose</td>
<td>1,500</td>
</tr>
<tr>
<td>Heart of the Beast Puppet and Mask Theatre</td>
<td>2,000</td>
</tr>
<tr>
<td>Hmong and Chicana/Latina Educational Enrichment Program</td>
<td>1,086</td>
</tr>
<tr>
<td>Homos for Harmony / Pansies for Peace</td>
<td>500</td>
</tr>
<tr>
<td>Honor The Earth</td>
<td>5,000</td>
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<tr>
<td>Ikemba Foundation Inc</td>
<td>67</td>
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<tr>
<td>Indigenous Environmental Network</td>
<td>500</td>
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<tr>
<td>Indigenous Peoples Task Force</td>
<td>1,000</td>
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<tr>
<td>Indigenous Tourism Rights International</td>
<td>482</td>
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<tr>
<td>Institute for Agriculture and Trade Policy</td>
<td>1,000</td>
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<tr>
<td>International Self Reliance Agency for Women</td>
<td>49</td>
</tr>
<tr>
<td>International Women's Day Planning Committee</td>
<td>1,000</td>
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<tr>
<td>Jade Foundation</td>
<td>887</td>
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<tr>
<td>Japanese American Citizens League, Twin Cities Chapter (JACL)</td>
<td>458</td>
</tr>
<tr>
<td>Jewish Community Action</td>
<td>25,000</td>
</tr>
<tr>
<td>Jobs and Affordable Housing Campaign</td>
<td>330</td>
</tr>
<tr>
<td>Korean Quarterly</td>
<td>3,013</td>
</tr>
<tr>
<td>Lambi Fund of Haiti</td>
<td>3,000</td>
</tr>
<tr>
<td>Libros Para Ninos</td>
<td>356</td>
</tr>
<tr>
<td>Life's Missing Link</td>
<td>388</td>
</tr>
<tr>
<td>Longfellow/Seward Healthy Seniors</td>
<td>94</td>
</tr>
<tr>
<td>Lynwood A+ School</td>
<td>1,000</td>
</tr>
<tr>
<td>Makaria Outreach Ministries</td>
<td>708</td>
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<tr>
<td>McKinley Community</td>
<td>683</td>
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<tr>
<td>Midwest Treaty Network</td>
<td>7,000</td>
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<td>Migizi Communications</td>
<td>1,401</td>
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<tr>
<td>Minneapolis Telecommunications Network</td>
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<tr>
<td>MN FoodShare (Greater Minneapolis)</td>
<td>2,000</td>
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<tr>
<td>MN ACORN (Association of Community Organizations for Reform Now)</td>
<td>690</td>
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<tr>
<td>MN Adoption Resource Network</td>
<td>1,325</td>
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<tr>
<td>MN Alliance for Progressive Action (MAPA)</td>
<td>2,500</td>
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<tr>
<td>MN Alliance of HUD Tenants (MNAHT)</td>
<td>5,000</td>
</tr>
<tr>
<td>MN Center For Environmental Advocacy</td>
<td>1,000</td>
</tr>
<tr>
<td>MN Deaf Blind Association (MDBA)</td>
<td>541</td>
</tr>
<tr>
<td>MN Justice Foundation / Hamline University</td>
<td>170</td>
</tr>
<tr>
<td>MN Justice Foundation / St Thomas School of Law</td>
<td>38</td>
</tr>
<tr>
<td>MN Justice Foundation/William Mitchell</td>
<td>232</td>
</tr>
<tr>
<td>MN Men of Color</td>
<td>5,000</td>
</tr>
<tr>
<td>MN Public Interest Research Group (MPIRG)</td>
<td>725</td>
</tr>
<tr>
<td>MN Public Radio</td>
<td>500</td>
</tr>
<tr>
<td>MN Religious Coalition for Reproductive Choice</td>
<td>20,000</td>
</tr>
<tr>
<td>MN Senior Federation NE Coalition</td>
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<tr>
<td>MN Tenants Union</td>
<td>5,000</td>
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<tr>
<td>MN Transitions Charter School</td>
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<tr>
<td>MN Welfare Rights Coalition</td>
<td>24,000</td>
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<tr>
<td>MN Women's Consortium</td>
<td>251</td>
</tr>
<tr>
<td>NAES College</td>
<td>500</td>
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<tr>
<td>Nonviolent Peaceforce</td>
