

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)

OMB No 1545-0047

2005

Open to Public Inspection

Form **990**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 2005 calendar year, or tax year beginning

and ending

B Check if applicable

- ☐ Address change
☐ Name change
☐ Initial return
☐ Final return
☐ Amended return
☐ Application pending

Please use IRS label or print or type See Specific Instructions

C Name of organization

DELPHI SCHOOLS, INC.

Number and street (or P O box if mail is not delivered to street address)

20950 S.W. ROCK CREEK ROAD

City or town, state or country, and ZIP + 4

SHERIDAN, OR 97378

D Employer identification number

93-0630376

E Telephone number

(503) 843-3521

F Accounting method☐ Cash ☒ Accrual☐ Other (specify) ▶

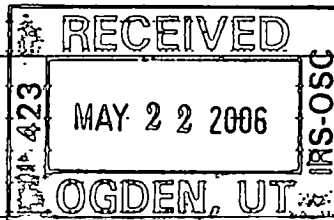
• Section 501(c)(3) organizations and 4947(a)(1) nonexempt charitable trusts must attach a completed Schedule A (Form 990 or 990-EZ).

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 ▶ N/A**H(c)** Are all affiliates included? (If "No," attach a list) N/A ☐ Yes ☐ No**H(d)** Is this a separate return filed by an organization covered by a group ruling? ☐ Yes ☒ No**I** Group Exemption Number ▶ N/A**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 chooses to file a return, be sure to file a complete return. Some states require a complete return.**L** Gross receipts. Add lines 6b, 8b, 9b, and 10b to line 12 ▶

13,427,577.

M Check ☐ if the organization is not required to attach Sch. B (Form 990, 990-EZ, or 990-PF)**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	247,924.			
	b	Indirect public support	1b	1,254,712.			
	c	Government contributions (grants)	1c				
	d	Total (add lines 1a through 1c) (cash \$ 1,502,636. noncash \$)	1d	1,502,636.			
	2	Program service revenue including government fees and contracts (from Part VII, line 93)	2	11,265,281.			
	3	Membership dues and assessments	3				
	4	Interest on savings and temporary cash investments	4	167,764.			
	5	Dividends and interest from securities	5	1,953.			
	6a	Gross rents SEE STATEMENT 1	6a	73,250.			
	b	Less rental expenses	6b				
	c	Net rental income or (loss) (subtract line 6b from line 6a)	6c	73,250.			
7	Other investment income (describe)	7					
Revenue	8a	Gross amount from sales of assets other than inventory	(A) Securities	134,903.	8a	(B) Other	199,356.
	b	Less cost or other basis and sales expenses	133,831.	8b	259,052.		
	c	Gain or (loss) (attach schedule)	1,072.	8c	<59,696.>		
	d	Net gain or (loss) (combine line 8c, columns (A) and (B)) STMT 2 STMT 3	8d	<58,624.>			
	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	82,434.			
12	Total revenue (add lines 1d, 2, 3, 4, 5, 6c, 7, 8d, 9c, 10c, and 11)	12	13,034,694.				
Expenses	13	Program services (from line 44, column (B))	13	11,794,242.			
	14	Management and general (from line 44, column (C))	14	703,724.			
	15	Fundraising (from line 44, column (D))	15				
	16	Payments to affiliates (attach schedule)	16				
	17	Total expenses (add lines 13 and 14, column (A))	17	12,497,966.			
	18	Excess or (deficit) for the year (subtract line 17 from line 12)	18	536,728.			
Net Assets	19	Net assets or fund balances at beginning of year (from line 73, column (A))	19	4,248,540.			
	20	Other changes in net assets or fund balances (attach explanation) SEE STATEMENT 4	20	119.			
	21	Net assets or fund balances at end of year (combine lines 18, 19, and 20)	21	4,785,387.			



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.

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 \$ 0 • noncash \$ 0.) If this amount includes foreign grants, check here <input type="checkbox"/>	22			
23 Specific assistance to individuals (attach schedule)	23			
24 Benefits paid to or for members (attach schedule)	24			
25 Compensation of officers, directors, etc.* *	25	1,088,914.	804,296.	284,618.
26 Other salaries and wages	26	4,200,666.	4,016,395.	184,271.
27 Pension plan contributions	27			
28 Other employee benefits	28			
29 Payroll taxes	29	394,619.	374,888.	19,731.
30 Professional fundraising fees	30			
31 Accounting fees	31	13,184.	6,592.	6,592.
32 Legal fees	32	39,312.	19,656.	19,656.
33 Supplies	33	46,471.	44,612.	1,859.
34 Telephone	34	67,381.	64,012.	3,369.
35 Postage and shipping	35	38,777.	36,838.	1,939.
36 Occupancy	36	2,147,041.	2,061,159.	85,882.
37 Equipment rental and maintenance	37	31,775.	30,482.	1,293.
38 Printing and publications	38			
39 Travel	39	35,882.	17,941.	17,941.
40 Conferences, conventions, and meetings	40			
41 Interest	41	2,115.	2,009.	106.
42 Depreciation, depletion, etc. (attach schedule)	42	228,984.	219,825.	9,159.
43 Other expenses not covered above (itemize):				
a	43a			
b	43b			
c	43c			
d	43d			
e	43e			
f	43f			
g SEE STATEMENT 5	43g	4,162,845.	4,095,537.	67,308.
44 Total functional expenses. Add lines 22 through 43. (Organizations completing columns (B)-(D), carry these totals to lines 13-15)	44	12,497,966.	11,794,242.	703,724.

