

Form 990

OMB No 1545-0047

Return of Organization Exempt From Income Tax
Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation)

2002

Open to Public Inspection

Department of the Treasury Internal Revenue Service

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 beginning, and ending
B Check if applicable: Address change, Name change, Initial return, Final return, Amended return, Application pending
C Name of organization: Carroll Rees Academy & Arts
D Employer ID number: 95-4749096
E Telephone number: 323-469-4410
F Accounting method: Cash

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

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 no of affiliates

H(c) Are all affiliates included? Yes No

(If "No," att a list See instr) N/A

H(d) Is this a separate return filed by an organization covered by a group ruling? Yes No

I Enter 4-digit GEN 4171

M Check if the organization is not required to attach Sch B (Form 990, 990-EZ, or 990-PF)

G Web site N/A

J Organization type (check only one) 501(c)(3) 4947(a)(1) or 527

K Check here if the organization's gross receipts are normally not more than \$25,000. Some states require a complete return

L Gross receipts Add lines 6b, 8b, 9b, and 10b to line 12 75,170

Part I Revenue, Expenses, and Changes in Net Assets or Fund Balances (See page 17 of the instructions)

Table with 21 rows and 4 columns: Description, Sub-description, Amount, Total. Includes sections for Revenue (lines 1-12), Expenses (lines 13-17), and Net Assets (lines 18-21). Total revenue is 75,170 and total expenses is 77,376, resulting in a net asset change of -2,206.

REC-11
NOV 24 2003
OCCDEN, US

SCANNED BY SOURCE

EXPENSES ASSETS

**Part II Statement of Functional Expenses**

All organizations must complete column (A). Columns (B), (C), and (D) are required for section 501(c)(3) and (4) organizations and section 4947(a)(1) nonexempt charitable trusts but optional for others. (See page 21 of the instructions.)

Do not include amounts reported on line 6b, 8b, 9b, 10b, or 16 of Part I

	(A) Total	(B) Program services	(C) Management and general	(D) Fundraising
22 Grants and allocations (attach schedule) (cash \$ _____ non-cash \$ _____ )	22			
23 Specific assistance to individuals	23			
24 Benefits paid to or for members	24			
25 Compensation of officers, directors, etc	25			
26 Other salaries and wages	26 29,640	29,640		
27 Pension plan contributions	27			
28 Other employee benefits	28			
29 Payroll taxes	29 5,848	5,848		
30 Professional fundraising fees	30			
31 Accounting fees	31			
32 Legal fees	32			
33 Supplies	33 1,052	526	526	
34 Telephone	34 3,014	904	2,050	60
35 Postage and shipping	35 1,016	102	894	20
36 Occupancy	36 18,966	17,070	1,517	379
37 Equipment rental and maintenance	37 347	221	126	
38 Printing and publications	38			
39 Travel	39			
40 Conferences, conventions, and meetings	40			
41 Interest	41			
42 Depreciation, depletion etc (attach schedule)	42 180	180		
43 Other expenses not covered above (itemize) a	43a			
b See Statement 1	43b 17,313	7,756	9,437	120
c	43c			
d	43d			
e	43e			
44 Total functional expenses (add lines 22 - 43) Organizations completing columns (B)-(D), carry these totals to lines 13-15	44 77,376	62,247	14,550	579

Joint Costs Check  if you are following SOP 98-2

Are any joint costs from a combined educational campaign and fundraising solicitation reported in (B) Program services?  Yes  No

If "Yes" enter (i) the aggregate amount of these joint costs \$ \_\_\_\_\_, (ii) the amount allocated to Program services \$ \_\_\_\_\_

(iii) the amount allocated to Management and general \$ \_\_\_\_\_, and (iv) the amount allocated to Fundraising \$ \_\_\_\_\_

**Part III Statement of Program Service Accomplishments (See page 24 of the instructions)**

What is the organization's primary exempt purpose?	Program Service Expenses (Required for 501(c)(3) & (4) orgs & 4947(a)(1) trusts but optional for others.)
<p>► <b>Education of children and basic education of adults.</b></p> <p>All organizations must describe their exempt purpose achievements in a clear and concise manner. State the number of clients served, publications issued, etc. Discuss achievements that are not measurable (Section 501(c)(3) and (4) organizations and 4947(a)(1) nonexempt charitable trusts must also enter the amount of grants and allocations to others.)</p>	
<p>a Provided educational services to an average of approximately 30 students at any given time during the year.</p> <p>(Grants and allocations \$ _____ )</p>	62,247
<p>b</p> <p>(Grants and allocations \$ _____ )</p>	
<p>c</p> <p>(Grants and allocations \$ _____ )</p>	
<p>d</p> <p>(Grants and allocations \$ _____ )</p>	
<p>e Other program services (attach schedule)</p> <p>(Grants and allocations \$ _____ )</p>	0
<p>f Total of Program Service Expenses (should equal line 44, column (B), Program services)</p>	62,247