<td>398</td>
</tr>
<tr>
<td>North American Water Office</td>
<td>5,500</td>
</tr>
<tr>
<td>Osseo Indian Education Program</td>
<td>2,500</td>
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<tr>
<td>Out For Equity</td>
<td>500</td>
</tr>
<tr>
<td>OutFront MN</td>
<td>5,750</td>
</tr>
<tr>
<td>Outward Spiral Theatre Company</td>
<td>448</td>
</tr>
<tr>
<td>Organization Name</td>
<td>Amount</td>
</tr>
<tr>
<td>----------------------------------------------------------------------------------</td>
<td>--------</td>
</tr>
<tr>
<td>People Escaping Poverty Project</td>
<td>21,500</td>
</tr>
<tr>
<td>People's Institute For Survival and Beyond</td>
<td>5,000</td>
</tr>
<tr>
<td>PFLAG Parents, Families, Friends of Lesbians and Gays</td>
<td>1,000</td>
</tr>
<tr>
<td>Philanthrofund Foundation</td>
<td>1,000</td>
</tr>
<tr>
<td>Philippine Study Group of MN</td>
<td>363</td>
</tr>
<tr>
<td>Phillips Community Television</td>
<td>500</td>
</tr>
<tr>
<td>Ploughshares Fund</td>
<td>1,000</td>
</tr>
<tr>
<td>Powderhorn/Phillips Cultural Wellness Center</td>
<td>1,000</td>
</tr>
<tr>
<td>Pro Choice Resources</td>
<td>2,000</td>
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<tr>
<td>Progressive MN</td>
<td>22,272</td>
</tr>
<tr>
<td>Project 504</td>
<td>1,851</td>
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<tr>
<td>Project for Pride in Living</td>
<td>5,000</td>
</tr>
<tr>
<td>Project PEACE</td>
<td>176</td>
</tr>
<tr>
<td>Project Regina</td>
<td>1,358</td>
</tr>
<tr>
<td>Rainbow Families</td>
<td>1,750</td>
</tr>
<tr>
<td>Red Cliff Band of Lake Superior Chippewas</td>
<td>2,000</td>
</tr>
<tr>
<td>Renew Northfield</td>
<td>10,540</td>
</tr>
<tr>
<td>Resource Center of the Americas</td>
<td>8,543</td>
</tr>
<tr>
<td>Rondo Community Land Trust</td>
<td>68</td>
</tr>
<tr>
<td>Seward Child Care Center</td>
<td>5,925</td>
</tr>
<tr>
<td>Sister Parish</td>
<td>2,245</td>
</tr>
<tr>
<td>Sister to Sister</td>
<td>24</td>
</tr>
<tr>
<td>Sobriety High</td>
<td>6,983</td>
</tr>
<tr>
<td>Somali Justice Center</td>
<td>1,000</td>
</tr>
<tr>
<td>Spirit of the Lakes UCC</td>
<td>642</td>
</tr>
<tr>
<td>St Anthony Peace and Justice League</td>
<td>53</td>
</tr>
<tr>
<td>St Paul American Indians in Unity</td>
<td>98</td>
</tr>
<tr>
<td>St Paul Bill of Rights Defense Committee</td>
<td>1,000</td>
</tr>
<tr>
<td>Sustainable Farming Association of Central Minnesota</td>
<td>199</td>
</tr>
<tr>
<td>Teamsters for a Democratic Union, MN Chapter</td>
<td>10,000</td>
</tr>
<tr>
<td>TRIAD Team Response, Indians Against Defamation</td>
<td>5,000</td>
</tr>
<tr>
<td>Trust for Public Lands (TPL)</td>
<td>1,000</td>
</tr>
<tr>
<td>TRUST Inc</td>
<td>2,680</td>
</tr>
<tr>
<td>TSE, Inc</td>
<td>1,386</td>
</tr>
<tr>
<td>Twin Cities Religion and Labor Network</td>
<td>6,815</td>
</tr>
<tr>
<td>Victory Neighborhood Association</td>
<td>591</td>
</tr>
<tr>
<td>Voice for Community Power, Inc</td>
<td>5,000</td>
</tr>
<tr>
<td>Walk In Counseling Center</td>
<td>1,500</td>
</tr>
<tr>
<td>Welfare Rights Committee</td>
<td>32,251</td>
</tr>
<tr>
<td>What About Us</td>
<td>5,000</td>
</tr>
<tr>
<td>Witness for Peace Upper Midwest</td>
<td>940</td>
</tr>
<tr>
<td>Women Against Military Madness (WAMM)</td>
<td>4,324</td>
</tr>
<tr>
<td>Women at the Court House (WATCH)</td>
<td>425</td>
</tr>
<tr>
<td>Women in the Trades</td>
<td>20,000</td>
</tr>
<tr>
<td>Women Venture</td>
<td>500</td>
</tr>
<tr>
<td>Women's Cancer Resource Center</td>
<td>45,333</td>
</tr>
<tr>
<td>Women's Drumheart</td>
<td>946</td>
</tr>
<tr>
<td>Women's League for Peace &amp; Freedom (WILPF)</td>
<td>1,507</td>
</tr>
<tr>
<td>Women's Network of the Red River Valley</td>
<td>5,000</td>
</tr>
<tr>
<td>Women's Resource Center at South High School</td>
<td>501</td>
</tr>
<tr>
<td>Workplace Alliance</td>
<td>83</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td>546,561</td>
</tr>
<tr>
<td><strong>Less WFJ Grants Returned</strong></td>
<td>235</td>
</tr>
<tr>
<td><strong>Total Grants</strong></td>
<td>546,327</td>
</tr>
</tbody>
</table>
Grantmaking Programs

