

*Financial Statements*  
*Years Ended*  
*December 31, 2005 and 2004*

*Beazley Foundation, Incorporated*



Certified Public Accountants  
Financial Planning  
Specialized Services

***Beazley Foundation, Incorporated***

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Certified Public Accountants  
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## *Report of Independent Auditors*

Board of Directors  
***Beazley Foundation, Incorporated***

We have audited the accompanying statements of financial position of ***Beazley Foundation, Incorporated*** as of December 31, 2005 and 2004 and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of ***Beazley Foundation, Incorporated*** as of December 31, 2005 and 2004, and the results of its activities and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

*Goodman + Company LLP*

Norfolk, Virginia  
April 8, 2006

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*Beazley Foundation, Incorporated*

*Statements of Financial Position*

| <b>December 31,</b>                                      | <b>2005</b>          | <b>2004</b>          |
|--|----------------------|----------------------|
| <b>Assets</b>  |                      |                      |
| <b>Investments, held by bank and broker trustee</b>      |                      |                      |
| Cash equivalents   | \$ 1,500,481         | \$ 2,591,380         |
| U.S. government securities                               | 5,070,301            | 6,608,143            |
| Corporate stocks and bonds                               | 54,612,744           | 54,037,027           |
|  | <u>61,183,526</u>    | <u>63,236,550</u>    |
| Accrued interest receivable                              | 77,586               | 113,602              |
|  | <u>61,261,112</u>    | <u>63,350,152</u>    |
| <b>Assets held by Foundation</b>                         |                      |                      |
| Cash and cash equivalents                                | 899,782              | 364,189              |
| Investments, managed by Foundation                       | 1,167,349            | 774,088              |
| Accrued interest receivable on Foundation managed assets | -                    | 8,429                |
| Prepaid expenses   | 5,979                | 6,382                |
| Income tax refund receivable                             | 95,826               | -                    |
| Property and equipment, less accumulated depreciation    | 293,854              | 308,710              |
| Cash surrender value of life insurance                   | 12,196               | 11,287               |
| Annuity  | 15,495               | 25,133               |
|  | <u>2,490,481</u>     | <u>1,498,218</u>     |
|  | <u>\$ 63,751,593</u> | <u>\$ 64,848,370</u> |
| <b>Liabilities and Net Assets</b>                        |                      |                      |
| <b>Accounts payable and accrued expenses</b>             | \$ 124,080           | \$ 130,721           |
| <b>Gifts and grants payable</b>                          | 1,266,753            | 500,000              |
| <b>Deferred compensation</b>                             | 1,637,755            | 1,739,498            |
| <b>Excise taxes payable</b>                              | -                    | 118,742              |
| <b>Deferred excise taxes</b>                             | 101,756              | 123,853              |
| <b>Total liabilities</b>                                 | <u>3,130,344</u>     | <u>2,612,814</u>     |
| <b>Net assets - unrestricted</b>                         | <u>60,621,249</u>    | <u>62,235,556</u>    |
|  | <u>\$ 63,751,593</u> | <u>\$ 64,848,370</u> |

*The accompanying notes are an integral part of these financial statements.*

***Beazley Foundation, Incorporated***

***Statements of Activities***

| <b>Years Ended December 31,</b>                    | <b>2005</b>          | <b>2004</b>          |
|--|----------------------|----------------------|
| <b>Changes in unrestricted net assets</b>          |                      |                      |
| <b>Revenues, gains and losses</b>                  |                      |                      |
| Net realized gain on sale of investments           | \$ 3,022,498         | \$ 5,776,903         |
| Interest and dividends                             | 1,314,762            | 1,487,172            |
| Net unrealized loss on investments                 | (836,939)            | (1,838,112)          |
| Other  | (42,215)             | (28,273)             |
| Loss on abandoned equipment                        | -                    | (5,277)              |
|  | <u>3,458,106</u>     | <u>5,392,413</u>     |
| <b>Expenses</b>                                    |                      |                      |
| Program services:                                  |                      |                      |
| Gifts and grants                                   | 3,768,998            | 1,650,993            |
| Charitable program expenses                        | 355,752              | 325,243              |
| Administrative expenses                            | 926,244              | 1,036,625            |
| Federal excise tax expense                         | 21,419               | 101,749              |
|  | <u>5,072,413</u>     | <u>3,114,610</u>     |
| <b>Change in unrestricted net assets</b>           | (1,614,307)          | 2,277,803            |
| <b>Unrestricted net assets - beginning of year</b> | <u>62,235,556</u>    | <u>59,957,753</u>    |
| <b>Unrestricted net assets - end of year</b>       | <u>\$ 60,621,249</u> | <u>\$ 62,235,556</u> |