**Part IV Balance Sheets (See page 24 of the instructions )**

<b>Note</b>		<b>(A)</b>		<b>(B)</b>	
Where required, attached schedules and amounts within the description column should be for end-of-year amounts only		Beginning of year		End of year	
45	Cash - non-interest-bearing	1,657	45	-105	
46	Savings and temporary cash investments	1	46	1	
47a	Accounts receivable	47a			
b	Less allowance for doubtful accounts	47b	47c		
48a	Pledges receivable	48a			
b	Less allowance for doubtful accounts	48b	48c		
49	Grants receivable		49		
50	Receivables from officers, directors, trustees, and key employees (attach schedule)	See Worksheet	300	50	300
51a	Other notes and loans receivable (attach schedule)	51a			
b	Less allowance for doubtful accounts	51b	51c		
52	Inventories for sale or use		52		
53	Prepaid expenses and deferred charges		53		
54	Investments-securities	<input type="checkbox"/> Cost <input type="checkbox"/> FMV	54		
55a	Investments-land, buildings, and equipment basis	55a			
b	Less accumulated depreciation (attach schedule)	55b	55c		
56	Investments-other (attach schedule)		56		
57a	Land, buildings, and equipment basis	57a			
b	Less accumulated depreciation (attach schedule)	57b	57c		
58	Other assets (describe <b>See Stmt 2</b> )	2,450	58	2,170	
59	<b>Total assets</b> (add lines 45 through 58) (must equal line 74)	4,408	59	2,366	
60	Accounts payable and accrued expenses		60		
61	Grants payable		61		
62	Deferred revenue		62		
63	Loans from officers, directors, trustees, and key employees (attach schedule)		63		
64a	Tax-exempt bond liabilities (attach schedule)		64a		
b	Mortgages and other notes payable (attach schedule)		64b		
65	Other liabilities (describe <b>See Stmt 3</b> )	1,357	65	1,521	
66	<b>Total liabilities</b> (add lines 60 through 65)	1,357	66	1,521	
<b>Organizations that follow SFAS 117, check here <input type="checkbox"/> and complete lines 67 through 69 and lines 73 and 74</b>					
67	Unrestricted		67		
68	Temporarily restricted		68		
69	Permanently restricted		69		
<b>Organizations that do not follow SFAS 117, check here <input checked="" type="checkbox"/> and complete lines 70 through 74</b>					
70	Capital stock, trust principal, or current funds		70		
71	Paid-in or capital surplus, or land, building, and equipment fund		71		
72	Retained earnings, endowment, accumulated income, or other funds	3,051	72	845	
73	<b>Total net assets or fund balances</b> (add lines 67 through 69 or lines 70 through 72, column (A) must equal line 19, column (B) must equal line 21)	3,051	73	845	
74	<b>Total liabilities and net assets / fund balances</b> (add lines 66 and 73)	4,408	74	2,366	

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.

Form 990 (2002) **Carroll Rees Academy & Arts**

95-4749096

**Part IV-A Reconciliation of Revenue per Audited Financial Statements with Revenue per Return (See page 26 of the instructions)**

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

N/A		a	Total revenue, gains, & other support per audited financial statements	a
b		b	Amounts included on line a but not on line 12, Form 990	b
(1)			Net unrealized gains on investments \$	
(2)			Donated services and use of facilities \$	
(3)			Recoveries of prior year grants \$	
(4)			Other (specify)	
			\$	
Add amounts on lines (1) through (4)		b		b
c		c	Line a minus line b	c
d		d	Amounts included on line 12, Form 990 but not on line a	d
(1)			Investment expenses not included on line 6b, Form 990 \$	
(2)			Other (specify)	
			\$	
Add amounts on lines (1) and (2)		d		d
e		e	Total revenue per line 12, Form 990 (line c plus line d)	e

N/A		a	Total expenses and losses per audited financial statements	a
b		b	Amounts included on line a but not on line 17, Form 990	b
(1)			Donated services and use of facilities \$	
(2)			Prior year adjustments reported on line 20, Form 990 \$	
(3)			Losses reported on line 20, Form 990 \$	
(4)			Other (specify)	
			\$	
Add amounts on lines (1) through (4)		b		b
c		c	Line a minus line b	c
d		d	Amounts included on line 17, Form 990 but not on line a	d
(1)			Investment expenses not included on line 6b, Form 990 \$	
(2)			Other (specify)	
			\$	
Add amounts on lines (1) and (2)		d		d
e		e	Total expenses per line 17, Form 990 (line c plus line d)	e