Headwaters makes grants through four programs, Social Change Fund, Fund of the Sacred Circle, Organization Development and Leadership Grants and Donor Advised Funds.

The Social Change Fund and Fund of the Sacred Circle have one general grant cycle a year and accept smaller "Special Opportunity Grants" on an ongoing monthly basis. The decisions for funding through the Social Change Fund and Fund of the Sacred Circle are guided by activist community members. These committees meet to discuss proposals, visit with applicants and meet again to make final decisions. Both committees have chairs which oversee, with staff, leadership development and policy making with the committees.

Organization Development and Leadership Grants are also made available annually to Headwaters grantees. These grants are intended to assist organizations to address strategic Organization Development and Leadership needs that will build the organizations for long-term systemic change opportunities.

Donor Advised Fund Accounts are provided as avenues for donors to direct money to organizations which they desire to support outside of our grantmaking process. Donor Advised Funds have signed agreements which outline the process of approval and release of funds, and their legal and financial obligations.

Capacity Building Program

The Capacity Building Program is overseen by the Capacity Building Committee. With staff, the Allies for Justice Institute and other workshops, trainings, convening, evaluation and development of new programs, falls under their guidance. The Allies for Justice Institute is a training/conference for community activist from the surrounding region. The conference incorporates educational plenary sessions with workshops on subjects pertaining to organizing, fundraising, media activism, organization development, racism and computer technology. Other trainings are provided as needed such as Fundraising Training. Grantees and other constituents are convened to promote networking and sharing of expertise.

Education and Communication

Headwaters successfully implemented a number of activities to deepen understanding of social justice and grassroots organizations, and to expand
awareness of social change philanthropy. These activities included highlighting our grantees and their work for social change in victory mailings, distributing the Headwaters annual report to the community, and the Allies for Justice Celebration. Specific education about Native American issues occurred at two house parties in Wisconsin and Minnesota.

Walk for Justice

The Walk for Justice was held at Boom Island Park in Minneapolis on September 15th, 2002. The Walk for Justice is a community event for grassroots nonprofits, their supporters and friends. The Walk exists to raise financial support, awareness, and solidarity for organizations working for social justice in the Twin Cities. Groups that participate include arts organizations, youth groups, neighborhood and economic development groups, immigration groups, women's organizations, children's programs and disability groups.
AMENDMENT OF ARTICLES OF INCORPORATION

READ INSTRUCTIONS LISTED BELOW, BEFORE COMPLETING THIS FORM

1. Type or print in black ink.
2. There is a $35.00 fee payable to the Secretary of State for filing this “Amendment of Articles of Incorporation”.
3. Return Completed Amendment Form and Fee to the address listed on the bottom of the form.

CORPORATE NAME (List the name of the company prior to any desired name change)

Headwaters Fund

This amendment is effective on the day it is filed with the Secretary of State, unless you indicate another date, no later than 30 days after filing with the Secretary of State

05/27/2003

Format (mm/dd/yyyy)

The following amendment(s) to articles regulating the above corporation were adopted. (Insert full text of newly amended article(s) indicating which article(s) is (are) being amended or added) If the full text of the amendment will not fit in the space provided, attach additional numbered pages. (Total number of pages including this form ___)

ARTICLE

The name of the Corporation shall be Headwaters Foundation for Justice

STATE OF MINNESOTA
DEPARTMENT OF STATE
FILED
JUN 03 2003
Mary Kiffmeyer
Secretary of State

This amendment has been approved pursuant to Minnesota Statutes chapter 302A or 317A. I certify that I am authorized to execute this amendment and I further certify that I understand that by signing this amendment, I am subject to the penalties of perjury as set forth in section 609.48 as if I had signed this amendment under oath.

(Signature of Authorized Person)

Name and telephone number of contact person Jim Sauder 612-879-0602

If you have any questions please contact the Secretary of State's office at (651)296-2803

RETURN TO: Secretary of State, Business Services Division
180 State Office Bldg., 100 Rev. Dr. Martin Luther King Jr. Blvd
St. Paul, MN 55155-1299 (651)296-2803
Make Check Payable to the "Secretary of State". Your cancelled Check is your receipt.

All of the information on this form is public and required in order to process this filing. Failure to provide the requested information will prevent the Office from approving or further processing this filing.

The Secretary of State's Office does not discriminate on the basis of race, creed, color, sex, sexual orientation, national origin, age, marital status, disability, religion, reliance on public assistance, or political opinions or affiliations in employment or the provision of services. This document can be made available in alternative formats, such as large print, Braille or audio tape, by calling (651)296-2803. Voice for TTY communication, contact the Minnesota Relay Service at 1-800-627-3529 and ask them to place a call to (651)296-2803.

bus Rev 3-03
Headwaters Foundation for Justice

By-Laws

Restated May 27, 2003
ARTICLE I
MEMBERSHIP

Section 1 Membership to be non-voting. Members, if any, shall meet the qualifications set by resolution of the Board of Directors, and pay dues, if any, according to a schedule established by the Board. Members shall have any and all rights set by resolution of the Board of Directors, except that no voting rights in the corporation shall be reserved to the members.

Section 2 Annual meeting. The corporation has no voting members, and thus is not required to have an annual meeting but may hold an annual meeting of the corporation at which the Board of Directors shall meet.

Section 3 Membership year and dues. The Board of Directors shall have the right to determine any dues or other payments to be made by any members of this corporation. The membership year for the members of this corporation shall be the same as the fiscal year of this corporation.

ARTICLE II
BOARD OF DIRECTORS

Section 1. Appointment or election. Except as otherwise provided herein, the Board of Directors of this corporation shall consist of a number no less than 15 and not to exceed 21 members. Directors will be elected by a majority vote of the current directors.

Section 2. Composition. The Board shall strive to maintain even representation from each of the following categories:

Donor Activist – individuals who personally give and have the capacity to invite others to give gifts of $1,000 or more. Donor activists are committed to organizing other donors to support Headwaters Foundation for Justice.

Community Activist – individuals connected to the issues and communities that Headwaters Foundation for Justice supports, with broad community connections and who bring specific skills and expertise.

Grassroots Activist – individuals engaged in day to day social change work with strong ties and involvement in grassroots communities.