*The accompanying notes are an integral part of these financial statements.*

*Beazley Foundation, Incorporated*

*Statements of Cash Flows*

| <b>Years Ended December 31,</b>                                 | <b>2005</b>         | <b>2004</b>         |
|---|---------------------|---------------------|
| <b>Cash flows from operating activities</b>                     |                     |                     |
| Change in net unrestricted assets                               | \$ (1,614,307)      | \$ 2,277,803        |
| Adjustments to reconcile to net cash from operating activities: |                     |                     |
| Depreciation  | 22,556              | 23,952              |
| Amortization of premiums and discounts on investments           | -                   | 1,856               |
| Net realized gain on sale of investments                        | (3,022,498)         | (5,776,903)         |
| Net unrealized loss on investments                              | 836,939             | 1,838,112           |
| Loss on abandoned equipment                                     | -                   | 5,277               |
| Deferred excise tax benefit                                     | (22,097)            | (35,758)            |
| Change in:  |                     |                     |
| Accrued interest receivable                                     | 36,016              | 99,888              |
| Cash surrender value of life insurance                          | (909)               | (5,108)             |
| Prepaid expenses  | 403                 | (350)               |
| Accounts payable and accrued expenses                           | (6,641)             | 31,709              |
| Refundable excise taxes   | (214,568)           | 109,035             |
| Gifts and grants payable  | 766,753             | (335,669)           |
| Deferred compensation   | (101,743)           | 30,206              |
| <b>Net cash from operating activities</b>                       | <u>(3,320,096)</u>  | <u>(1,735,950)</u>  |
| <b>Cash flows from investing activities</b>                     |                     |                     |
| Proceeds from sales of investments                              | 30,101,539          | 76,898,456          |
| Purchases of investments  | (27,338,686)        | (73,909,360)        |
| Purchases of property and equipment                             | (7,701)             | (6,671)             |
| Proceeds from annuity   | 9,638               | 11,324              |
| <b>Net cash from investing activities</b>                       | <u>2,764,790</u>    | <u>2,993,749</u>    |
| <b>Net change in cash and cash equivalents</b>                  | (555,306)           | 1,257,799           |
| <b>Cash and cash equivalents - beginning of year</b>            | <u>2,955,569</u>    | <u>1,697,770</u>    |
| <b>Cash and cash equivalents - end of year</b>                  | <u>\$ 2,400,263</u> | <u>\$ 2,955,569</u> |
| <b>Cash and cash equivalents are presented as follows:</b>      |                     |                     |
| Cash and equivalents, held by bank and broker trustee           | \$ 1,500,481        | \$ 2,591,380        |
| Cash and equivalents held by Foundation                         | 899,782             | 364,189             |
|   | <u>\$ 2,400,263</u> | <u>\$ 2,955,569</u> |
| <b>Supplemental disclosure of cash flow information</b>         |                     |                     |
| Cash paid for excise taxes                                      | \$ 257,979          | \$ 28,472           |

*The accompanying notes are an integral part of these financial statements.*

# ***Beazley Foundation, Incorporated***

## ***Notes to Financial Statements***

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**December 31, 2005 and 2004**

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### **1. Organization and Nature of Activities**

***Beazley Foundation, Incorporated*** (Foundation) was organized by Fred W. Beazley, Marie C. Beazley and their son, Fred W. Beazley, Jr., who contributed the Foundation's original assets to further the cause of charity, education and religion.

### **2. Summary of Significant Accounting Policies**

#### **Financial Statements**

Financial statements of not-for-profit organizations report net assets as permanently restricted, temporarily restricted, and unrestricted based on the existence or absence of donor contributed assets which have temporary or permanent restrictions applicable to them. At December 31, 2005 and 2004, all of the Foundation's assets have been classified as unrestricted.

#### **Basis of Accounting**

The Foundation uses the accrual basis of accounting.

#### **Estimates**

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, and expenses and disclosure of contingent assets and liabilities for the reported periods. Actual results could differ from those estimates and assumptions.

#### **Investments**

Investments in equity securities with readily determinable fair values and all debt securities are reported at fair market value with unrealized gains and losses included in the statement of activities.

Investments in limited liability companies operating commercial rental properties are reported at historical cost adjusted for results of operations, additional contributions, and distributions. This method is necessary due to the lack of a readily determinable fair value of the companies or their underlying assets.

#### **Cash Equivalents**

The Foundation considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

## **Property and Equipment**

Property and equipment are recorded at cost if purchased or at estimated fair market value at time of acquisition if acquired by gift.