**Part V List of Officers, Directors, Trustees, and Key Employees (List each one even if not compensated, see page 26 of the instructions)**

(A) Name and address	(B) Title and average hours per week devoted to position	(C) Compensation (if not paid, enter -0-)	(D) Contrib to employee benefit plans & deferred compensation	(E) Expense account and other allowances
June E. Rees P.O. Box 27190 Los Angeles, CA 90027	President 60	0	0	0
Michael L. Rees P.O. Box 27190 Los Angeles, CA 90027	Sect/Treas 60	0	0	0
Sandra Baikie 21125 Ven Deene Ave. Torrance, CA	Director	0	0	0
Bill Baikie 21125 Van Deene Ave. Torrance, CA	Director	0	0	0
Sue Hatfield 8957 Wheatland Avenue Sun Valley, CA	Director	0	0	0
Rita Pollock 4365 Clayton Avenue Hollywood, CA	Director	0	0	0
Albert Jackson III c/o P.O. Box 27190 Los Angeles, CA	Director	0	0	0
Alison R. Carroll Valley Village, CA 91607	Teacher	4,812	0	0
Sarah M. Carroll Los Angeles, CA 90039	Teacher	24,829	0	0

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-see page 26 of the instructions  Yes  No

**Part VI Other Information (See page 27 of the instructions)**

		Yes	No
76	Did the organization engage in any activity not previously reported to the IRS? If "Yes," attach a detailed description of each activity		X
77	Were any changes made in the organizing or governing documents but not reported to the IRS? If "Yes," attach a conformed copy of the changes		X
78a	Did the organization have unrelated business gross inc of \$1,000 or more during the year covered by this return?		X
b	If "Yes," has it filed a tax return on Form 990-T for this year?	N/A	
79	Was there a liquidation, dissolution, termination, or substantial contraction during the year? If "Yes," attach a statement		X
80a	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?		X
b	If "Yes," enter the name of the organization <input type="checkbox"/> exempt or <input type="checkbox"/> nonexempt		
81a	Enter direct or indirect political expenditures See line 81 instr	81a 0	
b	Did the organization file Form 1120-POL for this year?		X
82a	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?		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)	N/A	
83a	Did the organization comply with the public inspection requirements for returns and exemption applications?	X	
b	Did the organization comply with the disclosure requirements relating to quid pro quo contributions?	X	
84a	Did the organization solicit any contributions or gifts that were not tax deductible?	N/A	
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	N/A	
85	501(c)(4), (5), or (6) organizations a Were substantially all dues nondeductible by members?	N/A	
b	Did the organization make only in-house lobbying expenditures of \$2,000 or less? 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	N/A	
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 in 85f?	N/A	
h	If section 6033(e)(1)(A) dues notices were sent, does the organization agree to add the amount in 85f to its reasonable estimate of dues allocable to nondeductible lobbying and political expenditures for the following tax year?	N/A	
86	501(c)(7) orgs Enter a Initiation fees and capital contributions included on line 12	86a N/A	
b	Gross receipts, included on line 12, for public use of club facilities	86b N/A	
87	501(c)(12) orgs Enter a Gross income from members or shareholders	87a 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)	87b 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? If "Yes," complete Part IX		X
89a	501(c)(3) organizations. Enter Amount of tax imposed on the organization during the year under section 4911 <input type="checkbox"/> 0, section 4912 <input type="checkbox"/> 0, section 4955 <input type="checkbox"/> 0		
b	501(c)(3) and 501(c)(4) orgs 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? If "Yes," attach a statement explaining each transaction		X
c	Enter Amount of tax imposed on the organization managers or disqualified persons during the year under sections 4912, 4955 and 4958	▶ 0	
d	Enter Amount of tax on line 89c, above, reimbursed by the organization	▶ 0	
90a	List the states with which a copy of this return is filed <input type="checkbox"/> CA		
b	Number of employees employed in the pay period that includes March 12, 2002 (See instructions)	90b 2	
91	The books are in care of <input type="checkbox"/> Michael Rees Located at <input type="checkbox"/> 3031 Angus Street, Los Angeles, CA	Telephone no <input type="checkbox"/> 818-239-3770 ZIP + 4 <input type="checkbox"/> 90039	
92	Section 4947(a)(1) nonexempt charitable trusts filing Form 990 in lieu of Form 1041- Check here <input type="checkbox"/> and enter the amount of tax-exempt interest received or accrued during the tax year	92 N/A	