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 \$ N/A, (ii) the amount allocated to Program services \$ N/A,

(iii) the amount allocated to Management and general \$ N/A, and (iv) the amount allocated to Fundraising \$ N/A

Form 990 (2005)

* * SEE STATEMENT 6

Part III Statement of Program Service Accomplishments (See the instructions.)

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.

What is the organization's primary exempt purpose? ► SEE STATEMENT 8		Program Service Expenses (Required for 501(c)(3) and (4) orgs, and 4947(a)(1) trusts, but optional for others)
<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 SEE STATEMENT 7</p> <p>(Grants and allocations \$) If this amount includes foreign grants, check here ► <input type="checkbox"/></p>		11,794,242.
<p>b</p> <p>(Grants and allocations \$) If this amount includes foreign grants, check here ► <input type="checkbox"/></p>		
<p>c</p> <p>(Grants and allocations \$) If this amount includes foreign grants, check here ► <input type="checkbox"/></p>		
<p>d</p> <p>(Grants and allocations \$) If this amount includes foreign grants, check here ► <input type="checkbox"/></p>		
<p>e Other program services (attach schedule)</p> <p>(Grants and allocations \$) If this amount includes foreign grants, check here ► <input type="checkbox"/></p>		
f Total of Program Service Expenses (should equal line 44, column (B), Program services) ►		11,794,242.

Form 990 (2005)

Part IV Balance Sheets (See the instructions)

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	412,288.	45	438,200.
	46 Savings and temporary cash investments	5,332,578.	46	5,640,646.
	47 a Accounts receivable	9,997.		
	b Less: allowance for doubtful accounts		47c	9,997.
	48 a Pledges receivable			
	b Less: allowance for doubtful accounts		48c	
	49 Grants receivable		49	
	50 Receivables from officers, directors, trustees, and key employees		50	
	51 a Other notes and loans receivable			
	b Less: allowance for doubtful accounts		51c	
	52 Inventories for sale or use	46,822.	52	143,626.
	53 Prepaid expenses and deferred charges	43,806.	53	51,027.
	54 Investments - securities STMT 9 STMT 13 <input type="checkbox"/> Cost <input checked="" type="checkbox"/> FMV	590,283.	54	712,362.
	55 a Investments - land, buildings, and equipment: basis			
	b Less: accumulated depreciation		55c	
56 Investments - other SEE STATEMENT 10	4,004.	56	5,213.	
57 a Land, buildings, and equipment: basis	3,004,503.			
b Less: accumulated depreciation	2,004,592.	57c	999,911.	
58 Other assets (describe SEE STATEMENT 11)	90,093.	58	327,459.	
59 Total assets (must equal line 74). Add lines 45 through 58	7,594,484.	59	8,328,441.	
Liabilities	60 Accounts payable and accrued expenses	403,220.	60	319,336.
	61 Grants payable		61	
	62 Deferred revenue		62	
	63 Loans from officers, directors, trustees, and key employees		63	
	64 a Tax-exempt bond liabilities		64a	
	b Mortgages and other notes payable STMT 12	12,753.	64b	32,060.
	65 Other liabilities (describe ADVANCED TUITION)	2,929,971.	65	3,191,658.
66 Total liabilities. Add lines 60 through 65)	3,345,944.	66	3,543,054.	
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	4,153,899.	67	4,661,834.
	68 Temporarily restricted	94,641.	68	123,553.
	69 Permanently restricted		69	
	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		70	
	71 Paid-in or capital surplus, or land, building, and equipment fund		71	
	72 Retained earnings, endowment, accumulated income, or other funds		72	
	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)	4,248,540.	73	4,785,387.
74 Total liabilities and net assets/fund balances. Add lines 66 and 73	7,594,484.	74	8,328,441.	

Form 990 (2005)

Part IV-A

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

Part V-A **Current Officers, Directors, Trustees, and Key Employees** (List each person who was an officer, director, trustee, or key employee at any time during the year even if they were not compensated.) (See the instructions.)

Form 990 (2005)

Part VI Other Information (continued)

		Yes	No
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 ▶ 0., section 4912 ▶ 0., section 4955 ▶ 0.		
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 ▶ OR, CA		
b	Number of employees employed in the pay period that includes March 12, 2005	90b	218
91 a	The books are in care of ▶ JEANNE MCKEVITT Telephone no ▶ 503-843-3521 Located at ▶ 20950 S.W. ROCK CREEK ROAD, SHERIDAN, OR ZIP + 4 ▶ 97378		
b	At any time during the calendar year, did the organization have an interest in or a signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account)? If "Yes," enter the name of the foreign country ▶ N/A See the instructions for exceptions and filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts.	91b	X
c	At any time during the calendar year, did the organization maintain an office outside of the United States? If "Yes," enter the name of the foreign country ▶ N/A	91c	X
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

Form 990 (2005)

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

Note: Enter gross amounts unless otherwise indicated.

