

Return of Organization Exempt From Income Tax

2003

Department of the Treasury
Internal Revenue Service

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

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

Open to Public Inspection

A For the 2003 calendar year, or tax year beginning and ending

B Check if applicable: <input type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial return <input type="checkbox"/> Final return <input type="checkbox"/> Amended return <input type="checkbox"/> Application pending	Please use IRS label or print or type See Specific Instructions	C Name of organization DELPHI SCHOOLS, INC.		D Employer identification number 93-0630376
		Number and street (or P.O. box if mail is not delivered to street address) Room/suite 20950 S.W. ROCK CREEK ROAD		E Telephone number (503) 843-3521
		City or town, state or country, and ZIP + 4 SHERIDAN, OR 97378		F Accounting method: <input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual <input type="checkbox"/> Other (specify) ▶

• 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 number of affiliates ▶

H(c) Are all affiliates included? N/A Yes No (If "No," attach a list)

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

I Group Exemption Number ▶

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

G Website: ▶ WWW.DELPHIAN.ORG

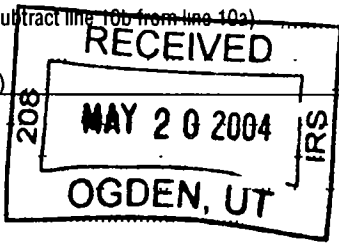
J Organization type (check only one) ▶ 501(c) (3) ◀ (insert no) 4947(a)(1) or 527

K Check here if the organization's gross receipts are normally not more than \$25,000. The organization need not file a return with the IRS, but if the organization received a Form 990 Package in the mail, it should file a return without financial data. Some states require a complete return.

L Gross receipts Add lines 6b, 8b, 9b, and 10b to line 12 ▶ 11,015,500.

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

Revenue	1	Contributions, gifts, grants, and similar amounts received.			
	a	Direct public support	1a	645,770.	
	b	Indirect public support	1b	297,690.	
	c	Government contributions (grants)	1c		
	d	Total (add lines 1a through 1c) (cash \$ 943,460. noncash \$)	1d	943,460.	
	2	Program service revenue including government fees and contracts (from Part VII, line 93)	2	9,837,914.	
	3	Membership dues and assessments	3		
	4	Interest on savings and temporary cash investments	4	93,954.	
	5	Dividends and interest from securities	5	15,183.	
	6a	Gross rents SEE STATEMENT 1	6a	36,650.	
	b	Less rental expenses	6b		
	c	Net rental income or (loss) (subtract line 6b from line 6a)	6c	36,650.	
7	Other investment income (describe)	7			
8a	Gross amount from sales of assets other than inventory	(A) Securities	8a	4,709.	
b	Less cost or other basis and sales expenses	8b	5,865.		
c	Gain or (loss) (attach schedule)	8c	<1,156.>		
d	Net gain or (loss) (combine line 8c, columns (A) and (B)) STMT 2	8d	<1,156.>		
9	Special events and activities (attach schedule) If any amount is from gaming, check here <input type="checkbox"/>				
a	Gross revenue (not including \$ of contributions reported on line 1a)	9a			
b	Less direct expenses other than fundraising expenses	9b			
c	Net income or (loss) from special events (subtract line 9b from line 9a)	9c			
10a	Gross sales of inventory, less returns and allowances	10a			
b	Less cost of goods sold	10b			
c	Gross profit or (loss) from sales of inventory (attach schedule) (subtract line 10b from line 10a)	10c			
11	Other revenue (from Part VII, line 103)	11	83,630.		
12	Total revenue (add lines 1d, 2, 3, 4, 5, 6c, 7, 8d, 9c, 10c, and 11)	12	11,009,635.		
Expenses	13	Program services (from line 44, column (B))	13	10,281,253.	
	14	Management and general (from line 44, column (C))	14	716,319.	
	15	Fundraising (from line 44, column (D))	15		
	16	Payments to affiliates (attach schedule)	16		
	17	Total expenses (add lines 16 and 44, column (A))	17	10,997,572.	
Net Assets	18	Excess or (deficit) for the year (subtract line 17 from line 12)	18	12,063.	
	19	Net assets or fund balances at beginning of year (from line 73, column (A))	19	3,673,525.	
	20	Other changes in net assets or fund balances (attach explanation) SEE STATEMENT 3	20	41,179.	
	21	Net assets or fund balances at end of year (combine lines 18, 19, and 20)	21	3,726,767.	