**Part VII Analysis of Income-Producing Activities (See page 31 of the instructions)**

	Unrelated business income		Excluded by sec 512 513, or 514		(E) Related or exempt function income
	(A) Business code	(B) Amount	(C) Exclusion code	(D) Amount	
<b>Note</b> Enter gross amounts unless otherwise indicated					
93 Program service revenue					
<b>a Academy Income</b>					70,073
<b>b Field Trips, Books, Misc</b>					3,249
c					
d					
e					
f Medicare/Medicaid payments					
g Fees and contracts from government agencies					
94 Membership dues and assessments					
95 Interest on savings and temporary cash investments					
96 Dividends and interest from securities					
97 Net rental income or (loss) from real estate					
a debt-financed property					
b not debt-financed property					
98 Net rental income or (loss) from personal property					
99 Other investment income					
100 Gain or (loss) from sales of assets other than inventory					
101 Net income or (loss) from special events					
102 Gross profit or (loss) from sales of inventory					
103 Other revenue					
a					
b					
c					
d					
e					
104 Subtotal (add columns (B), (D), and (E))		0		0	73,322
105 Total (add line 104, columns (B), (D), and (E))					73,322

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 (See page 32 of the instructions)**

Line No	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)
93a	Provided education to approximately 30 children and adults
93b	Field trips & books contributed to student education

**Part IX Information Regarding Taxable Subsidiaries and Disregarded Entities (See page 32 of the instructions)**

(A) Name, address, and EIN of corporation, partnership, or disregarded entity	(B) Percentage of ownership interest	(C) Nature of activities	(D) Total income	(E) End-of-year assets
N/A	%			
	%			
	%			
	%			

**Part X Information Regarding Transfers Associated with Personal Benefit Contracts (See page 33 of the instructions)**

- (a) Did the organization during the year receive any funds directly or indirectly to pay premiums on a personal benefit contract?  Yes  No
- (b) Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?  Yes  No
- Note If "Yes" to (b), file Form 8870 and Form 4720 (see instructions)

**Please Sign Here**

Under penalties of perjury I declare that I have examined this return including accompanying schedules and statements and to the best of my knowledge and belief it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Signature of officer: Mike Rees Date: Nov 17, 2003  
 Type or print name and title: Mike Rees, Secretary/Treasurer

**Paid Preparer's Use Only**

Preparer's signature: [Signature] Date: 11/17/03 Check if self-employed:

Firm's name (or yours if self-employed): GREENBERG AND JACKSON CPAs Preparer's SSN or PTIN (See Gen Instr W): P00061505  
 address and ZIP + 4: 2950 LOS FELIZ BOULEVARD SUITE 103 LOS ANGELES, CA 90039 EIN: 95-3387333  
 Phone no: 323-666-7700

**SCHEDULE A**  
**(Form 990 or 990-EZ)**

**Organization Exempt Under Section 501(c)(3)**  
**(Except Private Foundation) and Section 501(e), 501(f), 501(k),**  
**501(n), or Section 4947(a)(1) Nonexempt Charitable Trust**  
**Supplementary Information-(See separate instructions.)**

OMB No 1545-0047

**2002**

Department of the Treasury  
Internal Revenue Service

▶ **MUST be completed by the above organizations and attached to their Form 990 or 990-EZ**

Name of the organization <b>Carroll Rees Academy &amp; Arts</b>	Employer identification number <b>95-4749096</b>
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**Part I Compensation of the Five Highest Paid Employees Other Than Officers, Directors, and Trustees**  
**(See page 1 of the instructions List each one If there are none, enter "None ")**

(a) Name and address of each employee paid more than \$50,000	(b) Title and average hours per week devoted to position	(c) Compensation	(d) Contributions to employee ben plans & deferred compensation	(e) Expense account and other allowances
<b>None</b>				
Total number of other employees paid over \$50,000 ▶				

**Part II Compensation of the Five Highest Paid Independent Contractors for Professional Services**  
**(See page 2 of the instr List each one (whether individuals or firms) If there are none, enter "None ")**

(a) Name and address of each independent contractor paid more than \$ 50,000	(b) Type of service	(c) Compensation
<b>None</b>		
Total number of others receiving over \$50,000 for professional services ▶		

For Paperwork Reduction Act Notice, see the Instructions for Form 990 and Form 990-EZ