	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					6,924,148.
b BOARDING FEES					2,676,494.
c YEARBOOK/MISC ACTV FEES					1,584,319.
d BOOK SALES					80,320.
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	167,764.	
96 Dividends and interest from securities			14	1,953.	
97 Net rental income or (loss) from real estate:					
a debt-financed property					
b not debt-financed property			16	73,250.	
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		<58,624.>
101 Net income or (loss) from special events					
102 Gross profit or (loss) from sales of inventory					
103 Other revenue:					
a REFERRAL FEES FROM OTHER					
b DELPHI SCHOOLS			03	8,900.	
c BOOKSTORE			03	73,534.	
d					
e					
104 Subtotal (add columns (B), (D), and (E))		0.		325,401.	11,206,657.
105 Total (add line 104, columns (B), (D), and (E))					11,532,058.

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 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 16

Part IX Information Regarding Taxable Subsidiaries and Disregarded Entities (See 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 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 <i>John J. Nosko</i>		Date <i>5-18-06</i>	Type or print name and title <i>John J. Nosko SEC/Treasurer</i>
Paid Preparer's Use Only	Preparer's signature <i>Cynthia P. Bartholomew</i>		Date <i>5-17-06</i>	Check if self-employed <input type="checkbox"/>
	Firm's name (or yours if self-employed), address, and ZIP + 4 <i>PERKINS & COMPANY, P.C. 1211 SW FIFTH AVE., SUITE 1000 PORTLAND, OREGON 97204-3710</i>		Preparer's SSN or PTIN EIN <i>(503) 221-0336</i> Phone no <i>(503) 221-0336</i>	

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 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

2005

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
NONE				
Total number of other employees paid over \$50,000 ▶	0			

Part II-A 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 II-B Compensation of the Five Highest Paid Independent Contractors for Other Services

(List each contractor who performed services other than professional services, whether individuals or firms If there are none, enter "None" See page 2 of the instructions)

(a) Name and address of each independent contractor paid more than \$50,000	(b) Type of service	(c) Compensation
NONE		
Total number of other contractors receiving over \$50,000 for other 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)	1		X
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)	2a		X
a	Sale, exchange, or leasing of property?	2b		X
b	Lending of money or other extension of credit?	2c	X	
c	Furnishing of goods, services, or facilities? SEE STATEMENT 17	2d	X	
d	Payment of compensation (or payment or reimbursement of expenses if more than \$1,000)? SEE STATEMENT 18	2e		X
e	Transfer of any part of its income or assets?	3a		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.)	3b		X
b	Do you have a section 403(b) annuity plan for your employees?	3c		X
c	During the year, did the organization receive a contribution of qualified real property interest under section 170(h)?	4a		X
4 a	Did you maintain any separate account for participating donors where donors have the right to provide advice on the use or distribution of funds?	4b		X
b	Do you provide credit counseling, debt management, credit repair, or debt negotiation services?			

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	<input type="checkbox"/> A church, convention of churches, or association of churches Section 170(b)(1)(A)(i)
6	<input checked="" type="checkbox"/> A school Section 170(b)(1)(A)(ii) (Also complete Part V)
7	<input type="checkbox"/> A hospital or a cooperative hospital service organization Section 170(b)(1)(A)(iii)
8	<input type="checkbox"/> A Federal, state, or local government or governmental unit Section 170(b)(1)(A)(v)
9	<input type="checkbox"/> 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	<input type="checkbox"/> 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	<input type="checkbox"/> 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	<input type="checkbox"/> A community trust Section 170(b)(1)(A)(vi) (Also complete the Support Schedule in Part IV-A)
12	<input type="checkbox"/> 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	<input type="checkbox"/> 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) sections 501(c)(4), (5), or (6), if they meet the test of section 509(a)(2) Check the box that describes the type of supporting organization ► <input type="checkbox"/> Type 1 <input type="checkbox"/> Type 2 <input type="checkbox"/> Type 3

Provide the following information about the supported organizations (See page 6 of the instructions)

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

14	<input type="checkbox"/> 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) 2004	(b) 2003	(c) 2002	(d) 2001	(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					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 2001 through 2004 exceeded the amount shown in line 26a. Do not file this list with your return. Enter the total of all these excess amounts.					N/A
c Total support for section 509(a)(1) test. Enter line 24, column (e).					N/A
d Add. Amounts from column (e) for lines 18 _____ 19 _____ 22 _____ 26b _____					N/A
e Public support (line 26c minus line 26d total)					N/A
f Public support percentage (line 26e (numerator) divided by line 26c (denominator))					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: (2004) _____ (2003) _____ (2002) _____ (2001) _____					
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 11b, 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: (2004) _____ (2003) _____ (2002) _____ (2001) _____					
c Add. Amounts from column (e) for lines 15 _____ 16 _____ 17 _____ 20 _____ 21 _____					N/A
d Add. Line 27a total _____ and line 27b total _____					N/A
e Public support (line 27c total minus line 27d total)					N/A
f Total support for section 509(a)(2) test. Enter amount on line 23, column (e)					N/A
g Public support percentage (line 27e (numerator) divided by line 27f (denominator))					N/A %
h Investment income percentage (line 18, column (e) (numerator) divided by line 27f (denominator))					N/A %
28 Unusual Grants: For an organization described in line 10, 11, or 12 that received any unusual grants during 2001 through 2004, 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) 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.	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	