In addition Headwaters Board shall be comprised of a majority women, at least 33% people of color, and at least 20% GLBT. The activist category filled by each Board member will be annually identified and communicated to the Board.
Section 3  Terms  Except as otherwise provided herein, each director of this corporation shall be appointed or elected to serve for a term of three years consistent with the fiscal year. A director shall hold office for the term for which he or she was appointed or elected and until the end of the meeting at which her or his successor has been appointed or elected and until such successor has qualified, or until the director's prior death, resignation or removal. Service of consecutive terms shall be limited to two terms.

Section 4  Removal and vacancies  The Board of Directors may at any time remove with or without cause any director by majority vote of the current Directors. Any vacancy occurring because of the death, resignation or removal of a director shall be filled for the unexpired term of such director.

Section 5  Variance Power  The Board of Directors shall have the power:

(a) to modify any restriction or condition on the distribution of funds for any specified charitable purposes or to specified organizations, if in their sole judgement (without the approval of any trustee, custodian, or agent), such restriction or condition becomes, in effect, unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the communities served by this corporation;

(b) to replace any participating trustee, custodian, or agent for breach of fiduciary duty under the laws of the State of Minnesota, and

(c) to replace any participating trustee, custodian, or agent for failure to produce a reasonable (as determined by the Board of Directors) return of net income (or appreciation when not inconsistent with this corporation's need for current income) with due regard to safety of principal, over a reasonable period of time (as determined by the Board of Directors).

ARTICLE III
MEETINGS OF THE BOARD OF DIRECTORS

Section 1  Regular meetings  Regular meetings of the Board of Directors may be held at such time and place as shall from time to time be determined by resolution of the Board. After the time and place of such regular meetings have been so determined, no notice of such regular meetings need be given. Meetings may be held elsewhere, or at alternative times, if the notice of the meeting clearly provides so. Notice of any change in the place or time of holding any regular meeting, or of any adjournment of a regular meeting to reconvene at a different place, shall be given personally, by mail (postage prepaid), or telephone (including facsimile communication), not less than two days before the meeting, excluding the day of the meeting, to all directors who were absent at the time such action to schedule the meeting was taken.

Section 2  Special meetings  Special meetings of the Board of Directors for any purpose or purposes shall be called either by the Chair or at the written request of any Director. Such request shall state the purpose(s) of the proposed meeting. The Chair of this corporation shall give notice of all special meetings to each director, stating the time and place thereof, and the purposes for which such meeting is convened, by mail.
(postage prepaid), not less than five nor more than sixty days before the meeting, excluding the day of the meeting, to the director's last known address, or by personally delivering or telephoning (including facsimile transmission) the director such notice, no later than two days prior to the day of the meeting, excluding the day of the meeting. The business transacted at all special meetings of directors shall be confined to the subject(s) stated in the notice and to matters germane thereto, unless all directors of the corporation are present at such meeting and consent to the transaction of other business.

Section 3 Notice A Director may waive notice of a meeting of the Board, and such waiver is effective whether given in writing, orally, or by attendance. Attendance by a Director at a meeting is a waiver of notice of that meeting, unless the Director objects at the beginning of the meeting to the transaction of business because the meeting is not lawfully called or convened and does not participate in the meeting.

Section 4 Quorum A majority of the number of Board of Directors' seats which are not vacant shall be necessary to constitute a quorum for the transaction of business and the act of a majority of the directors present at such meeting shall be the act of the Board, except where otherwise provided by statute or these By-laws. If a quorum is present when a duly called or held meeting is convened, the directors present may continue to transact business until adjournment, even though the withdrawal of directors originally present leaves less than the proportion or number otherwise required for a quorum.

Section 5 Written action (action without meeting) Any action permitted to be taken at a meeting of the directors may be taken by written action signed by all of the directors entitled to vote on the action.

ARTICLE IV OFFICERS

Section 1 Officers The officers of this corporation shall consist of, at minimum, Chair (fulfilling the duties of President), Vice-Chair, Secretary and Treasurer, all of whom shall be chosen by the Board of Directors.

Section 2 Method of selection Officers will be elected by a majority of the current directors.

Section 3 Tenure of office and removal The term of office of each of the officers of this corporation shall be for one fiscal year or until the election of successors. Any officer may be removed at any time prior to the expiration of his or her term by affirmative vote of a majority of the current Directors. Any vacancy occurring in an executive office shall be filled by the Board of Directors.

Section 4 Chair (fulfilling the duties of President) The Chair shall have general active management of the business of the corporation, when present, preside at meetings of the board or of the corporation's nonvoting members, if any, see that orders and resolutions of the board are carried into effect, sign and deliver in the name of this corporation deeds, mortgages, bonds, contracts, or other instruments pertaining to the
business of the corporation, except in cases in which the authority to sign and deliver is required by law to be exercised by another person or is expressly delegated by this corporation's organizational documents or by the board to another officer or agent of the corporation, maintain records of and, when necessary, certify proceedings of the board, and perform other duties prescribed by the board.

Section 5 **Vice-Chair** The Vice-Chair shall assist the Chair in carrying out the business of Headwaters and shall fulfill the duties of the Chair in the absence of the Chair.

Section 5 **Secretary** The Secretary shall keep or cause to be kept the corporation's records and minutes, fulfill the usual duties required by such office, and perform such other duties and exercise such other powers as may from time to time be imposed upon that position by resolution of the board.