SCANNED JUN 15 2004

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 Page 2

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 \$ _____ noncash \$ _____				
23	Specific assistance to individuals (attach schedule)				
24	Benefits paid to or for members (attach schedule)				
25	Compensation of officers, directors, etc	240,905.	96,362.	144,543.	0.
26	Other salaries and wages	3,849,788.	3,657,299.	192,489.	
27	Pension plan contributions				
28	Other employee benefits				
29	Payroll taxes	313,481.	297,807.	15,674.	
30	Professional fundraising fees				
31	Accounting fees	12,000.	6,000.	6,000.	
32	Legal fees	51,232.	25,616.	25,616.	
33	Supplies	56,745.	53,340.	3,405.	
34	Telephone	88,372.	83,953.	4,419.	
35	Postage and shipping	42,624.	40,493.	2,131.	
36	Occupancy	2,052,375.	1,929,233.	123,142.	
37	Equipment rental and maintenance	21,914.	20,575.	1,339.	
38	Printing and publications				
39	Travel	38,844.	19,422.	19,422.	
40	Conferences, conventions, and meetings				
41	Interest	4,286.	4,072.	214.	
42	Depreciation, depletion, etc (attach schedule)	249,347.	234,386.	14,961.	
43	Other expenses not covered above (itemize):				
a	_____				
b	_____				
c	_____				
d	_____				
e	SEE STATEMENT 4	3,975,659.	3,812,695.	162,964.	
44	Total functional expenses (add lines 22 through 43) Organizations completing columns (B)-(D), carry these totals to lines 13-15	10,997,572.	10,281,253.	716,319.	0.

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

What is the organization's primary exempt purpose? **SEE STATEMENT 5**

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)		Program Service Expenses (Required for 501(c)(3) and (4) orgs., and 4947(a)(1) trusts, but optional for others)
a	SEE STATEMENT 6	
	(Grants and allocations \$ _____)	10,281,253.
b		
	(Grants and allocations \$ _____)	
c		
	(Grants and allocations \$ _____)	
d		
	(Grants and allocations \$ _____)	
e	Other program services (attach schedule)	(Grants and allocations \$ _____)
f	Total of Program Service Expenses (should equal line 44, column (B), Program services)	10,281,253.

Part IV Balance Sheets

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

		(A) Beginning of year	(B) End of year
Assets	45 Cash - non-interest-bearing	295,540.	224,005.
	46 Savings and temporary cash investments	4,338,282.	4,577,892.
	47 a Accounts receivable	15,632.	
	b Less: allowance for doubtful accounts		15,632.
	48 a Pledges receivable		
	b Less: allowance for doubtful accounts		
	49 Grants receivable		
	50 Receivables from officers, directors, trustees, and key employees		
	51 a Other notes and loans receivable		
	b Less: allowance for doubtful accounts		
	52 Inventories for sale or use	57,817.	55,312.
	53 Prepaid expenses and deferred charges	70,497.	82,300.
	54 Investments - securities STMT 7 <input type="checkbox"/> Cost <input checked="" type="checkbox"/> FMV	339,121.	564,177.
	55 a Investments - land, buildings, and equipment, basis		
	b Less: accumulated depreciation		
56 Investments - other SEE STATEMENT 8	2,960.	3,530.	
57 a Land, buildings, and equipment basis	3,412,574.		
b Less: accumulated depreciation	1,820,628.	1,591,946.	
58 Other assets (describe SEE STATEMENT 9)	54,235.	81,486.	
59 Total assets (add lines 45 through 58) (must equal line 74)	6,605,138.	7,196,280.	
Liabilities	60 Accounts payable and accrued expenses	373,921.	643,844.
	61 Grants payable		
	62 Deferred revenue		
	63 Loans from officers, directors, trustees, and key employees		
	64 a Tax-exempt bond liabilities		
	b Mortgages and other notes payable STMT 10	15,040.	24,819.
65 Other liabilities (describe ADVANCED TUITION)	2,542,652.	2,800,850.	
66 Total liabilities (add lines 60 through 65)	2,931,613.	3,469,513.	
Net Assets or Fund Balances	Organizations that follow SFAS 117, check here <input checked="" type="checkbox"/> and complete lines 67 through 69 and lines 73 and 74		
	67 Unrestricted	3,673,525.	3,726,767.
	68 Temporarily restricted		
	69 Permanently restricted		
	Organizations that do not follow SFAS 117, check here <input type="checkbox"/> and complete lines 70 through 74		
	70 Capital stock, trust principal, or current funds		
	71 Paid-in or capital surplus, or land, building, and equipment fund		
	72 Retained earnings, endowment, accumulated income, or other funds		
	73 Total net assets or fund balances (add lines 67 through 69 or lines 70 through 72, column (A) must equal line 19, column (B) must equal line 21)	3,673,525.	3,726,767.
	74 Total liabilities and net assets / fund balances (add lines 66 and 73)	6,605,138.	7,196,280.

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

Part IV-A Reconciliation of Revenue per Audited Financial Statements with Revenue per Return

a	Total revenue, gains, and other support per audited financial statements	a	11050814.
b	Amounts included on line a but not on line 12, Form 990		
(1)	Net unrealized gains on investments \$		
(2)	Donated services and use of facilities \$		
(3)	Recoveries of prior year grants \$		
(4)	Other (specify): STMT 11 \$ 41,179.		
	Add amounts on lines (1) through (4)	b	41,179.
c	Line a minus line b	c	11009635.
d	Amounts included on line 12, Form 990 but not on line a:		
(1)	Investment expenses not included on line 6b, Form 990 \$		
(2)	Other (specify) \$		
	Add amounts on lines (1) and (2)	d	0.
e	Total revenue per line 12, Form 990 (line c plus line d)	e	11009635.