Schedule A (Form 990 or 990-EZ) 2005

Part VI-A Lobbying Expenditures by Electing Public Charities (See page 9 of the instructions)

N/A

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

Check ☒ a ☐ if the organization belongs to an affiliated group Check ☐ b ☐ if you checked "a" and "limited control" provisions apply**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		
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) 2005	(b) 2004	(c) 2003	(d) 2002	
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 11 of the instructions)

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 990 RENTAL INCOME STATEMENT 1

KIND AND LOCATION OF PROPERTY	ACTIVITY NUMBER	GROSS RENTAL INCOME
SUBLEASE OF LAND	1	73,250.
TOTAL TO FORM 990, PART I, LINE 6A		73,250.

FORM 990 GAIN (LOSS) FROM PUBLICLY TRADED SECURITIES STATEMENT 2

DESCRIPTION	GROSS SALES PRICE	COST OR OTHER BASIS	EXPENSE OF SALE	NET GAIN OR (LOSS)
MERRILL LYNCH SECURITIES	134,903.	133,831.	0.	1,072.
TO FORM 990, PART I, LINE 8	134,903.	133,831.	0.	1,072.

FORM 990 GAIN (LOSS) FROM SALE OF OTHER ASSETS STATEMENT 3

DESCRIPTION	DATE ACQUIRED	DATE SOLD	METHOD ACQUIRED		
EQUIPMENT	VARIOUS	12/31/05	PURCHASED		
NAME OF BUYER	GROSS SALES PRICE	COST OR OTHER BASIS	EXPENSE OF SALE	DEPREC	NET GAIN OR (LOSS)
	0.	104,100.	0.	103,414.	<686.>

DESCRIPTION	DATE ACQUIRED	DATE SOLD	METHOD ACQUIRED		
DUPLEX	01/01/04	12/31/05	PURCHASED		
NAME OF BUYER	GROSS SALES PRICE	COST OR OTHER BASIS	EXPENSE OF SALE	DEPREC	NET GAIN OR (LOSS)
	199,356.	200,032.	0.	0.	<676.>

DESCRIPTION	DATE ACQUIRED	DATE SOLD	METHOD ACQUIRED		
LEASEHOLD IMPROVEMENTS	01/01/05	12/31/05	PURCHASED		
NAME OF BUYER	GROSS SALES PRICE	COST OR OTHER BASIS	EXPENSE OF SALE	DEPREC	NET GAIN OR (LOSS)
ABANDONED SCHOOL SITE	0.	81,194.	0.	22,860.	<58,334.>

DESCRIPTION	DATE ACQUIRED	DATE SOLD	METHOD ACQUIRED		
EQUIPMENT, FURNITURE & FIXTURES	VARIOUS	12/31/05	PURCHASED		
NAME OF BUYER	GROSS SALES PRICE	COST OR OTHER BASIS	EXPENSE OF SALE	DEPREC	NET GAIN OR (LOSS)
	0.	59,528.	0.	59,528.	0.
TO FM 990, PART I, LN 8	199,356.	444,854.	0.	185,802.	<59,696.>

FORM 990	OTHER CHANGES IN NET ASSETS OR FUND BALANCES	STATEMENT	4
DESCRIPTION		AMOUNT	
NET UNREALIZED GAIN ON INVESTMENTS		119.	
TOTAL TO FORM 990, PART I, LINE 20		119.	

FORM 990	OTHER EXPENSES	STATEMENT	5
----------	----------------	-----------	---

DESCRIPTION	(A) TOTAL	(B) PROGRAM SERVICES	(C) MANAGEMENT AND GENERAL	(D) FUNDRAISING
STAFF TRAINING	44,067.	41,864.	2,203.	
FOOD	454,296.	449,753.	4,543.	
HOT LUNCH PROGRAM	14,006.	14,006.	0.	
EDUCATIONAL EXPENSE	528,933.	528,933.	0.	
YEARBOOK	15,223.	15,223.	0.	
BOOKS FOR RESALE	105,908.	105,908.	0.	
SNACKBAR ITEMS FOR RESALE	59,408.	59,408.	0.	
FIELD REPRESENTATIVES	119,302.	119,302.	0.	
BUILDING MAINTENANCE	84,912.	81,516.	3,396.	
JANITORIAL	56,669.	54,402.	2,267.	
ESTATES EQUIPMENT	36,518.	35,057.	1,461.	
ESTATES MAINTENANCE	42,750.	41,040.	1,710.	
UTILITIES	334,610.	321,226.	13,384.	
INSURANCE	417,330.	403,816.	13,514.	
INTELLECTUAL PROPERTIES LICENSE FEES	385,000.	385,000.	0.	
TAXES AND LICENSES	20,814.	19,981.	833.	
DUES	9,665.	9,665.	0.	
BANK CHARGES	54,374.	54,374.	0.	
ADVERTISING	540,004.	540,004.	0.	
MISCELLANEOUS	26,482.	25,992.	490.	
TRANSPORTATION	17,363.	16,668.	695.	
TOURS	30,099.	30,099.	0.	
GAS	37,612.	35,731.	1,881.	
PHOTOCOPYING	16,717.	15,881.	836.	
COMPUTER SUPPLIES	71,392.	67,822.	3,570.	
GIFTS	275.	275.	0.	
OTHER PROFESSIONAL SERVICES	31,734.	15,867.	15,867.	
EMPLOYEE PLAN	4,756.	4,518.	238.	
SPECIAL EVENTS	8,398.	7,978.	420.	