Section 6 **Treasurer** The Treasurer shall or shall cause the following accurate financial records for the corporation to be kept, deposit money, drafts, and checks in the name of and to the credit of the corporation in the banks and depositoryes designated by the board, endorse for deposit notes, checks and drafts received by the corporation as ordered by the board, making proper vouchers for the deposit, disburse corporate funds and issue checks and drafts in the name of the corporation, as ordered by the board, and upon request, provide the Chair and the board an account of transactions by the Treasurer and of the financial condition of the corporation.

**ARTICLE V**
**COMMITTEES**

Section 1 **Authority** The Board of Directors may act by and through such committees as may be specified in resolutions adopted by a majority of the members of the Board of Directors. Each such committee shall have such duties and responsibilities as are granted to it from time to time by the Board of Directors, and shall at all times be subject to the control and direction of the Board of Directors. Committee members need not be Directors.

Section 2 **Executive committee** One such committee shall be the Executive Committee, which shall consist of the officers of the Board and such other Directors as determined by Board action. The Executive Committee will meet and act on behalf of the Board of Directors between meetings of the Board of Directors, except matters requiring a majority of current Directors.

**ARTICLE VI**
**CONFLICT OF INTEREST/INDEMNIFICATION**

Section 1 **Director conflicts of interest** This corporation shall not enter into any contract or transaction with (a) one or more of its directors, officers, or a member of the immediate family of its director or officer, (b) a director or officer of a related organization, or a member of the immediate family of a director or officer of a related organization, or (c) an organization in or of which the corporation's director or officer, or member of the immediate family of its director or officer, is a director, officer, legal representative or has
a material financial interest, unless the material facts as to the contract or transaction and as to the interest of the director(s) or officer(s) are fully disclosed or known to the Board of Directors, and the Board of Directors authorizes, approves, or ratifies the contract or transaction in good faith by the affirmative vote of a majority of the directors (not counting any vote that the interested director or officer might otherwise have, and not counting the interested director or officer in determining the presence of a quorum.) In light of the preceding sentence's mandate, the Board of Directors shall adopt a policy specifying procedures to be followed by the corporation to approve any transactions where a conflict exists. Failure to comply with this Section shall not invalidate any contract or transaction to which this corporation is a party.

Section 2 Conflicts of interest definitions. For purposes of the prior section, “immediate family” encompasses the following individuals: spouses, domestic-partners-in-fact, parents, children, children's spouses or children's domestic-partners-in-fact, siblings, or spouses or domestic-partners-in-fact of siblings. “Domestic-partner-in-fact” is used with respect to those designated as the intended life partner of an individual or otherwise identified as being related to that individual through intended long term ties of love, affection, responsibility, and commitment common to those undertaken in marriages recognized by the State, regardless of whether such relationship is defined by or otherwise recognized by any governmental authority. “Material financial interest” encompasses, but is not limited to, an individual's relationship to an organization with respect to which rights of the individual exist, whether or not vested, for payment of dividends, profit-sharing, compensation, reimbursement of expenses, repayment of obligations or other liabilities, from the organization, but for purposes of the prior section “material financial interest” does not include fixing the compensation of the director or fixing the compensation of another director as a director, officer, employee, or agent of the corporation, even though the first director is also receiving compensation from the corporation.

Section 3 Insurance. This corporation may, to the full extent permitted by applicable law from time to time in effect, purchase and maintain insurance on behalf of any person who is or was a director, officer, employee, or member of a committee of this corporation against any liability asserted against such person and incurred by such person in any such capacity.

Section 4 through 6 of this Article (concerning indemnification) are incorporated by reference from the separate attachment A to these By-laws.
ARTICLE VII
MISCELLANEOUS

Section 1 Fiscal year The fiscal year of the corporation shall be July 1 to June 30

Section 2 Electronic communications A director or committee member may participate
in a meeting by any means of communication through which such person, other
persons so participating, and all persons physically present at the meeting may
simultaneously hear each other during the meeting. Participation in a meeting by that
means constitutes presence in person at the meeting. A conference among directors or
committee members by any means of communication through which such persons may
simultaneously hear each other during the conference is a meeting of the Board of
Directors or committee, as the case may be, if the same notice is given of the
conference as would be required for a meeting, and if the number of persons
participating in the conference would be sufficient to constitute a quorum at a meeting.
Participation in a meeting by that means constitutes presence in person at the meeting.

ARTICLE VIII
AMENDMENTS

Section 1 Amendment method A majority of the current Board may amend these
Bylaws by adopting a resolution setting forth the amendment that has been especially
noticed 30 days in advance.

History
Adopted – November 19, 2001
Name Change – May 27, 2003
Section 4 Indemnification Coverage  To the full extent permitted by any applicable law, and subject to the procedural limitations noted in Section 6, following, this corporation shall indemnify each person made or threatened to be made a party to any threatened, pending or completed civil, criminal, administrative, arbitration, or investigative proceeding, including a proceeding by or in the right of this corporation, by reason of the former or present capacity of the person as

(a) a director, officer, employee, or member of a committee of this corporation, or

(b) a governor, director, officer, partner, trustee, employee or agent of another organization (including employee benefit plans), who while a director, officer, employee, or member of a committee of this corporation, is or was serving another organization at the request of this corporation, or whose duties as a director, officer, employee, or member of a committee of this corporation involve or involved such service to another organization

Section 5 Mandatory Indemnification  Indemnification is mandatory, if, with respect to the acts or omissions of the person complained of in the proceeding, the person