Schedule A (Form 990 or 990-EZ) 2002

**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 **\$ \_\_\_\_\_ (Must equal amount on line 38, Part VI-A, or line I of Part VI-B )**  
Organizations that made an election under section 501(h) by filing Form 5768 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
- 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 )
  - a Sale, exchange, or leasing of property?
  - b Lending of money or other extension of credit?
  - c Furnishing of goods, services, or facilities?
  - d Payment of compensation (or payment or reimbursement of exp if more than \$1,000)? **See Part V, Form 990**
  - e Transfer of any part of its income or assets?
- 3 Does the organization make grants for scholarships, fellowships, student loans, etc ? (See Note below )
- 4 Do you have a section 403(b) annuity plan for your employees?

	Yes	No
1		X
2a		X
2b		X
2c		X
2d	X	
2e		X
3		X
4		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 "qualify" to receive payments

**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, convention of churches, or association of churches Section 170(b)(1)(A)(i)
- 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)(v)
- 9  A medical research organization operated in conjunction with a hospital Section 170(b)(1)(A)(iii) 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)(vi) (Also complete the Support Schedule in Part IV-A )
- 11b  A community trust Section 170(b)(1)(A)(vi) (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 )



**Part IV-A Support Schedule** (Complete only if you checked a box on line 10, 11, or 12) Use cash method of accounting

Note 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
15 Gifts, grants, and contributions received (Do not include unusual grants See line 28)					
16 Membership fees received					
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, etc purpose					
18 Gross inc from int dividends amounts received from pymt on securities loans (section 512(a)(5)) rents royalties & unrelated busn taxable inc (less sec 511 taxes) from businesses acquired by the organization after June 30 1975					
19 Net income from unrelated business activities not included in line 18					
20 Tax revn levied for the organization's ben & either paid to it or expended on its behalf					
21 The value of serv or fac furnished to the org by a governmental unit without charge Do not incl the value of serv or fac gen erally furnished to the public without charge					
22 Other income Attach a schedule Do not include gain or (loss) from sale of cap assets					
23 Total of lines 15 through 22					
24 Line 23 minus line 17					
25 Enter 1% of line 23					

26 Organizations described on lines 10 or 11. a Enter 2% of amount in column (e), line 24	▶	26a	
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 Do not file this list with your return Enter the total of all these excess amounts	▶	26b	
c Total support for section 509(a)(1) test Enter line 24, column (e)	▶	26c	
d Add Amounts from column (e) for lines 18 _____ 19 _____ 22 _____ 26b _____	▶	26d	
e Public support (line 26c minus line 26d total)	▶	26e	
f Public support percentage (line 26e (numerator) divided by line 26c (denominator))	▶	26f	%

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

(2001) (2000) (1999) (1998)  
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 amount 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 (the excess amounts) for each year N/A

(2001) (2000) (1999) (1998)				
c Add Amounts from column (e) for lines 15 _____ 16 _____ 17 _____ 20 _____ 21 _____	▶	27c		
d Add Line 27a total _____ and line 27b total _____	▶	27d		
e Public support (line 27c total minus line 27d total)	▶	27e		
f Total support for section 509(a)(2) test Enter amount on line 23, column (e) ▶ 27f		27f		
g Public support percentage (line 27e (numerator) divided by line 27f (denominator))	▶	27g	%	
h Investment income percentage (line 18, column (e) (numerator) divided by line 27f (denominator))	▶	27h	%	

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

**Part V Private School Questionnaire (See page 7 of the instructions )**  
**(To be completed ONLY by schools that checked the box on line 6 in Part IV)**

	Yes	No
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?	X	
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?	X	
31 Has the organization publicized 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 ) <b>Non-discriminatory policy was published in local newspaper.</b>	X	
32 Does the organization maintain the following		
a Records indicating the racial composition of the student body, faculty, and administrative staff?	X	
b Records documenting that scholarships and other financial assistance are awarded on a racially nondiscriminatory basis?	X	
c Copies of all catalogues, brochures, announcements, and other written communications to the public dealing with student admissions, programs, and scholarships?	X	
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 )	X	
33 Does the organization discriminate by race in any way with respect to		
a Students' rights or privileges?		X
b Admissions policies?		X
c Employment of faculty or administrative staff?		X
d Scholarships or other financial assistance?		X
e Educational policies?		X
f Use of facilities?		X
g Athletic programs?		X
h Other extracurricular activities?  If you answered "Yes" to any of the above, please explain (If you need more space, attach a separate statement.)		X
34a Does the organization receive any financial aid or assistance from a governmental agency?		X
b 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		X
35 Does the organization certify that it has complied with the applicable requirements of sections 4 01 through 4 05 of Rev Proc 75-50, 1975-2 C B 587, covering racial nondiscrimination? If "No," attach an explanation	X	