Depreciation is provided on a straight-line basis over the following estimated useful lives:

|                           |              |
|---------------------------|--------------|
| Building and improvements | 5 - 40 years |
| Equipment and furnishings | 5 - 10 years |
| Vehicle                   | 5 years      |

## **Gifts and Grants**

Unconditional promises to make gifts and grants are recorded when they are communicated to the recipient and conditional promises to make gifts and grants are recorded once the condition imposed by the Foundation has been met. Gifts and grants are reported for tax purposes on the cash basis.

## **Deferred Compensation**

Deferred compensation represents the estimated present value of future payments required under deferred compensation arrangements using appropriate accrual estimates, a 7% discount factor, and a 5% cost of living adjustment.

## **Excise Taxes**

The Foundation is a private foundation under Internal Revenue Service regulations and thus is required to pay a 1% or 2% excise tax on its net investment income and to make annual charitable distributions of 5% of the average market value of its investment assets in order to avoid additional taxation.

Excise taxes are provided for the effects of transactions reported in the financial statements, and consist of taxes currently due plus deferred taxes related to unrealized losses/gains on investments reported for financial statements. The deferred tax asset/liability represents the future tax return consequences of those losses/gains when realized.

## **Concentration of Credit Risk**

Financial instruments which potentially subject the Foundation to concentration of credit risk consist principally of temporary cash investments. The Foundation places its temporary cash investments with high credit quality financial institutions. At December 31, 2005 and 2004, the Foundation had temporary cash investments on deposit in excess of the FDIC insured limit at a single financial institution. In addition, a portion of the cash at one of the financial institutions is held in an overnight investment account which is not insured by the FDIC.



### 3. Investments

Investments held by trustees consist of the following:

|                            | 2005          |               | 2004          |               |
|----------------------------|---------------|---------------|---------------|---------------|
|                            | Cost          | Market        | Cost          | Market        |
| Cash equivalents           | \$ 1,500,481  | \$ 1,500,481  | \$ 2,591,380  | \$ 2,591,380  |
| U.S. government securities | 5,241,307     | 5,070,301     | 6,345,632     | 6,608,143     |
| Common stocks              | 49,402,567    | 54,612,744    | 48,151,719    | 54,037,027    |
|                            | 56,144,355    | 61,183,526    | 57,088,731    | 63,236,550    |
| Accrued interest           | 77,586        | 77,586        | 113,602       | 113,602       |
|                            | \$ 56,221,941 | \$ 61,261,112 | \$ 57,202,333 | \$ 63,350,152 |

Investment management fees of \$355,272 and \$340,896 were paid to investment managers during 2005 and 2004, respectively.

Investments managed by the Foundation consist of the following:

|   | 2005         |              | 2004       |            |
|---|--------------|--------------|------------|------------|
|   | Cost         | Market       | Cost       | Market     |
| U.S. government securities  | \$ -         | \$ -         | \$ 333,155 | \$ 329,566 |
| Tidewater Holdings Co., LLC<br>1.456% limited interest                | 219,757      | 219,757      | 250,000    | 250,000    |
| Fairfield Associates, LLC<br>2.3716% limited interest                 | 81,805       | 81,805       | 98,319     | 98,319     |
| Elmhurst Associates LLC<br>6.8301% limited interest                   | 81,465       | 81,465       | 96,203     | 96,203     |
| Galleria Woods Gardens<br>Associates, LLC 2.9052%<br>limited interest | 142,700      | 142,700      | -          | -          |
| Lumber River Associates, LLC<br>14.5517% limited interest             | 175,432      | 175,432      | -          | -          |
| Atlanta-Durham Holdings,<br>LLC 1.6129032% limited<br>interest        | 215,931      | 215,931      | -          | -          |
| Atlanta-Dallas Holdings, LLC<br>1.570434% limited interest            | 250,259      | 250,259      | -          | -          |
|   | \$ 1,167,349 | \$ 1,167,349 | \$ 777,677 | \$ 774,088 |

The limited liability companies represent entities which have invested in various real estate investments.

#### 4. Property and Equipment

Property and equipment used for charitable and administrative purposes consist of the following:

|                                 | <u>2005</u>       | <u>2004</u>       |
|---------------------------------|-------------------|-------------------|
| Land                            | \$ 58,946         | \$ 58,946         |
| Buildings and improvements      | 490,038           | 486,463           |
| Equipment and furnishings       | 143,370           | 139,244           |
| Vehicle                         | 26,131            | 26,131            |
|                                 | <u>718,485</u>    | <u>710,784</u>    |
| Less - accumulated depreciation | (424,631)         | (402,074)         |
|                                 | <u>\$ 293,854</u> | <u>\$ 308,710</u> |

#### 5. Deferred Compensation

The Foundation has deferred compensation agreements with seven former officer-trustees or their surviving spouses, one current employee, and the immediate past President who is now serving as a trustee. The agreements call for monthly cash payments from the date of retirement for their lifetime and their spouses' lifetime. Effective January 1, 1992, the employees' deferred compensation payments commenced and are being partially funded by an annuity. At December 31, 2005 eight deferred compensation participants or their surviving spouses were receiving benefits under these agreements.