· DELPHI SCHOOLS, INC.

93-0630376

LICENSE FEES

594,228.

594,228.

0.

TOTAL TO FM 990, LN 43

4,162,845.

4,095,537.

67,308.

FORM 990	OFFICER COMPENSATION ALLOCATION	STATEMENT	6
	PART II, LINE 25		

NAME OF OFFICER, ETC.	COMPENSATION	EMPLOYEE BEN. PLANS	EXPENSE ACCOUNTS	TOTALS
GREGORY OTT	122,388.	1,531.		123,919.
A. PROGRAM SERVICES	12,239.	153.		12,392.
B. MANAGEMENT AND GENERAL	110,149.	1,378.		111,527.
C. FUNDRAISING				

NAME OF OFFICER, ETC.	COMPENSATION	EMPLOYEE BEN. PLANS	EXPENSE ACCOUNTS	TOTALS
ROSEMARY DIDEAR	68,950.	1,049.		69,999.
A. PROGRAM SERVICES	51,713.	787.		52,500.
B. MANAGEMENT AND GENERAL	17,237.	262.		17,499.
C. FUNDRAISING				

NAME OF OFFICER, ETC.	COMPENSATION	EMPLOYEE BEN. PLANS	EXPENSE ACCOUNTS	TOTALS
JANET HOLLANDER	76,058.	1,226.		77,284.
A. PROGRAM SERVICES	72,255.	1,165.		73,420.
B. MANAGEMENT AND GENERAL	3,803.	61.		3,864.
C. FUNDRAISING				

NAME OF OFFICER, ETC.	COMPENSATION	EMPLOYEE BEN. PLANS	EXPENSE ACCOUNTS	TOTALS
MARK SIEGEL	70,677.	1,955.		72,632.
A. PROGRAM SERVICES	17,669.	489.		18,158.
B. MANAGEMENT AND GENERAL	53,008.	1,466.		54,474.
C. FUNDRAISING				

NAME OF OFFICER, ETC.	COMPENSATION	EMPLOYEE BEN. PLANS	EXPENSE ACCOUNTS	TOTALS
JOHN NOSKO	76,553.	1,215.		77,768.
A. PROGRAM SERVICES	38,277.	608.		38,885.
B. MANAGEMENT AND GENERAL	38,276.	607.		38,883.
C. FUNDRAISING				

NAME OF OFFICER, ETC.	COMPENSATION	EMPLOYEE BEN. PLANS	EXPENSE ACCOUNTS	TOTALS
SUSAN BADER	39,081.	2,750.		41,831.
A. PROGRAM SERVICES	39,081.	2,750.		41,831.
B. MANAGEMENT AND GENERAL				
C. FUNDRAISING				

NAME OF OFFICER, ETC.	COMPENSATION	EMPLOYEE BEN. PLANS	EXPENSE ACCOUNTS	TOTALS
ALAN ROTHE	55,258.	2,470.		57,728.
A. PROGRAM SERVICES	49,732.	2,223.		51,955.
B. MANAGEMENT AND GENERAL	5,526.	247.		5,773.
C. FUNDRAISING				

NAME OF OFFICER, ETC.	COMPENSATION	EMPLOYEE BEN. PLANS	EXPENSE ACCOUNTS	TOTALS
NANCY HAWKINS	66,192.	1,811.		68,003.
A. PROGRAM SERVICES	66,192.	1,811.		68,003.
B. MANAGEMENT AND GENERAL				
C. FUNDRAISING				

NAME OF OFFICER, ETC.	COMPENSATION	EMPLOYEE BEN. PLANS	EXPENSE ACCOUNTS	TOTALS
ELLEN GARRISON	64,960.	1,470.		66,430.
A. PROGRAM SERVICES	64,960.	1,470.		66,430.
B. MANAGEMENT AND GENERAL				
C. FUNDRAISING				

NAME OF OFFICER, ETC.	COMPENSATION	EMPLOYEE BEN. PLANS	EXPENSE ACCOUNTS	TOTALS
DONETTA PHELPS	71,800.	2,306.		74,106.
A. PROGRAM SERVICES	71,800.	2,306.		74,106.
B. MANAGEMENT AND GENERAL				
C. FUNDRAISING				