**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) N/A**

Check  a if the organization belongs to an affiliated group Check  b if you checked "a" and "limited control" provisions apply

**Limits on Lobbying Expenditures**

(The term "expenditures" means amounts paid or incurred )

	(a) Affiliated group totals	(b) To be completed for ALL electing organizations
36 Total lobbying expenditures to influence public opinion (grassroots lobbying)	36	
37 Total lobbying expenditures to influence a legislative body (direct lobbying)	37	
38 Total lobbying expenditures (add lines 36 and 37)	38	
39 Other exempt purpose expenditures	39	
40 Total exempt purpose expenditures (add lines 38 and 39)	40	
41 Lobbying nontaxable amount Enter the amount from the following table-		
If the amount on line 40 is-	The lobbying nontaxable amount is-	
Not over \$500,000	20% of the amount on line 40	
Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000	
Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000	41
Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000	
Over \$17,000,000	\$1,000,000	
42 Grassroots nontaxable amount (enter 25% of line 41)	42	
43 Subtract line 42 from line 36 Enter -0- if line 42 is more than line 36	43	
44 Subtract line 41 from line 38 Enter -0- if line 41 is more than line 38	44	

**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 )

Calendar year (or fiscal year beginning in) ▶	Lobbying Expenditures During 4-Year Averaging Period				
	(a) 2002	(b) 2001	(c) 2000	(d) 1999	(e) Total
45 Lobbying nontaxable amount					
46 Lobbying ceiling amount (150% of line 45(e))					
47 Total lobbying expenditures					
48 Grassroots nontaxable amount					
49 Grassroots ceiling amount (150% of line 48(e))					
50 Grassroots lobbying expenditures					

**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 instr)

During the year, did the organization attempt to influence national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of

- a Volunteers
- b Paid staff or management (include compensation in expenses reported on lines c through h )
- c Media advertisements
- d Mailings to members, legislators, or the public
- e Publications, or published or broadcast statements
- f Grants to other organizations for lobbying purposes
- g Direct contact with legislators, their staffs, government officials, or a legislative body
- h Rallies, demonstrations, seminars, conventions, speeches, lectures, or any other means
- i Total lobbying expenditures (add lines c through h )

Yes	No	Amount
	X	
	X	
	X	
	X	
	X	
	X	
	X	
	X	
		0

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



Form <b>990/990-PF</b>	<b>Receivables Due from Officers, Directors, Trustees, and Key Employees or Other Disqualified Persons</b>	<b>2002</b>
For calendar year 2002, or tax year beginning		, and ending

Name <b>Carroll Rees Academy &amp; Arts</b>	Employer Identification Number <b>95-4749096</b>
--	---

**Form 990, Part IV, Line 50 - Additional Information**

Name of borrower	Title
(1) <b>Alison Carroll</b>	<b>Teacher</b>
(2)	
(3)	
(4)	
(5)	
(6)	
(7)	
(8)	
(9)	
(10)	

Original amount borrowed	Date of loan	Maturity date	Repayment terms	Interest rate
(1) <b>300</b>	<b>7/06/99</b>		<b>None</b>	
(2)				
(3)				
(4)				
(5)				
(6)				
(7)				
(8)				
(9)				
(10)				

Security provided by borrower	Purpose of loan
(1) <b>None</b>	<b>Personal</b>
(2)	
(3)	
(4)	
(5)	
(6)	
(7)	
(8)	
(9)	
(10)	

Consideration furnished by lender	Balance due at beginning of year	Balance due at end of year	Fair market value (990-PF only)
(1)	<b>300</b>	<b>300</b>	
(2)			
(3)			
(4)			
(5)			
(6)			
(7)			
(8)			
(9)			
(10)			
<b>Totals</b>	<b>300</b>	<b>300</b>	

## Depreciation and Amortization

OMB No 1545-0172

Form **4562**

(Including Information on Listed Property)