5.1 has not been indemnified by another organization or employee benefit plan for the same liability described in the preceding paragraph with respect to the same acts or omissions,

5.2 acted in good faith,

5.3 received no improper personal benefit and section 317A 255 of Minnesota Statutes, 2000, as now enacted or hereinafter amended, regarding conflicts of interest, has been satisfied,

5.4 in the case of a criminal proceeding, did not have reasonable cause to believe the conduct was unlawful, and

5.5 in the case of acts or omissions occurring by a director, officer, employee, or member of a committee of this corporation acting in such official capacity, reasonably believed that the conduct was in the best interests of this corporation, or in the case of acts or omissions occurring by a director, officer, employee, or member of a committee of this corporation who is or was serving another organization at the request of this corporation, or whose duties as a director, officer, employee, or member of a committee of this corporation involve or involved such service to another organization, reasonably believed that the conduct was not opposed to the best interests of this corporation

Section 6 Indemnification Eligibility, advances, and ancillary recovery  Any indemnification realized other than under this Article shall apply as a credit against the indemnification provided herein
6.1 Determination of eligibility for indemnification payments or advances shall be made in accord with section 317A 521, subd. 6 of Minnesota Statutes, 2000, as now enacted or hereinafter amended. In essence, same provides that whether a person is entitled to payment or reimbursement of expenses in advance of the final disposition of the relevant proceedings shall be made by the board by a majority of a quorum, directors who are at the time parties to the proceeding are not counted for determining a majority or the presence of a quorum.

6.1.2 If a quorum under 6.1.1 cannot be obtained, by a majority of a committee of the board, consisting solely of two or more directors not at the time parties to the proceeding, duly designated to act in the matter by a majority of the full board including directors who are parties,

6.1.3 If a determination is not made under 6.1.1 or 6.1.2, by special legal counsel, selected either by a majority of the board or a committee by vote constituted under 6.1.1 or 6.1.2, respectively, or, if the requisite quorum of the full board cannot be obtained and the committee cannot be established, by a majority of the full board including directors who are parties, or

6.1.4 If an adverse determination is made under 6.1.1-6.1.3 preceding, or 6.2 following, or if no determination is made within 60 days after the termination of a proceeding or after a request for an advance of expenses, by a court in this state, which may be the court in which the proceeding involving the person's liability took place, upon application of the person and notice the court requires.

6.2 With respect to a person who is not, and was not at the time of the acts or omissions complained of in the proceedings, a director, officer, or person having, directly or indirectly, the power to direct or cause the direction of the management or policies of the corporation, the determination whether indemnification of this person is required because the criteria in Section 4 of this Article has been satisfied and whether this person is entitled to payment or reimbursement of expenses in advance of the final disposition of a proceeding under section 317A 521, subd. 3 of Minnesota Statutes (2000) may be made by an appointed committee of the board, having at least one member who is a director.

6.3 Unless otherwise determined by the board by a majority of a quorum, advances of expenses incurred which are payable under Section 4 of this Article shall not be made prior to a final disposition of a proceeding unless same are paid from insurance policies held by the corporation. For purposes of this Section 6.3, directors who are at the time parties to the proceeding shall not be counted for determining a majority or the presence of a quorum.
**HEADWATERS FOUNDATION FOR JUSTICE**

**FORM 990 GAIN (LOSS) FROM PUBLICLY TRADED SECURITIES STATEMENT 1**

<table>
<thead>
<tr>
<th>DESCRIPTION</th>
<th>GROSS SALES PRICE</th>
<th>COST OR OTHER BASIS</th>
<th>EXPENSE OF SALE</th>
<th>NET GAIN OR (LOSS)</th>
</tr>
</thead>
<tbody>
<tr>
<td>CAPITAL MANAGEMENT SECURITIES, INC</td>
<td>1,416,671.</td>
<td>1,892,611.</td>
<td>0.</td>
<td>-475,940.</td>
</tr>
<tr>
<td>TO FORM 990, PART I, LINE 8</td>
<td>1,416,671.</td>
<td>1,892,611.</td>
<td>0.</td>
<td>-475,940.</td>
</tr>
</tbody>
</table>

**FORM 990 SPECIAL EVENTS AND ACTIVITIES STATEMENT 2**

<table>
<thead>
<tr>
<th>DESCRIPTION OF EVENT</th>
<th>GROSS RECEIPTS</th>
<th>CONTRIBUT. INCLUDED</th>
<th>GROSS REVENUE</th>
<th>DIRECT EXPENSES</th>
<th>NET INCOME</th>
</tr>
</thead>
<tbody>
<tr>
<td>TO FM 990, PART I, LINE 9</td>
<td>42,108.</td>
<td></td>
<td>42,108.</td>
<td>17,270.</td>
<td>24,838.</td>
</tr>
</tbody>
</table>

**FORM 990 OTHER CHANGES IN NET ASSETS OR FUND BALANCES STATEMENT 3**

<table>
<thead>
<tr>
<th>DESCRIPTION</th>
<th>AMOUNT</th>
</tr>
</thead>
<tbody>
<tr>
<td>UNREALIZED GAIN ON INVESTMENTS</td>
<td>441,253.</td>
</tr>
<tr>
<td>TOTAL TO FORM 990, PART I, LINE 20</td>
<td>441,253.</td>
</tr>
</tbody>
</table>