NAME OF OFFICER, ETC.	COMPENSATION	EMPLOYEE BEN. PLANS	EXPENSE ACCOUNTS	TOTALS
GERALD RIPP	57,443.	1,470.		58,913.
A. PROGRAM SERVICES	57,443.	1,470.		58,913.
B. MANAGEMENT AND GENERAL				
C. FUNDRAISING				

NAME OF OFFICER, ETC.	COMPENSATION	EMPLOYEE BEN. PLANS	EXPENSE ACCOUNTS	TOTALS
SUZAN OTT	51,392.	1,206.		52,598.
A. PROGRAM SERVICES				
B. MANAGEMENT AND GENERAL	51,392.	1,206.		52,598.
C. FUNDRAISING				

NAME OF OFFICER, ETC.	COMPENSATION	EMPLOYEE BEN. PLANS	EXPENSE ACCOUNTS	TOTALS
LINDA SIEGEL	57,713.	28,567.		86,280.
A. PROGRAM SERVICES	57,713.	28,567.		86,280.
B. MANAGEMENT AND GENERAL				
C. FUNDRAISING				

NAME OF OFFICER, ETC.	COMPENSATION	EMPLOYEE BEN. PLANS	EXPENSE ACCOUNTS	TOTALS
MARY REINHART	56,609.	0.		56,609.
A. PROGRAM SERVICES	56,609.			56,609.
B. MANAGEMENT AND GENERAL				
C. FUNDRAISING				

NAME OF OFFICER, ETC.	COMPENSATION	EMPLOYEE BEN. PLANS	EXPENSE ACCOUNTS	TOTALS
MARTI WIGGINS	53,134.	2,176.		55,310.
A. PROGRAM SERVICES	53,134.	2,176.		55,310.
B. MANAGEMENT AND GENERAL				
C. FUNDRAISING				

NAME OF OFFICER, ETC.	COMPENSATION	EMPLOYEE BEN. PLANS	EXPENSE ACCOUNTS	TOTALS
LESLIE TOTH	49,504.	0.		49,504.
A. PROGRAM SERVICES	49,504.			49,504.
B. MANAGEMENT AND GENERAL				
C. FUNDRAISING				
TOTAL PROGRAM SERVICES				804,296.
TOTAL MANAGEMENT AND GENERAL				284,618.
TOTAL FUNDRAISING				
TOTAL OFFICER, ETC., COMPENSATION INCLUDED ON PARTS V-A AND V-B				<u>1,088,914.</u>

FORM 990

STATEMENT OF PROGRAM SERVICE ACCOMPLISHMENTS

STATEMENT

7

DESCRIPTION OF PROGRAM SERVICE ONE

DELPHI SCHOOLS, INC., DEVELOPS, OPERATES, AND/OR ADVISES PRIVATE, NON-SECTARIAN SCHOOLS OWNED BY DELPHI SCHOOLS, INC., OR BY 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 ADVICE FOR THE EDUCATION OF STUDENTS IN PRESCHOOL/KINDERGARTEN THROUGH HIGH SCHOOL AND BEYOND;

(2) EDUCATIONAL PUBLICATIONS; AND (3) DELPHI TRADEMARKS AND SERVICEMARKS (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 FIVE 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"), A DAY SCHOOL IN SAN MARCOS, CALIFORNIA ("THE DELPHI ACADEMY OF SAN MARCOS"), AND A DAY SCHOOL IN CHICAGO, ILLINOIS ("DELPHI ACADEMY OF CHICAGO")).

IN FULFILLING ITS EXEMPT PURPOSE DURING 2005, 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		11,794,242.

FORM 990	STATEMENT OF ORGANIZATION'S PRIMARY EXEMPT PURPOSE PART III	STATEMENT	8
----------	--	-----------	---

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.

FORM 990	NON-GOVERNMENT SECURITIES	STATEMENT	9
----------	---------------------------	-----------	---

SECURITY DESCRIPTION	COST/FMV	CORPORATE STOCKS	CORPORATE BONDS	OTHER PUBLICLY TRADED SECURITIES	TOTAL NON-GOV'T SECURITIES
CORPORATE DEBT SECURITIES	FMV		250,858.		250,858.
TO FORM 990, LINE 54, COL B			250,858.		250,858.

FORM 990 OTHER INVESTMENTS STATEMENT 10

DESCRIPTION	VALUATION METHOD	AMOUNT
INVESTMENTS IN RARE COINS	MARKET VALUE	5,213.
TOTAL TO FORM 990, PART IV, LINE 56, COLUMN B		5,213.

FORM 990 OTHER ASSETS STATEMENT 11

DESCRIPTION	AMOUNT
ACCRUED INTEREST	4,533.
RENT RECEIVABLE	18,125.
SECURITY DEPOSIT	23,402.
LICENSE FEE RECEIVABLE	25,077.
OTHER RECEIVABLES	256,322.
TOTAL TO FORM 990, PART IV, LINE 58, COLUMN B	327,459.