**2002**

Department of the Treasury  
Internal Revenue Service

▶ See separate instructions    ▶ Attach to your tax return

Attachment  
Sequence No **67**

Name(s) shown on return **Carroll Rees Academy & Arts**

Identifying number  
**95-4749096**

Business or activity to which this form relates

**Indirect Depreciation**

**Part I Election To Expense Certain Tangible Property Under Section 179**

**Note: If you have any listed property, complete Part V before you complete Part I**

1 Maximum amount See page 2 of the instructions for a higher limit for certain businesses	1	24,000
2 Total cost of section 179 property placed in service (see page 2 of the instructions)	2	
3 Threshold cost of section 179 property before reduction in limitation	3	200,000
4 Reduction in limitation Subtract line 3 from line 2 If zero or less, enter -0-	4	
5 Dollar limitation for tax year Subtract line 4 from line 1 If zero or less, enter -0- If married filing separately see pg 2 of the instr	5	
<b>(a) Description of property</b>		
<b>(b) Cost (business use only)</b>		
<b>(c) Elected cost</b>		
6		
7 Listed property Enter the amount from line 29	7	
8 Total elected cost of section 179 property Add amounts in column (c), lines 6 and 7	8	
9 Tentative deduction Enter the smaller of line 5 or line 8	9	
10 Carryover of disallowed deduction from line 13 of your 2001 Form 4562	10	
11 Business income limitation Enter the smaller of business income (not less than zero) or line 5 (see instructions)	11	
12 Section 179 expense deduction Add lines 9 and 10, but do not enter more than line 11	12	
13 Carryover of disallowed deduction to 2003 Add lines 9 and 10, less line 12	13	

**Note** Do not use Part II or Part III below for listed property Instead, use Part V

**Part II Special Depreciation Allowance and Other Depreciation (Do not include listed property)**

14 Special depreciation allowance for qualified prop (other than listed prop ) placed in service during the tax year (see pg 3 of the instr )	14	
15 Property subject to section 168(f)(1) election (see page 4 of the instructions)	15	
16 Other depreciation (including ACRS) (see page 4 of the instructions)	16	

**Part III MACRS Depreciation (Do not include listed property) (See page 4 of the instructions)**

**Section A**

17 MACRS deductions for assets placed in service in tax years beginning before 2002	17	
18 If you are electing under section 168(i)(4) to group any assets placed in service during the tax year into one or more general asset accounts, check here		<input type="checkbox"/>

**Section B-Assets Placed in Service During 2002 Tax Year Using the General Depreciation System**

(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only-see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
19a 3-year property						
b 5-year property						
c 7-year property						
d 10-year property						
e 15-year property						
f 20-year property						
g 25-year property			25 yrs		S/L	
h Residential rental property			27 5 yrs	MM	S/L	
			27 5 yrs	MM	S/L	
i Nonresidential real property			39 yrs	MM	S/L	
				MM	S/L	

**Section C-Assets Placed in Service During 2002 Tax Year Using the Alternative Depreciation System**

20a Class life					S/L
b 12-year			12 yrs		S/L
c 40-year			40 yrs	MM	S/L

**Part IV Summary (see page 6 of the instructions)**

21 Listed property Enter amount from line 28	21	
22 Total Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21 Enter here and on the appropriate lines of your return Partnerships and S corporations-see instr	22	
23 For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs	23	

**Carroll Rees Academy & Arts**

**95-4749096**

Form 4562 (2002)

Page 2

**Part V Listed Property (Include automobiles, certain other vehicles, cellular telephones, certain computers, and property used for entertainment, recreation, or amusement)**

**Note** For any vehicle for which you are using the standard mileage rate or deducting lease expense complete only 24a, 24b, columns (a) through (c) of Section A, all of Section B, and Section C if applicable.

**Section A-Depreciation and Other Information (Caution See page 8 of the instructions for limits for passenger automobiles)**

24a Do you have evidence to support the business/investment use claimed?		Yes	No	24b If "Yes," is the evidence written?		Yes	No	
(a) Type of prop (list vehicles first)	(b) Date placed in service	(c) Business/ Investment use percentage	(d) Cost or other basis	(e) Basis for depreciation (business/investment use only)	(f) Recovery period	(g) Method/ Convention	(h) Depreciation deduction	(i) Elected section 179 cost
25 Special depreciation allowance for qualified listed property placed in service during the tax year and used more than 50% in a qualified business use (see page 7 of the instructions)								
							25	
26 Property used more than 50% in a qualified business use (see page 7 of the instructions)								
		%						
		%						
27 Property used 50% or less in a qualified business use (see page 7 of the instructions)								
		%				S/L-		
		%				S/L-		
28 Add amounts in column (h), lines 25 through 27 Enter here and on line 21, page 1							28	
29 Add amounts in column (i), line 26 Enter here and on line 7, page 1								29

**Section B-Information on Use of Vehicles**

Complete this section for vehicles used by a sole proprietor, partner, or other "more than 5% owner," or related person