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

a	Total expenses and losses per audited financial statements	a	10997572.
b	Amounts included on line a but not on line 17, Form 990		
(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	0.
c	Line a minus line b	c	10997572.
d	Amounts included on line 17, Form 990 but not on line a:		
(1)	Investment expenses not included on line 6b, Form 990 \$		
(2)	Other (specify) \$		
	Add amounts on lines (1) and (2)	d	0.
e	Total expenses per line 17, Form 990 (line c plus line d)	e	10997572.

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

(A) Name and address	(B) Title and average hours per week devoted to position	(C) Compensation (if not paid, enter -0-)	(D) Contributions to employee benefit plans & deferred compensation	(E) Expense account and other allowances
GREGORY OTT 20950 SW ROCK CREEK ROAD SHERIDAN, OR 97378	PRESIDENT 50 HOURS	71,901.	1,021.	0.
JANET HOLLANDER 20950 SW ROCK CREEK ROAD SHERIDAN, OR 97378	VP FOR ADMINISTRATION 41 HOURS	41,219.	892.	0.
MARK SIEGEL 20950 SW ROCK CREEK ROAD SHERIDAN, OR 97378	VP FOR PUBLIC AFFAIRS 50 HOURS	38,236.	1,255.	0.
ROSEMARY DIDEAR 20950 SW ROCK CREEK ROAD SHERIDAN, OR 97378	VICE PRESIDENT 60 HOURS	47,371.	4,541.	0.
JOHN NOSKO 20950 SW ROCK CREEK ROAD SHERIDAN, OR 97378	SECRETARY/TREASURER 50 HOURS	42,178.	1,313.	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 Yes No

Part VI Other Information		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	76	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.	77	X
78 a	Did the organization have unrelated business gross income of \$1,000 or more during the year covered by this return?	78a	X
b	If "Yes," has it filed a tax return on Form 990-T for this year?	78b	X
79	Was there a liquidation, dissolution, termination, or substantial contraction during the year? If "Yes," attach a statement	79	X
80 a	Is the organization related (other than by association with a statewide or nationwide organization) through common membership, governing bodies, trustees, officers, etc., to any other exempt or nonexempt organization?	80a	X
b	If "Yes," enter the name of the organization N/A and check whether it is <input type="checkbox"/> exempt or <input checked="" type="checkbox"/> nonexempt.		
81 a	Enter direct or indirect political expenditures. See line 81 instructions	81a	0.
b	Did the organization file Form 1120-POL for this year?	81b	X
82 a	Did the organization receive donated services or the use of materials, equipment, or facilities at no charge or at substantially less than fair rental value?	82a	X
b	If "Yes," you may indicate the value of these items here. Do not include this amount as revenue in Part I or as an expense in Part II (See instructions in Part III)	82b	N/A
83 a	Did the organization comply with the public inspection requirements for returns and exemption applications?	83a	X
b	Did the organization comply with the disclosure requirements relating to quid pro quo contributions?	83b	X
84 a	Did the organization solicit any contributions or gifts that were not tax deductible?	84a	X
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	84b	N/A
85	501(c)(4), (5), or (6) organizations. a Were substantially all dues nondeductible by members?	85a	N/A
b	Did the organization make only in-house lobbying expenditures of \$2,000 or less? 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	85b	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 on line 85f?	85g	N/A
h	If section 6033(e)(1)(A) dues notices were sent, does the organization agree to add the amount on line 85f to its reasonable estimate of dues allocable to nondeductible lobbying and political expenditures for the following tax year?	85h	N/A
86	501(c)(7) organizations. 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) organizations. 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	88	X
89 a	501(c)(3) organizations. Enter: Amount of tax imposed on the organization during the year under section 4911 <u>0.</u> , section 4912 <u>0.</u> , section 4955 <u>0.</u>		
b	501(c)(3) and 501(c)(4) organizations. 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	89b	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.
90 a	List the states with which a copy of this return is filed OREGON AND CALIFORNIA		
b	Number of employees employed in the pay period that includes March 12, 2003	90b	320
91	The books are in care of JEANNE MCKEVITT Telephone no 503-843-3521		

Located at **20950 S.W. ROCK CREEK ROAD, SHERIDAN, OREGON** ZIP +4 **97378**

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

Part VII Analysis of Income-Producing Activities (See page 33 of the instructions.)

	Unrelated business income		Excluded by section 512, 513, or 514		(E) Related or exempt function income
	(A) Business code	(B) Amount	(C) Exclu- sion code	(D) Amount	
93 Program service revenue					
a TUITION					6,235,060.
b BOARDING FEES					2,448,246.
c YEARBOOK/MISC ACTV FEES					1,132,852.
d BOOK SALES					21,756.
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			14	93,954.	
96 Dividends and interest from securities			14	15,183.	
97 Net rental income or (loss) from real estate:					
a debt-financed property					
b not debt-financed property			16	36,650.	
98 Net rental income or (loss) from personal property					
99 Other investment income					
100 Gain or (loss) from sales of assets other than inventory			18		<1,156.>
101 Net income or (loss) from special events					
102 Gross profit or (loss) from sales of inventory					
103 Other revenue:					
a REFERRAL FEES	541900	3,159.			
b BOOKSTORE & TRANSPORT.			03	80,471.	
c					
d					
e					
104 Subtotal (add columns (B), (D), and (E))		3,159.		226,258.	9,836,758.
105 Total (add line 104, columns (B), (D), and (E))					10,066,175.