The provision for deferred compensation was \$88,238 and \$211,782 in 2005 and 2004, respectively. A total of \$189,981 and \$181,576 was paid to participants during 2005 and 2004, respectively. The Foundation expects to distribute \$182,571 in 2006.

#### 6. Excise Tax

Federal excise tax expense on net investment income is as follows:

|                             | <u>2005</u>      | <u>2004</u>       |
|-----------------------------|------------------|-------------------|
| Excise tax percentage       | <u>1%</u>        | <u>2%</u>         |
| Excise tax currently due    | \$ 43,516        | \$ 137,507        |
| Deferred excise tax expense | (22,097)         | (35,758)          |
|                             | <u>\$ 21,419</u> | <u>\$ 101,749</u> |

The deferred excise tax liabilities result from the recognition of unrealized gains and losses in the financial statements on investments held by the Foundation. Unrealized gains or losses are not subject to federal excise tax expense or benefit until these investments are sold and the gains and losses are realized.

The deferred tax assets result from the losses that are being carried forward and which are associated with unrelated business taxable income generated by the Foundation's investments in various rental real estate limited liability companies.

In order to avoid additional tax, the Foundation is required to make minimum annual distributions for charitable purposes based on income and the average market value of assets held during each tax year. Qualifying distributions in excess of minimum annual distributions may be carried forward for a specific period to reduce future minimum annual distribution requirements.

A summary of distribution requirements for 2005 and 2004 are as follows:

|   | <u>2005</u>           | <u>2004</u>             |
|---|-----------------------|-------------------------|
| Undistributed income from prior year  | \$ 1,707,339          | \$ 1,831,059            |
| Distributable amount  | 3,061,634             | 2,930,166               |
| Qualifying distributions made   | <u>(3,990,990)</u>    | <u>(3,053,866)</u>      |
| <br>Undistributed income at end of year required to be<br>distributed within one year | <br><u>\$ 777,983</u> | <br><u>\$ 1,707,359</u> |

**7. Pension Plan**

The Foundation has a money purchase pension plan which covers all employees. An employee becomes 100% vested after five years of service. Contributions to the plan are calculated annually at 10% of eligible wages. Contributions of \$40,547 and \$38,119 have been accrued in 2005 and 2004, respectively.

**8. Estate of Fred W. Beazley**

The Foundation is the residual beneficiary of the Fred W. and Marie C. Beazley Trust and Emergency Fund which was established on behalf of certain members of the Beazley family. The balance, if any, to be received by the Foundation after distributions to the family is not determinable at the present time.

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Certified Public Accountants  
Specialized Services  
Business Solutions

***Report of Independent Auditors on Supplementary Information***

Board of Trustees  
***Beazley Foundation, Incorporated***

Our report on the audits of the statements of financial position of ***Beazley Foundation, Incorporated*** as of December 31, 2005 and 2004, and the related statements of activities, and cash flows for the years then ended appears on page 1. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information included on pages 11 through 18 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Goodman & Company LLP*

Norfolk, Virginia  
April 8, 2006

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*Beazley Foundation, Incorporated*