**FORM 990 OTHER EXPENSES STATEMENT 4**

<table>
<thead>
<tr>
<th>DESCRIPTION</th>
<th>(A) TOTAL</th>
<th>(B) PROGRAM SERVICES</th>
<th>(C) MANAGEMENT AND GENERAL</th>
<th>(D) FUNDRAISING</th>
</tr>
</thead>
<tbody>
<tr>
<td>CONSULTANTS EVENTS, CONFERENCES, MEETINGS</td>
<td>27,546.</td>
<td>22,192.</td>
<td>811.</td>
<td>4,543.</td>
</tr>
<tr>
<td>MEMBERSHIP</td>
<td>26,783.</td>
<td>25,122.</td>
<td>239.</td>
<td>1,422.</td>
</tr>
<tr>
<td>MISCELLANEOUS</td>
<td>17,685.</td>
<td>10,875.</td>
<td>2,031.</td>
<td>4,779.</td>
</tr>
<tr>
<td>TRAVEL, DEVELOPMENT, RESOURCES</td>
<td>3,539.</td>
<td>3,289.</td>
<td>61.</td>
<td>189.</td>
</tr>
<tr>
<td></td>
<td>14,353.</td>
<td>12,033.</td>
<td>174.</td>
<td>2,146.</td>
</tr>
</tbody>
</table>
## FORM 990
### PROFESSIONAL
**SERVICES**
- 7,400.
- 4,470.
- 874.
- 2,056.
**REPAIRS/MAINTENANCE**
- 2,161.
- 1,306.
- 255.
- 600.
**INSURANCE**
- 2,844.
- 1,718.
- 336.
- 790.
**BANK FEES**
- 1,466.
- 886.
- 173.
- 407.

---

**TOTAL TO FM 990, LN 43**
- 103,777.
- 81,891.
- 4,954.
- 16,932.

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### FORM 990
#### STATEMENT OF ORGANIZATION'S PRIMARY EXEMPT PURPOSE

#### PART III

### EXPLANATION

HEADWATERS FUND IS A SOCIAL JUSTICE FOUNDATION THAT SUPPORTS SOCIAL, RACIAL AND ECONOMIC JUSTICE THROUGH PROGRAMS THAT FUND CHANGE, BUILD CAPACITY, ENGAGE DONORS, CONVENE COMMUNITIES AND ADVOCATE FOR SOCIAL CHANGE.

---

### FORM 990
#### CASH GRANTS AND ALLOCATIONS

<table>
<thead>
<tr>
<th>CLASSIFICATION</th>
<th>DONEE'S NAME</th>
<th>DONEE'S ADDRESS</th>
<th>DONEE'S RELATIONSHIP</th>
<th>AMOUNT</th>
</tr>
</thead>
<tbody>
<tr>
<td>SEE ATTACHMENT A</td>
<td></td>
<td></td>
<td>NONE</td>
<td>546,327.</td>
</tr>
</tbody>
</table>

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**TOTAL INCLUDED ON FORM 990, PART II, LINE 22**
- 546,327.

---

### FORM 990
#### GOVERNMENT SECURITIES

<table>
<thead>
<tr>
<th>DESCRIPTION</th>
<th>U.S. GOVERNMENT</th>
<th>STATE AND LOCAL GOV'T</th>
<th>TOTAL GOV'T SECURITIES</th>
</tr>
</thead>
</table>

---

**TOTAL TO FORM 990, LINE 54, COL B**
- 790,456.
- 790,456.
### FORM 990 OTHER INVESTMENTS

<table>
<thead>
<tr>
<th>DESCRIPTION</th>
<th>VALUATION METHOD</th>
<th>AMOUNT</th>
</tr>
</thead>
<tbody>
<tr>
<td>CASH AND CASH EQUIVALENTS</td>
<td>MARKET VALUE</td>
<td>32,753.</td>
</tr>
<tr>
<td>EQUITY MUTUAL FUNDS</td>
<td>MARKET VALUE</td>
<td>1,916,712.</td>
</tr>
<tr>
<td>TOTAL TO FORM 990, PART IV, LINE 56, COLUMN B</td>
<td></td>
<td>1,949,465.</td>
</tr>
</tbody>
</table>

### FORM 990 DEPRECIATION OF ASSETS NOT HELD FOR INVESTMENT

<table>
<thead>
<tr>
<th>DESCRIPTION</th>
<th>COST OR OTHER BASIS</th>
<th>ACCUMULATED DEPRECIATION</th>
<th>BOOK VALUE</th>
</tr>
</thead>
<tbody>
<tr>
<td>EQUIPMENT</td>
<td>61,192.</td>
<td>58,834.</td>
<td>2,358.</td>
</tr>
<tr>
<td>TOTAL TO FORM 990, PART IV, LN 57</td>
<td>61,192.</td>
<td>58,834.</td>
<td>2,358.</td>
</tr>
</tbody>
</table>

### FORM 990 OTHER EXPENSES NOT INCLUDED ON FORM 990

<table>
<thead>
<tr>
<th>DESCRIPTION</th>
<th>AMOUNT</th>
</tr>
</thead>
<tbody>
<tr>
<td>SPECIAL EVENT EXPENSES</td>
<td>17,270.</td>
</tr>
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<td>TOTAL TO FORM 990, PART IV-B</td>
<td>17,270.</td>
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### FORM 990 OTHER REVENUE INCLUDED ON FORM 990