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 34 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)
▼	SEE STATEMENT 12

Part IX Information Regarding Taxable Subsidiaries and Disregarded Entities (See page 34 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 34 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: *John J. Mosko* Date: 5-13-04 Type or print name and title: JOHN J. MOSKO - SEC/TREAS.

Preparer's Name: Patricia J. Schmitt Date: 5/12/04 Check if self-employed: Preparer's SSN or PTIN: P00159208

Firm's name (or yours if self-employed), address, and ZIP + 4: PERKINS & COMPANY, P.C., 1211 SW FIFTH AVE., SUITE 1200, PORTLAND, OREGON 97204-3712

EIN: Phone no: (503) 221-0336

SCHEDULE A
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

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.)

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

OMB No 1545-0047

2003

Name of the organization

DELPHI SCHOOLS, INC.

Employer identification number

93 0630376

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 benefit plans & deferred compensation	(e) Expense account and other allowances
HAROLD HAWKINS ----- 3732 EUROPE CT, SANTA CLARA, CA	HEADMASTER-SF 55	59,529.	2,724.	
NANCY HAWKINS ----- 3732 EUROPE CT, SANTA CLARA, CA	DEAN-SF 55	63,369.	2,116.	
MARY REINHART ----- 10641 LEDEEN DR, LAKEVIEW TERRACE, CA	HEADMASTER-LA 55	61,862.	0.	
----- ----- -----				
Total number of other employees paid over \$50,000 ▶	0			

Part II Compensation of the Five Highest Paid Independent Contractors for Professional Services

(See page 2 of the instructions. 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
NONE ----- ----- ----- ----- ----- ----- ----- ----- -----		
Total number of others receiving over \$50,000 for professional services ▶	0	

Part III Statements About Activities (See page 2 of the instructions)

	Yes	No
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 amounts 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.		X
2 During the year, has the organization, either directly or indirectly, engaged in any of the following acts with any substantial contributors, trustees, directors, officers, creators, key employees, or members of their families, or with any taxable organization with which any such person is affiliated as an officer, director, trustee, majority owner, or principal beneficiary? (If the answer to any question is "Yes," attach a detailed statement explaining the transactions.) SEE STATEMENT 13		
a Sale, exchange, or leasing of property?	2a	X
b Lending of money or other extension of credit?	2b	X
c Furnishing of goods, services, or facilities?	2c	X
d Payment of compensation (or payment or reimbursement of expenses if more than \$1,000)?	2d	X
e Transfer of any part of its income or assets?	2e	X
3 a Do you make grants for scholarships, fellowships, student loans, etc ? (If "Yes," attach an explanation of how you determine that recipients qualify to receive payments)	3a	X
b Do you have a section 403(b) annuity plan for your employees?	3b	X
4 Did you maintain any separate account for participating donors where donors have the right to provide advice on the use or distribution of funds?	4	X

Part IV Reason for Non-Private Foundation Status (See pages 3 through 6 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 6 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. **N/A**
 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) 2002	(b) 2001	(c) 2000	(d) 1999	(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 income from interest, dividends, amounts received from payments on securities loans (section 512(a)(5)), rents, royalties, and unrelated business taxable income (less section 511 taxes) from businesses acquired by the organization after June 30, 1975					
19 Net income from unrelated business activities not included in line 18					
20 Tax revenues levied for the organization's benefit and either paid to it or expended on its behalf					
21 The value of services or facilities furnished to the organization by a governmental unit without charge. Do not include the value of services or facilities generally furnished to the public without charge.					
22 Other income. Attach a schedule. Do not include gain or (loss) from sale of capital assets.					
23 Total of lines 15 through 22	0.	0.	0.	0.	0.
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	N/A
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 1999 through 2002 exceeded the amount shown in line 26a. Do not file this list with your return. Enter the total of all these excess amounts	26b	N/A
c Total support for section 509(a)(1) test. Enter line 24, column (e)	26c	N/A
d Add Amounts from column (e) for lines: 18 _____ 19 _____ 22 _____ 26b _____	26d	N/A
e Public support (line 26c minus line 26d total)	26e	N/A
f Public support percentage (line 26e (numerator) divided by line 26c (denominator))	26f	N/A %

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: (2002) _____ (2001) _____ (2000) _____ (1999) _____		
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. (2002) (2001) _____ (2000) (1999) _____		
c Add. Amounts from column (e) for lines: 15 _____ 16 _____ 17 _____ 20 _____ 21 _____	27c	N/A
d Add Line 27a total _____ and line 27b total _____	27d	N/A
e Public support (line 27c total minus line 27d total)	27e	N/A
f Total support for section 509(a)(2) test. Enter amount on line 23, column (e)	27f	N/A
g Public support percentage (line 27e (numerator) divided by line 27f (denominator))	27g	N/A %
h Investment income percentage (line 18, column (e) (numerator) divided by line 27f (denominator))	27h	N/A %

28 Unusual Grants: For an organization described in line 10, 11, or 12 that received any unusual grants during 1999 through 2002, 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) <u>THE EXEMPT ORGANIZATION HAS PUBLISHED NOTICE IN THE REQUIRED FORM STATING ITS RACIALLY NONDISCRIMINATORY POLICIES IN NEWSPAPERS OF GENERAL CIRCULATION AT LEAST ONCE ANNUALLY OR DURING ITS REGISTRATION PERIOD.</u>	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
34 a	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
		N/A	
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 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	41	
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				N/A
	(a) 2003	(b) 2002	(c) 2001	(d) 2000	(e) Total
45	Lobbying nontaxable amount				0.
46	Lobbying ceiling amount (150% of line 45(e))				0.
47	Total lobbying expenditures				0.
48	Grassroots nontaxable amount				0.
49	Grassroots ceiling amount (150% of line 48(e))				0.
50	Grassroots lobbying expenditures				0.