*Gifts and Grants Awarded*

| <b>Years Ended December 31,</b>                | <b>2005</b>    | <b>2004</b>    |
|--|----------------|----------------|
| The Academy of Music                           | \$ 15,000      | \$ 25,000      |
| ACCESS College Foundation                      | 58,500         | -              |
| American Red Cross                             | -              | 2,200          |
| An Achievable Dream                            | 25,000         | 25,000         |
| Angel Flight of Virginia                       | -              | 31,865         |
| Atlantic Shores Christian Schools              | -              | 25,000         |
| Bon Secours Maryview Foundation                | 65,000         | -              |
| Boys & Girls Club of Southeast Virginia        | -              | 35,000         |
| Boys & Girls Club of the Virginia Peninsula    | -              | 7,500          |
| Camp Holiday Trails                            | 5,000          | 5,000          |
| Cape Henry Collegiate School                   | 25,000         | -              |
| Catholic Charities of Hampton Roads, Inc.      | -              | 20,000         |
| Cavalier Manor Little League, Inc.             | -              | 300            |
| Cerebral Palsy of Virginia                     | 28,586         | -              |
| Chesapeake Bay Academy                         | 50,000         | -              |
| Chesapeake Bay Foundation                      | 35,000         | 25,000         |
| Chesapeake Care Free Clinic                    | 80,000         | 8,030          |
| Chesapeake Health Foundation                   | 100,000        | -              |
| Chesapeake Rotary Club Endowment Fund          | -              | 2,500          |
| Chesapeake Service Systems, Inc.               | 50,000         | -              |
| Child and Family Services                      | -              | 25,000         |
| Children's Center, The                         | -              | 20,000         |
| Children's Hospital of the King's Daughters    | 25,000         | 25,000         |
| Children's Performance Workshops, Inc.         | -              | 27,000         |
| Children's Resources                           | -              | 3,000          |
| CHIP/Healthy Families Chesapeake               | 25,000         | -              |
| Churchland High School                         | -              | 1,000          |
| City of Norfolk, Office of Grants Management   | 5,000          | -              |
| College Fund, The/UNCF                         | 10,000         | -              |
| Community Resource Network of Chesapeake, Inc. | 25,000         | -              |
| Cornerstone Christian School                   | 9,000          | -              |
| Corporation for Jefferson's Poplar Forest, The | 25,000         | -              |
| Ecumenical Family Shelter (The Dwelling Place) | -              | 15,000         |
| Elizabeth River Project, The                   | 30,000         | 6,954          |
| Foodbank of Southeastern Virginia              | 20,000         | -              |
| Foundation Center                              | 1,500          | 1,500          |
| Subtotal                                       | <u>712,586</u> | <u>336,849</u> |

(Continued)

*Beazley Foundation, Incorporated*

*Gifts and Grants Awarded*

| <b>Years Ended December 31,</b>                            | <b>2005</b> | <b>2004</b> |
|--|-------------|-------------|
| Subtotal forward   | \$ 712,586  | \$ 336,849  |
| Friends of the Portsmouth Juvenile Court                   | 12,000      | 24,000      |
| Great Bridge Battlefields and Waterways History Foundation | 50,000      | -           |
| Historic St. Luke's Church                                 | -           | 28,500      |
| Hoffler Creek Wildlife Foundation                          | -           | 25,000      |
| Hope House Foundation                                      | 34,400      | -           |
| Horizon's - Hampton Roads Student Enrichment Program       | 6,000       | -           |
| Isle of Wight Academy                                      | 15,000      | -           |
| Jacob's Ladder   | 15,000      | -           |
| Jamestown-Yorktown Foundation, Inc.                        | -           | 50,000      |
| Judeo-Christian Outreach Center                            | 50,000      | -           |
| Kiwanis Children's Council of South Hampton Roads          | -           | 10,000      |
| Mariners' Museum, The                                      | -           | 25,000      |
| Nansemond Suffolk Academy                                  | -           | 50,000      |
| Nature Conservancy, The                                    | 5,000       | -           |
| Norfolk Christian Schools                                  | -           | 30,000      |
| Norfolk Senior Center                                      | 10,000      | -           |
| Park Place Child Life Center                               | 10,000      | -           |
| Park Place School  | 15,000      | -           |
| Patrick Henry Boys and Girls Plantation, Inc.              | 5,000       | -           |
| Physicians for Peace                                       | -           | 15,240      |
| PORTCO, Inc.   | 20,890      | -           |
| Portsmouth Community Concerts                              | -           | 4,700       |
| Portsmouth Community Foundation                            | 35,000      | 25,000      |
| Portsmouth Community Health Center                         | 200,000     | 400,000     |
| Portsmouth Crime Line                                      | 2,000       | 2,000       |
| Portsmouth Museum Foundation                               | -           | 10,700      |
| Portsmouth Professional Firefighters Local 539             | -           | 250         |
| Portsmouth Public Schools - Scholarships                   | 93,000      | 96,000      |
| Portsmouth Schools Foundation - ACCESS Program             | 75,000      | 75,000      |
| Portsmouth Schools Foundation - Athletic Equipment         | 25,000      | -           |
| Portsmouth Self Sufficiency Project                        | 41,540      | -           |
| Project Lifesaver International, Inc.                      | 2,838       | -           |
| Salvation Army   | -           | 2,500       |
| Seton House  | -           | 10,000      |
| Subtotal   | 1,435,254   | 1,220,739   |

(Continued)