<table>
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<td>TOTAL TO FORM 990, PART IV-A</td>
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<tr>
<td>NAME AND ADDRESS</td>
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</tr>
<tr>
<td>STEVE NEWCOM</td>
<td>EXECUTIVE DIRECTOR</td>
</tr>
<tr>
<td>122 WEST FRANKLIN AVENUE, SUITE 518, MINNEAPOLIS, MN 55404</td>
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</tr>
<tr>
<td>RON BRUNK</td>
<td>BOARD MEMBER</td>
</tr>
<tr>
<td>2630 NORTH IRVING</td>
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</tr>
<tr>
<td>MINNEAPOLIS, MN 55411</td>
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<tr>
<td>JULIA CLASSEN</td>
<td>BOARD MEMBER</td>
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<tr>
<td>232 XERXES AVENUE NORTH</td>
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<td>MINNEAPOLIS, MN 55405</td>
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<tr>
<td>CHARLOTTE FORSYTHE</td>
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<tr>
<td>2854 JAMES AVENUE SOUTH</td>
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<td>MINNEAPOLIS, MN 55408</td>
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<tr>
<td>CARL GRIFFIN</td>
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<tr>
<td>2417 DUPONT AVENUE SOUTH</td>
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<tr>
<td>ANNE HADDAD</td>
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<tr>
<td>219 WEST WOODLEY STREET</td>
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<tr>
<td>NORTHFIELD, MN 55057</td>
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<tr>
<td>DANIEL HAWKINS</td>
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<tr>
<td>2330 ARTHUR STREET NORTHEAST</td>
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<tr>
<td>MINNEAPOLIS, MN 55418</td>
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<tr>
<td>TINA JOH</td>
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<tr>
<td>3453 16TH AVENUE SOUTH</td>
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<td>MINNEAPOLIS, MN 55407</td>
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<tr>
<td>CHUCK KOOSMANN</td>
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<tr>
<td>8 COULEE RIDGE</td>
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<td>AFTON, MN 55001</td>
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<td>KEVIN LYNCH</td>
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<tr>
<td>4737 COUNTY ROAD 101</td>
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<td>MINNETONKA, MN 55345</td>
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<td>Name</td>
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<tr>
<td>ARIF MAMDANI</td>
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<tr>
<td>DAVE MANN</td>
<td>BOARD MEMBER</td>
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<tr>
<td>CAROL MCGEE JOHNSON</td>
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<tr>
<td>RON MCKINLEY</td>
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<td>LASHELLA SIMS</td>
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<td>JOANNE STATELY</td>
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<td>ANN TOBIN</td>
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<tr>
<td>FRIENDLY VANG-JOHNSON</td>
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<tr>
<td>DAVID WATERBURY</td>
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<td>BARBARA WIENER</td>
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TOTALS INCLUDED ON FORM 990, PART V

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SCHEDULE A
STATEMENT REGARDING ACTIVITIES WITH
SUBSTANTIAL CONTRIBUTORS, TRUSTEES, DIRECTORS,
CREATORS, KEY EMPLOYEES, ETC.,
PART III, LINE 2

SEE FORM 990, PART V
HEADWATERS MAKES GRANTS TO TWIN CITIES AND GREATER MINNESOTA SOCIAL CHANGE ORGANIZATIONS THAT ARE BASED IN A COMMUNITY WITH CONSTITUENT LEADERSHIP, ADDRESSING THE ROOT CAUSES OF PROBLEMS IN OUR SOCIETY, WORKING IN A COOPERATIVE MANNER WITH OTHER GROUPS IN THE COMMUNITY, AND HAVE LIMITED ACCESS TO TRADITIONAL FUNDING SOURCES. APPLICANTS ARE JUDGED THROUGH A MULTI-STEP REVIEW PROCESS CONDUCTED BY THE HEADWATERS GRANTS COMMITTEE. INDIVIDUALS ARE NOT ELIGIBLE FOR FUNDING. FUNDS ARE ONLY DISTRIBUTED TO IRS CODE 501(C)(3) ORGANIZATIONS, OR THE (C)(3) ELIGIBLE ACTIVITIES. IN INSTANCES WHERE THE ORGANIZATION HAS NOT YET RECEIVED ITS OWN (C)(3) CLASSIFICATION, A FISCAL AGENT WITH 501(C)(3) STATUS MAY ACT AS SPONSOR. WITH AN INITIAL APPLICATION, GROUPS MUST SUPPLY A COPY OF THE DETERMINATION LETTER, A LIST OF BOARD MEMBERS, BUDGET AND FINANCIAL INFORMATION, AND A WRITTEN NARRATIVE PROPOSAL ABOUT THE PROJECT. IF AN AWARD IS MADE, GROUPS MUST SIGN A GRANT AGREEMENT INDICATING THE TERMS OF THE GRANT AND REPORTING REQUIREMENTS. GROUPS MUST ALSO PROVIDE EVIDENCE OF CURRENT REGISTRATION WITH THE MINNESOTA ATTORNEY GENERAL’S CHARITY DIVISION. IF FUNDS ARE DISTRIBUTED TO A FISCAL AGENT, A LETTER IS REQUIRED FROM THAT ORGANIZATION INDICATING THE ORGANIZATION’S WILLINGNESS TO SERVE IN THAT CAPACITY.

<table>
<thead>
<tr>
<th>DESCRIPTION</th>
<th>2001 AMOUNT</th>
<th>2000 AMOUNT</th>
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