Part VI-B Lobbying Activity by Nonelecting Public Charities

(For reporting only by organizations that did not complete Part VI-A) (See page 12 of the instructions)

N/A

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
		0.

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

Part VII Information Regarding Transfers To and Transactions and Relationships With Noncharitable Exempt Organizations (See page 12 of the instructions.)

51 Did the reporting organization directly or indirectly engage in any of the following with any other organization described in section 501(c) of the Code (other than section 501(c)(3) organizations) or in section 527, relating to political organizations?

- a** Transfers from the reporting organization to a noncharitable exempt organization of
 - (i) Cash
 - (ii) Other assets
- b** Other transactions:
 - (i) Sales or exchanges of assets with a noncharitable exempt organization
 - (ii) Purchases of assets from a noncharitable exempt organization
 - (iii) Rental of facilities, equipment, or other assets
 - (iv) Reimbursement arrangements
 - (v) Loans or loan guarantees
 - (vi) Performance of services or membership or fundraising solicitations

	Yes	No
51a(i)		X
a(ii)		X
b(i)		X
b(ii)		X
b(iii)		X
b(iv)		X
b(v)		X
b(vi)		X
c		X

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

N/A

(a) Line no	(b) Amount involved	(c) Name of noncharitable exempt organization	(d) Description of transfers, transactions, and sharing arrangements

52 a Is the organization directly or indirectly affiliated with, or related to, one or more tax-exempt organizations described in section 501(c) of the Code (other than section 501(c)(3)) or in section 527? Yes No

b If "Yes," complete the following schedule **N/A**

(a) Name of organization	(b) Type of organization	(c) Description of relationship

FORM 990

RENTAL INCOME

STATEMENT 1

KIND AND LOCATION OF PROPERTY	ACTIVITY NUMBER	GROSS RENTAL INCOME
SUBLEASE OF LAND	1	36,650.
TOTAL TO FORM 990, PART I, LINE 6A		36,650.

FORM 990 GAIN (LOSS) FROM SALE OF OTHER ASSETS STATEMENT 2

DESCRIPTION	DATE ACQUIRED	DATE SOLD	METHOD ACQUIRED		
1993 10PASS DODGEVAN	01/01/93	12/31/03	PURCHASED		
NAME OF BUYER	GROSS SALES PRICE	COST OR OTHER BASIS	EXPENSE OF SALE	DEPREC	NET GAIN OR (LOSS)
	1,500.	17,616.	0.	17,616.	1,500.
DESCRIPTION	DATE ACQUIRED	DATE SOLD	METHOD ACQUIRED		
VARIOUS	VARIOUS	VARIOUS	PURCHASED		
NAME OF BUYER	GROSS SALES PRICE	COST OR OTHER BASIS	EXPENSE OF SALE	DEPREC	NET GAIN OR (LOSS)
	3,209.	52,175.	0.	46,310.	<2,656.>
TO FM 990, PART I, LN 8	4,709.	69,791.	0.	63,926.	<1,156.>

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

DESCRIPTION	AMOUNT
NET UNREALIZED GAIN ON INVESTMENTS	41,179.
TOTAL TO FORM 990, PART I, LINE 20	41,179.

FORM 990 OTHER EXPENSES STATEMENT 4

DESCRIPTION	(A) TOTAL	(B) PROGRAM SERVICES	(C) MANAGEMENT AND GENERAL	(D) FUNDRAISING
STAFF TRAINING	29,339.	27,872.	1,467.	
FOOD	448,455.	448,455.	0.	
HOT LUNCH PROGRAM	23,949.	23,949.	0.	
EDUCATIONAL EXPENSE	476,723.	476,723.	0.	
YEARBOOK	20,984.	20,984.	0.	
BOOKS FOR RESALE	27,878.	27,878.	0.	
SNACKBAR FOR RESALE	63,411.	63,411.	0.	