*Beazley Foundation, Incorporated*

*Gifts and Grants Awarded*

| <b>Years Ended December 31,</b>   | <b>2005</b>         | <b>2004</b>         |
|---|---------------------|---------------------|
| Subtotal forward  | \$ 1,435,254        | \$ 1,220,739        |
| Seton Youth Shelters  | 25,000              | -                   |
| Shriners Hospital for Children  | 50                  | -                   |
| Society of St. Andrew   | -                   | 2,500               |
| Southeast 4-H Educational Center  | 20,000              | -                   |
| Southeastern Council of Foundations                                     | 4,041               | 4,681               |
| Starbase-Atlantis   | 30,000              | 20,000              |
| Stonebridge School  | -                   | -                   |
| St. Christopher School  | 8,772               | 25,322              |
| St. Mary's Home for Disabled Children                                   | -                   | 25,000              |
| St. Matthew's School  | -                   | 15,000              |
| St. Paul's Episcopal Church   | -                   | 10,000              |
| Suffolk Meals on Wheels   | 3,500               | 2,500               |
| Sunshine Health Center  | -                   | 12,500              |
| Tidewater Academy   | 40,000              | -                   |
| Tidewater Chapter of the American Guild of Organists                    | -                   | 1,000               |
| Tidewater Community College Educational Foundation                      | 1,477,631           | -                   |
| Tidewater Pastoral Counseling Services                                  | 7,500               | 5,000               |
| Tidewater Winds   | 10,000              | 5,000               |
| Triple R Ranch  | -                   | 25,000              |
| United Jewish Foundation of Tidewater                                   | -                   | 40,000              |
| United Way of South Hampton Roads                                       | 86,000              | 50,000              |
| Union Theological Seminary & Presbyterian School of Christian Education | 5,000               | 2,000               |
| Virginia Air and Space Museum   | -                   | 45,251              |
| Virginia Aquarium and Marine Science Center                             | 25,000              | -                   |
| Virginia Beach Foundation   | 5,000               | -                   |
| Virginia College Fund   | 25,000              | 25,000              |
| Virginia Institute of Marine Science School of Marine Science           | 50,000              | -                   |
| Virginia Legal Aid Society  | 29,500              | 5,000               |
| Virginia Marine Science Museum  | -                   | 35,000              |
| Virginia Maritime Heritage Foundation                                   | 25,000              | -                   |
| Virginia Military Institute Foundation                                  | 10,000              | -                   |
| Virginia Opera  | -                   | 5,000               |
| Virginia Symphony   | -                   | 5,000               |
| Virginia Wesleyan College   | 105,000             | 10,000              |
| Volunteer Hampton Roads   | 16,750              | 2,500               |
| WHRO  | -                   | 2,000               |
| William & Mary, The College of  | -                   | 50,000              |
| YMCA of Portsmouth  | 250,000             | -                   |
| YMCA of South Hampton Roads   | 75,000              | -                   |
| <b>Total</b>  | <b>\$ 3,768,998</b> | <b>\$ 1,650,993</b> |

*Beazley Foundation, Incorporated*

*Charitable Program Expenses*

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| <b>Years Ended December 31,</b> | <b>2005</b>       | <b>2004</b>       |
|---------------------------------|-------------------|-------------------|
| Beazley Senior Center           |                   |                   |
| Salaries and wages              | \$ 193,614        | \$ 177,477        |
| Group insurance                 | 57,761            | 45,358            |
| Program supplies                | 33,541            | 34,847            |
| Utilities                       | 20,089            | 19,979            |
| Payroll taxes                   | 14,811            | 13,577            |
| Repairs and maintenance         | 14,034            | 12,608            |
| Depreciation                    | 11,014            | 11,227            |
| Other insurance                 | 7,106             | 6,491             |
| Office supplies                 | 2,329             | 2,624             |
| Taxes and licenses              | 1,273             | 592               |
| Miscellaneous                   | 180               | 463               |
| <b>Total</b>                    | <b>\$ 355,752</b> | <b>\$ 325,243</b> |

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*The accompanying notes are an integral part of these financial statements.*



*Beazley Foundation, Incorporated*

*Administrative Expenses*

| <b>Years Ended December 31,</b> | <b>2005</b>       | <b>2004</b>         |
|---------------------------------|-------------------|---------------------|
| Investment management fees      | \$ 355,272        | \$ 340,896          |
| Salaries and wages              | 283,872           | 279,092             |
| Deferred compensation expense   | 88,238            | 211,782             |
| Group insurance                 | 52,305            | 48,357              |
| Pension plan contribution       | 40,547            | 38,119              |
| Professional services           | 19,925            | 29,729              |
| Payroll taxes                   | 16,333            | 15,867              |
| Depreciation                    | 11,542            | 12,726              |
| Utilities                       | 10,070            | 9,839               |
| Repairs and maintenance         | 7,383             | 6,181               |
| Office supplies                 | 7,382             | 11,346              |
| Staff development               | 6,612             | 9,424               |
| Other insurance                 | 6,199             | 6,918               |
| Travel                          | 4,516             | 7,360               |
| Property taxes                  | 3,993             | 3,772               |
| Miscellaneous                   | 12,055            | 5,217               |
| <b>Total</b>                    | <b>\$ 926,244</b> | <b>\$ 1,036,625</b> |