If you provided vehicles to your employees first answer the questions in Section C to see if you meet an exception to completing this section for those vehicles

	(a)		(b)		(c)		(d)		(e)		(f)	
	Vehicle 1	Vehicle 2	Vehicle 3	Vehicle 4	Vehicle 5	Vehicle 6						
30 Total business/investment miles driven during the year (do not include commuting miles-see page 2 of the instructions)												
31 Total commuting miles driven during the year												
32 Total other personal (noncommuting) miles driven												
33 Total miles driven during the year Add lines 30 through 32												
34 Was the vehicle available for personal use during off-duty hours?	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
35 Was the vehicle used primarily by a more than 5% owner or related person?												
36 Is another vehicle available for personal use?												

**Section C-Questions for Employers Who Provide Vehicles for Use by Their Employees**

Answer these questions to determine if you meet an exception to completing Section B for vehicles used by employees who are not more than 5% owners or related persons (see page 8 of the instructions)

	Yes	No
37 Do you maintain a written policy statement that prohibits all personal use of vehicles including commuting by your employees?		
38 Do you maintain a written policy statement that prohibits personal use of vehicles, except commuting, by your employees? See page 8 of the instructions for vehicles used by corporate officers, directors, or 1% or more owners		
39 Do you treat all use of vehicles by employees as personal use?		
40 Do you provide more than five vehicles to your employees, obtain information from your employees about the use of the vehicles, and retain the information received?		
41 Do you meet the requirements concerning qualified automobile demonstration use? (See page 9 of the instructions)		

**Note** If your answer to 37, 38, 39, 40, or 41 is "Yes," do not complete Section B for the covered vehicles

**Part VI Amortization**

(a) Description of costs	(b) Date amortization begins	(c) Amortizable amount	(d) Code section	(e) Amortization period or percentage	(f) Amortization for this year
42 Amortization of costs that begins during your 2002 tax year (see page 9 of the instructions)					
43 Amortization of costs that began before your 2002 tax year				43	180
44 Total Add amounts in column (f) See page 9 of the instructions for where to report				44	180

**Federal Statements****Statement 1 - Form 990, Part II, Line 43 - Other Functional Expenses**

Description	Total Expenses	Program Service	Mgt & General	Fund- Raising
	\$	\$	\$	\$
<b>Expenses</b>				
Advertising	5,912		5,912	
Auto Expenses	986	789	177	20
Bank Charges	1,212		1,212	
Curriculum Expenses	4,104	4,104		
Dues & subscriptions	750		750	
Fees & permits	40		40	
Food	539	539		
Insurance	764		764	
Library	74	74		
License Fees	2,055	2,055		
Membership Fees	160		160	
Miscellaneous	400		400	
Commissions	100			100
Utilities	217	195	22	
<b>Total</b>	<u>\$ 17,313</u>	<u>\$ 7,756</u>	<u>\$ 9,437</u>	<u>\$ 120</u>



**Statement 2 - Form 990, Part IV, Line 58 - Other Assets**

<u>Description</u>	<u>Beginning of Year</u>	<u>End of Year</u>
Organization Costs	\$ 450	\$ 270
Rent Security Deposits	2,000	1,900
Total	<u>\$ 2,450</u>	<u>\$ 2,170</u>

**Statement 3 - Form 990, Part IV, Line 65 - Other Liabilities**

<u>Description</u>	<u>Beginning of Year</u>	<u>End of Year</u>
Reimbursements Payable Mike Rees	\$ 1,357	\$ 1,521
Total	<u>\$ 1,357</u>	<u>\$ 1,521</u>

Schedule A, Part V, Line 31 - Publication of Nondiscriminatory Policy

Non-discriminatory policy was published in local newspaper.

**Federal Asset Report**

**Indirect Depreciation**

<u>Asset</u>	<u>Description</u>	<u>Date In Service</u>	<u>Cost</u>	<u>Bus %</u>	<u>Sec 179</u>	<u>Sec 168(k)</u>	<u>Basis for Depr</u>	<u>PerConv Meth</u>	<u>Pnor</u>	<u>Current</u>
<b><u>Amortization</u></b>										
	1 Incorporation Costs	7/01/99	900				900	5 MOAmort	450	180
			<u>900</u>				<u>900</u>		<u>450</u>	<u>180</u>
	<b>Grand Totals</b>		900				900		450	180
	<b>Less Dispositions</b>		<u>0</u>				<u>0</u>		<u>0</u>	<u>0</u>
	<b>Net Grand Totals</b>		<u>900</u>				<u>900</u>		<u>450</u>	<u>180</u>