FORM 990 OTHER NOTES AND LOANS PAYABLE STATEMENT 12

LENDER'S NAME		TERMS OF REPAYMENT	
CANON, INC		\$6,528 ANNUALLY	
DATE OF NOTE	MATURITY DATE	ORIGINAL LOAN AMOUNT	INTEREST RATE
02/22/02	01/22/07	28,139.	6.00%
SECURITY PROVIDED BY BORROWER		PURPOSE OF LOAN	
CANON COPIER IR550		PURCHASE COPIER	

RELATIONSHIP OF LENDER

UNRELATED PARTY

DESCRIPTION OF CONSIDERATION	FMV OF CONSIDERATION	BALANCE DUE
	0.	6,830.

LENDER'S NAME		TERMS OF REPAYMENT	
CANON, INC		\$6,938 ANNUALLY	
DATE OF NOTE	MATURITY DATE	ORIGINAL LOAN AMOUNT	INTEREST RATE
03/02/05	02/02/10	29,502.	6.57%
SECURITY PROVIDED BY BORROWER		PURPOSE OF LOAN	
CANON COPIER 272W		PURCHASE COPIER	

RELATIONSHIP OF LENDER

UNRELATED PARTY

DESCRIPTION OF CONSIDERATION	FMV OF CONSIDERATION	BALANCE DUE
	0.	25,230.

TOTAL INCLUDED ON FORM 990, PART IV, LINE 64, COLUMN B	32,060.
--	---------

FORM 990 OTHER SECURITIES STATEMENT 13

SECURITY DESCRIPTION	COST/FMV	OTHER SECURITIES
MUTUAL FUNDS	FMV	126,678.
EQUITY SECURITIES	FMV	48,241.
CERTIFICATES OF DEPOSIT	FMV	286,585.
TO FORM 990, LINE 54, COL B		461,504.

FORM 990 PART V - LIST OF OFFICERS, DIRECTORS, TRUSTEES AND KEY EMPLOYEES STATEMENT 14

NAME AND ADDRESS	TITLE AND AVRG HRS/WK	COMPEN- SATION	EMPLOYEE BEN PLAN CONTRIB	EXPENSE ACCOUNT
GREGORY OTT 20950 SW ROCK CREEK ROAD SHERIDAN, OR 97378	PRESIDENT 50.00	122,388.	1,531.	0.
ROSEMARY DIDEAR 20950 SW ROCK CREEK ROAD SHERIDAN, OR 97378	VICE PRESIDENT 60.00	68,950.	1,049.	0.
JANET HOLLANDER 20950 SW ROCK CREEK ROAD SHERIDAN, OR 97378	VP FOR ADMINISTRATION 45.00	76,058.	1,226.	0.
MARK SIEGEL 20950 SW ROCK CREEK ROAD SHERIDAN, OR 97378	VP FOR PUBLIC AFFAIRS 50.00	70,677.	1,955.	0.
JOHN NOSKO 20950 SW ROCK CREEK ROAD SHERIDAN, OR 97378	SECRETARY/TREASURER 50.00	76,553.	1,215.	0.
SUSAN BADER 20950 SW ROCK CREEK ROAD SHERIDAN, OR 97378	SUPERVISOR 45.00	39,081.	2,750.	0.
ALAN ROTHE 20950 SW ROCK CREEK ROAD SHERIDAN, OR 97378	HEAD OF STANDARDS, DSI 50.00	55,258.	2,470.	0.

NANCY HAWKINS 890 POMEROY SANTA CLARA, CA 95051	HEADMASTER, SANTA CLARA 55.00	66,192.	1,811.	0.
ELLEN GARRISON 890 POMEROY SANTA CLARA, CA 95051	DAY SCHOOLS DIRECTOR, DSI 50.00	64,960.	1,470.	0.
DONETTA PHELPS 20950 SW ROCK CREEK ROAD SHERIDAN, OR 97378	HEAD OF ADMISSIONS, SHERDN 50.00	71,800.	2,306.	0.
GERALD RIPP 20950 SW ROCK CREEK ROAD SHERIDAN, OR 97378	ESTATES MANAGER, SHERIDAN 50.00	57,443.	1,470.	0.
SUZAN OTT 20950 SW ROCK CREEK ROAD SHERIDAN, OR 97378	ADMINISTRATOR 45.00	51,392.	1,206.	0.
LINDA SIEGEL 20950 SW ROCK CREEK ROAD SHERIDAN, OR 97378	DEAN OF STUDENTS 55.00	57,713.	28,567.	0.
MARY REINHART 11341 BRAINARD AVENUE LAKE VIEW TERRACE, CA 91342	HEADMASTER, LOS ANGELES 55.00	56,609.	0.	0.
MARTI WIGGINS 20950 SW ROCK CREEK ROAD SHERIDAN, OR 97378	HEAD OF RE-ENROLLMENT 50.00	53,134.	2,176.	0.
LESLIE TOTH 1730 WILSHIRE BOULEVARD SANTA MONICA, CA 90403	DIRECTOR, SANTA MONICA 55.00	49,504.	0.	0.
TOTALS INCLUDED ON FORM 990, PART V		1,037,712.	51,202.	0.