FIELD REP	121,030.	121,030.	0.
BUILDING MAINTENANCE	78,237.	73,543.	4,694.
JANITORIAL	57,034.	53,612.	3,422.
ESTATES EQUIPMENT	23,113.	21,726.	1,387.
ESTATES MAINTENANCE	31,797.	29,889.	1,908.
UTILITIES	375,664.	353,124.	22,540.
INSURANCE	400,313.	280,219.	120,094.
LICENSE FEES	493,000.	493,000.	0.
TAXES AND LICENSES	10,296.	9,678.	618.
DUES	8,400.	8,400.	0.
BANK CHARGES	50,231.	50,231.	0.
ADVERTISING	572,662.	572,662.	0.
MISCELLANEOUS	20,132.	19,564.	568.
TRANSPORTATION	14,363.	13,501.	862.
TOURS	37,007.	37,007.	0.
CURRICULUM FEES AND MATERIALS	418,344.	418,344.	0.
GAS	25,174.	23,915.	1,259.
PHOTOCOPYING	22,174.	21,065.	1,109.
COMPUTER SUPPLIES	43,129.	40,973.	2,156.
GIFTS	47,706.	47,706.	0.
SITE TESTING	1,660.	1,660.	0.
OTHER PROFESSIONAL SERVICES	568.	284.	284.
EMPLOYEE PLAN	2,845.	2,703.	142.
UBI TAX	454.	0.	454.
MOVING EXPENSE	8,060.	8,060.	0.
MISSION SUPPORT	21,527.	21,527.	0.
TOTAL TO FM 990, LN 43	3,975,659.	3,812,695.	162,964.

FORM 990 STATEMENT OF ORGANIZATION'S PRIMARY EXEMPT PURPOSE STATEMENT 5
PART III

EXPLANATION

DELPHI SCHOOLS, INC., IS AN OREGON NONPROFIT CORPORATION, ORGANIZED EXCLUSIVELY FOR EDUCATIONAL AND CHARITABLE PURPOSES. IT IS EXEMPT FROM TAX UNDER SECTION 501(C)(3) OF THE INTERNAL REVENUE CODE OF 1986.

DESCRIPTION OF PROGRAM SERVICE ONE

DELPHI SCHOOLS, INC., DEVELOPS, OPERATES, AND/OR ADVISES PRIVATE, SECTARIAN SCHOOLS OWNED BY DELPHI SCHOOLS, INC., OR OTHER EDUCATIONAL AND CHARITABLE NONPROFIT SCHOOLS EXEMPT UNDER SECTION 501(C)(3) OF THE INTERNAL REVENUE CODE OF 1986, IN CONJUNCTION WITH DELPHI SCHOOLS, INC.'S: (1) EDUCATIONAL CURRICULUM, SYLLABI, AND SUPPORTING IMPLEMENTATION ADVISE FOR THE EDUCATION OF STUDENTS IN PRESCHOOL/KINDERGARTEN THROUGH HIGH SCHOOL AND BEYOND (COLLECTIVELY "NORTHWEST RESEARCH PROPERTY"); (2) EDUCATIONAL PUBLICATIONS (COLLECTIVELY "HERON BOOKS MATERIALS"); AND (3) DELPHI TRADEMARKS AND SERVICEMARKS (COLLECTIVELY "DELPHI MASTER MARKS") -- COLLECTIVELY REFERRED TO AS THE "DELPHI PROGRAM." DELPHI SCHOOLS, INC., CURRENTLY OWNS FOUR SUCH SCHOOLS (A BOARDING SCHOOL IN SHERIDAN, OREGON ("THE DELPHIAN SCHOOL"), A DAY SCHOOL IN LOS ANGELES, CALIFORNIA ("THE DELPHI ACADEMY OF LOS ANGELES"), A DAY SCHOOL IN SANTA MONICA, CALIFORNIA ("THE DELPHI ACADEMY OF SANTA MONICA"), AND A DAY SCHOOL IN SANTA CLARA, CALIFORNIA ("THE DELPHI ACADEMY OF SAN FRANCISCO BAY")), AND CONTRACTS WITH FOUR OTHER EDUCATIONAL AND CHARITABLE NONPROFIT SCHOOLS EXEMPT UNDER SECTION 501(C)(3) OF THE INTERNAL REVENUE CODE OF 1986 (A DAY SCHOOL IN MILTON, MASSACHUSETTS ("THE DELPHI ACADEMY OF BOSTON"), A DAY SCHOOL IN CLEARWATER, FLORIDA ("THE DELPHI ACADEMY OF FLORIDA"), A DAY SCHOOL IN SAN DIEGO, CALIFORNIA ("THE DELPHI ACADEMY OF SAN DIEGO"), AND A DAY SCHOOL IN SAN MARCOS, CALIFORNIA ("THE DELPHI ACADEMY OF SAN MARCOS")). IN FULFILLING ITS EXEMPT PURPOSE DURING 2003, DELPHI SCHOOLS, INC., CONTINUED DEVELOPMENT AND OPERATION OF THE DELPHI PROGRAM. TO FULFILL ITS EXEMPT PURPOSE IN THE FUTURE, DELPHI SCHOOLS, INC. WILL CONTINUE WITH THE DEVELOPMENT AND OPERATION OF THE DELPHI PROGRAM, THE IMPROVEMENT OF COURSE OFFERINGS AT ITS FOUR OWNED SCHOOLS, AND THE EXPANSION OF THE NUMBER AND TYPE OF NON-OWNED RECIPIENTS OF THE DELPHI PROGRAM.

	GRANTS	EXPENSES
TO FORM 990, PART III, LINE A	_____	_____
	=====	=====
		10,281,253.

FORM 990 NON-GOVERNMENT SECURITIES STATEMENT 7

SECURITY DESCRIPTION	CORPORATE STOCKS	CORPORATE BONDS	OTHER PUBLICLY TRADED SECURITIES	OTHER SECURITIES	TOTAL NON-GOV'T SECURITIES
CORPORATE DEBT SECURITIES		294,711.			294,711.
MUTUAL FUNDS				196,939.	196,939.
EQUITY SECURITIES				72,527.	72,527.
TO 990, LN 54 COL B		294,711.		269,466.	564,177.