*The accompanying notes are an integral part of these financial statements.*

*Beazley Foundation, Incorporated*

*Gifts and Grants - Cash Basis*

| <b>Years Ended December 31,</b>                         | <b>2005</b> | <b>2004</b> |
|---|-------------|-------------|
| Academy of Music, The                                   | \$ 15,000   | \$ 25,000   |
| ACCESS College Foundation                               | 58,500      | -           |
| American Red Cross                                      | -           | 2,200       |
| An Achievable Dream                                     | 25,000      | 25,000      |
| Angel Flight of Virginia                                | -           | 31,865      |
| Atlantic Shores Christian Schools                       | -           | 25,000      |
| Bon Secours Maryview Foundation                         | 65,000      | -           |
| Boys & Girls Club of Southeast Virginia                 | -           | 35,000      |
| Boys & Girls Club of the Virginia Peninsula             | -           | 7,500       |
| Camp Holiday Trails                                     | 5,000       | 5,000       |
| Cape Henry Collegiate School                            | 25,000      | -           |
| Catholic Charities of Hampton Roads, Inc.               | -           | 20,000      |
| Cavalier Manor Little League, Inc.                      | -           | 300         |
| Cerebral Palsy of Virginia                              | 28,586      | -           |
| Chesapeake Bay Academy                                  | 50,000      | -           |
| Chesapeake Bay Foundation                               | 35,000      | 25,000      |
| Chesapeake Care Free Clinic                             | 80,000      | 8,030       |
| Chesapeake Health Foundation                            | 100,000     | -           |
| Chesapeake Rotary Club Endowment Fund                   | -           | 2,500       |
| Chesapeake Service Systems, Inc.                        | 50,000      | -           |
| Child and Family Services                               | -           | 25,000      |
| Children's Center, The                                  | -           | 20,000      |
| Children's Hospital of the King's Daughters             | 25,000      | 25,000      |
| Children's Performance Workshops, Inc.                  | -           | 27,000      |
| Children's Resources                                    | -           | 3,000       |
| CHIP/Health Families Chesapeake                         | 25,000      | -           |
| Churchland High School                                  | -           | 1,000       |
| College Fund, The/UNCF                                  | 10,000      | -           |
| Community Resource Network of Chesapeake, Inc.          | 25,000      | -           |
| Cornerstone Christian School                            | 9,000       | -           |
| Corporation for Jefferson's Poplar Forest, The          | 25,000      | -           |
| Eastern Virginia Medical School                         | 100,000     | 50,000      |
| Ecumenical Family Shelter (The Dwelling Place)          | -           | 15,000      |
| Elizabeth River Project, The                            | 30,000      | 6,954       |
| Foodbank of Southeastern Virginia                       | 20,000      | -           |
| Foundation Center                                       | 1,500       | 1,500       |
| Friends of Chevra Thelim                                | -           | -           |
| Friends of the Portsmouth Juvenile Court                | 12,000      | 24,000      |
| Great Bridge Battlefield & Waterways History Foundation | 50,000      | -           |
| Help and Emergency Response (H.E.R.)                    | -           | 6,750       |
| Historic St. Luke's Church                              | -           | 28,500      |
| Subtotal  | 869,586     | 446,099     |

(Continued)

*Beazley Foundation, Incorporated*

*Gifts and Grants - Cash Basis*

| <b>Years Ended December 31,</b>                      | <b>2005</b>      | <b>2004</b>      |
|--|------------------|------------------|
| Subtotal forward                                     | \$ 869,586       | \$ 446,099       |
| Hoffler Creek Wildlife Foundation                    | -                | 25,000           |
| Hope House Foundation                                | 34,400           | -                |
| Horizon's - Hampton Roads Student Enrichment Program | 6,000            | -                |
| Isle of Wight Academy                                | 15,000           | -                |
| Jacob's Ladder                                       | 15,000           | -                |
| Jamestown-Yorktown Foundation, Inc.                  | -                | 50,000           |
| Judeo-Christian Outreach Center                      | 50,000           | -                |
| Kiwanis Children's Council of South Hampton Roads    | -                | 10,000           |
| Mariners' Museum, The                                | -                | 25,000           |
| Nansemond Suffolk Academy                            | -                | 50,000           |
| City of Norfolk                                      | 5,000            | -                |
| Norfolk Christian Schools                            | -                | 30,000           |
| Norfolk Senior Center                                | 10,000           | -                |
| Old Dominion University                              | -                | 38,919           |
| Park Place Child Life Center                         | 10,000           | -                |
| Park Place School                                    | 15,000           | -                |
| Patrick Henry Boys & Girls Plantation, Inc.          | 5,000            | -                |
| Physicians for Peace                                 | -                | 15,240           |
| PORTCO, Inc.   | 20,890           | -                |
| Portsmouth Community Concerts                        | -                | 4,700            |
| Portsmouth Community Foundation                      | 35,000           | 25,000           |
| Portsmouth Community Health Center                   | 200,000          | 400,000          |
| Portsmouth Crime Line                                | 2,000            | 2,000            |
| Portsmouth Museum Foundation                         | -                | 10,700           |
| Portsmouth Professional Firefighters Local 539       | -                | 250              |
| Portsmouth Public Schools - Scholarships             | 93,000           | 96,000           |
| Portsmouth Schools Foundation - Athletics            | 25,000           | 75,000           |
| Portsmouth Schools Foundation - ACCESS               | 75,000           | -                |
| Portsmouth Self Sufficiency Project                  | 41,540           | -                |
| Project Lifesaver International, Inc.                | 2,838            | -                |
| Salvation Army                                       | -                | 2,500            |
| Seton House  | -                | 10,000           |
| Seton Youth Shelter                                  | 25,000           | -                |
| Shriners Hospital for Children                       | 50               | -                |
| Society of St. Andrew                                | -                | 2,500            |
| Subtotal   | <u>1,555,304</u> | <u>1,318,908</u> |