FORM 990	STATEMENT OF ACTIVITIES NOT PREVIOUSLY REPORTED - PART VI, LINE 76	STATEMENT 15
----------	---	--------------

EXPLANATION

PRIOR TO 2005, DELPHI SCHOOLS, INC., OBTAINED CERTAIN OF ITS EDUCATIONAL CURRICULUM, SYLLABI, SUPPORTING IMPLEMENTATION ADVICE, AND EDUCATIONAL PUBLICATIONS FROM TAMARACK PRODUCTIONS, INC. (AND ITS FORMER SUBSIDIARY, HERON BOOKS, INC.).

DURING 2005, PHOCIS, INC. (DELPHI SCHOOLS, INC.'S SUPPORTING ORGANIZATION) ACQUIRED ALL OF THE ASSETS OF TAMARACK PRODUCTIONS, INC. (AND HERON BOOKS, INC.). PHOCIS, INC. IMMEDIATELY LICENSED ITS ACQUIRED INTELLECTUAL PROPERTIES, EDUCATIONAL CURRICULUM, AND MANAGEMENT SOFTWARE (COLLECTIVELY "INTELLECTUAL PROPERTIES") TO DELPHI SCHOOLS, INC., PURSUANT TO A

DEVELOPMENT LICENSE, SO DELPHI SCHOOLS, INC., COULD ITSELF CONTINUE
DEVELOPMENT OF THE INTELLECTUAL PROPERTIES AS AN INTEGRAL PART OF DELPHI
SCHOOLS, INC.'S DELPHI PROGRAM.

FORM 990 PART VIII - RELATIONSHIP OF ACTIVITIES TO STATEMENT 16
ACCOMPLISHMENT OF EXEMPT PURPOSES

LINE	EXPLANATION OF RELATIONSHIP OF ACTIVITIES
93A	THE ORGANIZATION'S 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 2004-2005 SCHOOL YEAR, THE ORGANIZATION OFFERED 100 ELIGIBLE STUDENTS A TOTAL OF \$573,038 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 ORGANIZATION'S BOARDING SCHOOL ACTIVITIES FURTHER ITS EXEMPT PURPOSES BY PROVIDING THE FACILITY WHERE EDUCATIONAL ACTIVITIES ARE CARRIED ON.
93C	THE ORGANIZATION'S YEARBOOK AND MISCELLANEOUS ACTIVITIES FEES RESULT FROM STUDENT SERVICES WHICH ARE AN INTEGRAL PART OF ITS OVERALL EDUCATIONAL PROGRAMS.
93D	THE ORGANIZATION'S BOOK SALES FURTHER ITS EXEMPT PURPOSES BY PROVIDING EDUCATIONAL INSTRUCTIONAL MATERIALS TO STUDENTS AND OTHER SCHOOLS.
100	THE ORGANIZATION'S LOSS WAS FROM THE SALE OF MISCELLANEOUS FIXED ASSETS AND SECURITIES USED BY THE ORGANIZATION IN FURTHERANCE OF ITS EXEMPT PURPOSE.

SCHEDULE A

EXPLANATION OF TRANSACTIONS
PART III, LINE 2C

STATEMENT 17

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 DELPHI SCHOOLS, 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).

SCHEDULE A

EXPLANATION OF TRANSACTIONS
PART III, LINE 2D

STATEMENT 18

SUZAN OTT, ADMINISTRATION, OFFICER'S SPOUSE: \$51,392
TREVOR OTT, TEACHER, OFFICER'S SON: \$23,280
APRIL DENNY OTT, MARKETING, OFFICER'S DAUGHTER-IN-LAW: \$17,609
THOMAS KEOUGH, TEACHER, OFFICER'S SON: \$27,480
EVE DARLING, ADMINISTRATION, OFFICER'S DAUGHTER-IN-LAW: \$40,191
LINDA SIEGEL, DEAN OF STUDENTS, OFFICER'S SPOUSE: \$57,713
JORDAN SIEGEL, TEACHER, OFFICER'S DAUGHTER: \$23,122
SIMON SIEGEL, WORK-STUDY POSITION, OFFICER'S SON: \$2,023
JULIE NOSKO, ADMINISTRATION, OFFICER'S SPOUSE: \$40,089
NOWELL DIDEAR, CURRICULUM DVLPM T SPECIALIST, OFFICER'S SPOUSE: \$24,243

DELPHI SCHOOLS, INC.

93-0630376

FORM 990

FIXED ASSETS

STATEMENT 19

	<u>CURRENT YEAR DEPRECIATION</u>	<u>COST OR OTHER BASIS</u>	<u>ACCUMULATED DEPRECIATION</u>	<u>NET BOOK VALUE</u>
EQUIPMENT	100,170	1,147,154	804,442	342,712
FURNITURE & FIXTURES	10,842	305,833	280,987	24,846
LEASEHOLD IMPROVEMENTS	117,972	1,374,820	919,163	455,657
CONSTRUCTION IN PROGRESS	-	176,696	-	176,696
TOTAL	<u>228,984</u>	<u>3,004,503</u>	<u>2,004,592</u>	<u>999,911</u>

STATEMENT 19