FORM 990 OTHER INVESTMENTS STATEMENT 8

DESCRIPTION	VALUATION METHOD	AMOUNT
INVESTMENTS IN RARE COINS	MARKET VALUE	3,530.
TOTAL TO FORM 990, PART IV, LINE 56, COLUMN B		3,530.

FORM 990 OTHER ASSETS STATEMENT 9

DESCRIPTION	AMOUNT
ACCRUED INTEREST	7,298.
RENT RECEIVABLE	18,625.
SECURITY DEPOSIT	26,118.
OTHER	29,445.
TOTAL TO FORM 990, PART IV, LINE 58, COLUMN B	81,486.

FORM 990

OTHER NOTES AND LOANS PAYABLE

STATEMENT 10

<u>LENDER'S NAME</u>		<u>TERMS OF REPAYMENT</u>	
----------------------	--	---------------------------	--

GE CAPITAL		\$2,184 ANNUALLY	
------------	--	------------------	--

<u>DATE OF NOTE</u>	<u>MATURITY DATE</u>	<u>ORIGINAL LOAN AMOUNT</u>	<u>INTEREST RATE</u>
04/03/98	04/03/03	7,883.	13.65%

<u>SECURITY PROVIDED BY BORROWER</u>	<u>PURPOSE OF LOAN</u>
GESTETNER DIGITAL COPIER 3225	PURCHASE COPIER

RELATIONSHIP OF LENDER

UNRELATED PARTY

<u>DESCRIPTION OF CONSIDERATION</u>	<u>FMV OF CONSIDERATION</u>	<u>BALANCE DUE</u>
	0.	0.

<u>LENDER'S NAME</u>		<u>TERMS OF REPAYMENT</u>	
----------------------	--	---------------------------	--

GREAT AMERICAN LEASING CORP.		\$4,985 ANNUALLY	
------------------------------	--	------------------	--

<u>DATE OF NOTE</u>	<u>MATURITY DATE</u>	<u>ORIGINAL LOAN AMOUNT</u>	<u>INTEREST RATE</u>
03/11/99	03/11/04	19,295.	11.10%

<u>SECURITY PROVIDED BY BORROWER</u>	<u>PURPOSE OF LOAN</u>
MAIL EQUIPMENT	PURCHASE MAIL EQUIPMENT

RELATIONSHIP OF LENDER

UNRELATED PARTY

<u>DESCRIPTION OF CONSIDERATION</u>	<u>FMV OF CONSIDERATION</u>	<u>BALANCE DUE</u>
	0.	1,225.

LENDER'S NAME TERMS OF REPAYMENT

CANON, INC \$4,423 ANNUALLY

<u>DATE OF NOTE</u>	<u>MATURITY DATE</u>	<u>ORIGINAL LOAN AMOUNT</u>	<u>INTEREST RATE</u>
04/05/00	04/05/05	15,000.	16.47%

<u>SECURITY PROVIDED BY BORROWER</u>	<u>PURPOSE OF LOAN</u>
CANON COPIER 6551	PURCHASE COPIER

RELATIONSHIP OF LENDER

UNRELATED PARTY

<u>DESCRIPTION OF CONSIDERATION</u>	<u>FMV OF CONSIDERATION</u>	<u>BALANCE DUE</u>
	0.	5,262.

LENDER'S NAME TERMS OF REPAYMENT

CANON, INC \$6,528 ANNUALLY

<u>DATE OF NOTE</u>	<u>MATURITY DATE</u>	<u>ORIGINAL LOAN AMOUNT</u>	<u>INTEREST RATE</u>
02/22/02	01/22/07	28,139.	6.00%

<u>SECURITY PROVIDED BY BORROWER</u>	<u>PURPOSE OF LOAN</u>
CANON COPIER IR550	

RELATIONSHIP OF LENDER

UNRELATED PARTY

<u>DESCRIPTION OF CONSIDERATION</u>	<u>FMV OF CONSIDERATION</u>	<u>BALANCE DUE</u>
	0.	18,332.

TOTAL INCLUDED ON FORM 990, PART IV, LINE 64, COLUMN B	24,819.
--	---------

FORM 990 OTHER REVENUE NOT INCLUDED ON FORM 990 STATEMENT 11

DESCRIPTION	AMOUNT
UNREALIZED GAIN	41,179.
TOTAL TO FORM 990, PART IV-A	41,179.