(Continued)

*Beazley Foundation, Incorporated*

*Gifts and Grants - Cash Basis*

| <b>Years Ended December 31,</b>   | <b>2005</b>         | <b>2004</b>         |
|---|---------------------|---------------------|
| Subtotal forward  | \$ 1,555,304        | \$ 1,318,908        |
| Southeast 4-H Educational Center, Inc.                                  | 40,000              | -                   |
| Southeastern Council of Foundations                                     | 4,041               | 4,681               |
| Starbase-Atlantis   | 30,000              | 20,000              |
| St. Christopher School  | 8,772               | 25,322              |
| St. Mary's Home for Disabled Children                                   | -                   | 25,000              |
| St. Matthew's School  | -                   | 15,000              |
| St. Paul's Episcopal Church   | -                   | 10,000              |
| Suffolk Meals on Wheels   | 3,500               | 2,500               |
| Sunshine Health Center  | -                   | 12,500              |
| Tidewater Academy   | 40,000              | -                   |
| Tidewater Chapter of the American Guild of Organists                    | -                   | 1,000               |
| Tidewater Community College   | 335,878             | -                   |
| Tidewater Pastoral Counseling Services                                  | 7,500               | 5,000               |
| Tidewater Winds   | 10,000              | 5,000               |
| Triple R Ranch  | -                   | 25,000              |
| United Jewish Foundation of Tidewater                                   | -                   | 40,000              |
| United Way of South Hampton Roads                                       | 30,000              | 50,000              |
| United Way of South Hampton Roads - Emily Spong Elementary School       | 6,000               | -                   |
| United Way of South Hampton Roads - Reading Programs                    | 50,000              | -                   |
| Union Theological Seminary & Presbyterian School of Christian Education | 5,000               | 2,000               |
| Virginia Aquarium and Marine Science Center                             | 25,000              | -                   |
| Virginia Air and Space Museum   | -                   | 45,251              |
| Virginia Beach Foundation   | 5,000               | -                   |
| Virginia College Fund   | 25,000              | 25,000              |
| Virginia Foundation of Independent Colleges                             | 180,000             | 90,000              |
| Virginia Institute of Marine Science School of Marine Science           | 50,000              | -                   |
| Virginia Legal Aid Society  | 29,500              | 5,000               |
| Virginia Marine Science Museum  | -                   | 35,000              |
| Virginia Maritime Heritage Foundation                                   | 25,000              | -                   |
| Virginia Military Institute   | 5,000               | -                   |
| Virginia Military Institute Foundation                                  | 5,000               | -                   |
| Virginia Opera  | -                   | 5,000               |
| Virginia Sports Hall of Fame  | 200,000             | 100,000             |
| Virginia Symphony   | -                   | 5,000               |
| Virginia Wesleyan College - New Science Building                        | 105,000             | 10,000              |
| Virginia Wesleyan College - Scholarship                                 | 5,000               | -                   |
| Volunteer Hampton Roads   | 16,750              | 2,500               |
| WHRO  | -                   | 2,000               |
| William & Mary, The College of  | -                   | 50,000              |
| The Williams School   | -                   | 50,000              |
| YMCA of South Hampton Roads   | 25,000              | -                   |
| YMCA of South Hampton Roads - Expansion                                 | 50,000              | -                   |
| YMCA of Portsmouth  | 125,000             | -                   |
| <b>Total</b>  | <b>\$ 3,002,245</b> | <b>\$ 1,986,662</b> |