FORM 990 PART VIII - RELATIONSHIP OF ACTIVITIES TO ACCOMPLISHMENT OF EXEMPT PURPOSES STATEMENT 12

LINE	EXPLANATION OF RELATIONSHIP OF ACTIVITIES
93A	THE EXEMPT ORGANIZATION'S SCHOOL ACTIVITIES FURTHER ITS EXEMPT PURPOSE BY PROVIDING EDUCATIONAL INSTRUCTION TO YOUNG STUDENTS. FINANCIAL AID AND SCHOLARSHIPS: THE ORGANIZATION INVITES ALL STUDENTS TO APPLY FOR FINANCIAL AID AND SCHOLARSHIPS, IN THE FORM OF TUITION DISCOUNTS, ON A RACIALLY NONDISCRIMINATORY BASIS. AN INDEPENDENT NATIONAL ORGANIZATION EVALUATES EACH STUDENT'S APPLICATION ON THE BASIS OF FINANCIAL NEED. FOR THE 2002-2003 SCHOOL YEAR, THE ORGANIZATION OFFERED 107 ELIGIBLE STUDENTS A TOTAL OF \$531,076 IN FINANCIAL AID AND SCHOLARSHIPS. FINANCIAL AID AND SCHOLARSHIPS ARE BASED ON NEED AND ACADEMIC MERIT. NO CASH PAYMENTS OR GRANTS WERE MADE TO ANY STUDENT.
93B	THE TAX EXEMPT ORGANIZATION'S BOARDING SCHOOL ACTIVITIES FURTHER ITS EXEMPT PURPOSES BY PROVIDING THE FACILITY WHERE EDUCATIONAL ACTIVITIES ARE CARRIED ON.
93C	THE EXEMPT ORGANIZATION'S APPLICATIONS, YEARBOOK AND ACTIVITIES FEES RESULT FROM STUDENT SERVICES WHICH ARE AN INTEGRAL PART OF ITS OVERALL EDUCATIONAL PROGRAMS.
93D	THE EXEMPT ORGANIZATION'S BOOK SALES FURTHER ITS EXEMPT PURPOSES BY PROVIDING EDUCATIONAL INSTRUCTIONAL MATERIALS TO STUDENTS AND OTHER SCHOOLS.
100	LOSS FROM SALE OF MISC FIXED ASSETS USED BY THE ORGANIZATION IN FURTHERANCE OF ITS EXEMPT PURPOSE

SCHEDULE A STATEMENT REGARDING ACTIVITIES WITH SUBSTANTIAL CONTRIBUTORS, TRUSTEES, DIRECTORS, CREATORS, KEY EMPLOYEES, ETC,. PART III, LINE 2 STATEMENT 13

LINE 2C- DELPHI SCHOOLS, INC.'S EMPLOYEES ARE REQUIRED TO ACCEPT ROOM AND BOARD ON ITS PREMISES AS A CONDITION OF THEIR EMPLOYMENT. THE TREASURY REGULATIONS ON INCOME TAX (1986 CODE) STATE THAT THE VALUE OF SUCH ITEMS ARE TO BE REPORTED ON FORM 990 ONLY TO THE EXTENT THAT SUCH AMOUNTS ARE INCLUDIBLE IN THE GROSS INCOME OF EMPLOYEES. SECTION 119 OF THE INTERNAL REVENUE CODE OF 1986 EXCLUDES SUCH AMOUNTS FROM THE GROSS INCOME OF PHOCIS, INC.'S EMPLOYEES; THEREFORE, THE VALUE OF ROOM AND BOARD HAS NOT BEEN DEVELOPED OR

REPORTED (NOR HAS IT BEEN DEVELOPED OR REPORTED IN COLUMN E, PART V OF FORM 990 -- COLUMN E, PART I OF SCHEDULE A).

LINE 2D-

SUZAN OTT, DEVELOPMENT OFFICER, OFFICER'S SPOUSE: \$29,459

NOWELL DIDEAR, TEACHER, OFFICER'S SPOUSE: \$9,458

JULIE NOSKO, ADMINISTRATION, OFFICER'S SPOUSE: \$31,823

EVE DARLING, ADMINISTRATION, DIRECTOR'S DAUGHTER-IN-LAW: \$29,661

THOMAS KEOUGH, TEACHER, DIRECTOR'S SON: \$19,952

TREVOR OTT, TEACHER, DIRECTOR'S SON: \$18,206

LINDA SIEGEL, DEAN OF STUDENTS, DIRECTOR'S SPOUSE: \$33,868

JORDAN SIEGEL, TEACHER, DIRECTOR'S DAUGHTER: \$16,838

SIMON SIEGEL, WORK-STUDY POSITION, DIRECTOR'S SON: \$215

DELPHI SCHOOLS, INC.
 93-0630376
 DEPRECIATION OF ASSETS NOT HELD FOR INVESTMENT
 YEAR-END 12/31/03

DESCRIPTION	CURRENT YEAR DEPRECIATION
FURNITURE AND FIXTURES	21,542
EQUIPMENT	87,974
LEASEHOLD IMPROVEMENTS	122,533
EQUIPMENT UNDER CAPITAL LEASE	17,298
TOTAL TO FORM 990, PART II, LINE 42	<u>249,347</u>

DESCRIPTION	COST OR OTHER BASIS	ACCUMULATED DEPRECIATION	BOOK VALUE
FURNITURE AND FIXTURES	337,795	288,889	48,906
EQUIPMENT	1,099,095	768,858	330,237
LEASEHOLD IMPROVEMENTS	1,913,250	722,541	1,190,709
EQUIPMENT UNDER CAPITAL LEASE	62,434	40,340	22,094
TOTAL TO FORM 990, PART IV, LINE 57	<u>3,412,574</u>	<u>1,820,628</u>	<u>1,591,946</u>