

Form 990

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

2002

Open to Public Inspection

Department of the Treasury Internal Revenue Service

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

A For the 2002 calendar year, or tax year beginning 7/01/02, and ending 12/31/02

- 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: LEGAL AID OF NORTH CAROLINA, INC.
Number and street (or P O box if mail is not delivered to street address): P.O. BOX 26087
Room/suite:
City or town state or country and ZIP + 4: RALEIGH NC 27611-6087

D Employer ID number: 31-1784161
E Telephone number: 919-856-2131
F Accounting method: Accrual

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? No
H(b) If "Yes" enter no. of affiliates
H(c) Are all affiliates included? No
H(d) Is this a separate return filed by an organization covered by a group ruling? No
I Enter 4-digit GEN
M Check if the organization is not required to attach Sch. B (Form 990, 990-EZ, or 990-PF)

G Web site

J Organization type (check only one): 501(c)(3)

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: 6,513,593

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

Table with columns for Revenue (1-11), Expenses (13-17), and Assets (18-21). Includes sub-rows for contributions, program revenue, rental income, and special events. Total revenue: 6,503,523. Total expenses: 7,340,691. Net assets at end of year: 2,742,351.

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Part II Statement of Functional Expenses

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

Do not include amounts reported on line 6b, 8b, 9b, 10b, or 16 of Part I	(A) Total	(B) Program services	(C) Management and general	(D) Fundraising
22 Grants and allocations (attach schedule) (cash \$ _____ non cash \$ _____)	22			
23 Specific assistance to individuals	23			
24 Benefits paid to or for members	24			
25 Compensation of officers, directors, etc	25	158,474	145,361	13,113
26 Other salaries and wages	26	4,121,597	3,780,548	334,174
27 Pension plan contributions	27	194,469	178,134	16,335
28 Other employee benefits	28	596,218	569,427	26,791
29 Payroll taxes	29	339,383	310,875	28,508
30 Professional fundraising fees	30			
31 Accounting fees	31	61,713	61,713	
32 Legal fees	32			
33 Supplies	33	93,829	80,627	13,202
34 Telephone	34	207,485	201,791	5,694
35 Postage and shipping	35	42,792	42,792	
36 Occupancy	36	462,868	431,309	31,559
37 Equipment rental and maintenance	37	118,380	112,410	5,970
38 Printing and publications	38	5,076	5,076	
39 Travel	39	86,291	72,692	13,599
40 Conferences, conventions and meetings	40			
41 Interest	41	26,892	26,892	
42 Depreciation depletion, etc (attach schedule)	42	151,700	151,700	
43 Other expenses not covered above (itemize) a	43a			
b SEE STATEMENT 3	43b	673,524	629,038	44,486
c	43c			
d	43d			
e	43e			
44 Total functional expenses (add lines 22 - 43) Organizations completing columns (B)-(D), carry these totals to lines 13-15	44	7,340,691	6,800,385	533,431

Joint Costs Check if you are following SOP 98-2
 Are any joint costs from a combined educational campaign and fundraising solicitation reported in (B) Program services? Yes No
 If "Yes" enter (i) the aggregate amount of these joint costs \$ _____ (ii) the amount allocated to Program services \$ _____
 (iii) the amount allocated to Management and general \$ _____ and (iv) the amount allocated to Fundraising \$ _____

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

What is the organization's primary exempt purpose?	Program Service Expenses (Required for 501(c)(3) & (4) orgs & 4947(a)(1) trusts but optional for others.)
<p>LEGAL SERVICES</p> <p>All organizations must describe their exempt purpose achievements in a clear and concise manner. State the number of clients served, publications issued, etc. Discuss achievements that are not measurable (Section 501(c)(3) and (4) organizations and 4947(a)(1) nonexempt charitable trusts must also enter the amount of grants and allocations to others.)</p> <p>a LEGAL AID OF NORTH CAROLINA MAINTAINS A STATEWIDE ORGANIZATION TO PROVIDE LEGAL SERVICES TO INDIGENT PEOPLE IN NORTH CAROLINA.</p> <p>(Grants and allocations \$ _____)</p>	6,800,385
<p>b</p> <p>(Grants and allocations \$ _____)</p>	
<p>c</p> <p>(Grants and allocations \$ _____)</p>	
<p>d</p> <p>(Grants and allocations \$ _____)</p>	
<p>e Other program services (attach schedule) (Grants and allocations \$ _____)</p>	
<p>f Total of Program Service Expenses (should equal line 44, column (B), Program services)</p>	6,800,385

Part IV Balance Sheets (See page 24 of 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
45	Cash - non-interest-bearing			45	1,412,381
46	Savings and temporary cash investments			46	
47a	Accounts receivable	47a			
b	Less allowance for doubtful accounts	47b		47c	
48a	Pledges receivable	48a			
b	Less allowance for doubtful accounts	48b		48c	
49	Grants receivable			49	764,016
50	Receivables from officers, directors, trustees, and key employees (attach schedule)			50	
51a	Other notes and loans receivable (attach schedule)	51a			
b	Less allowance for doubtful accounts	51b		51c	
52	Inventories for sale or use			52	
53	Prepaid expenses and deferred charges			53	19,271
54	Investments-securities <input type="checkbox"/> Cost <input type="checkbox"/> FMV			54	
55a	Investments-land, buildings, and equipment basis	55a			
b	Less accumulated depreciation (attach schedule)	55b		55c	
56	Investments-other (attach schedule)			56	
57a	Land, buildings, and equipment basis	57a	3,935,634		
b	Less accumulated depreciation (attach schedule) SEE STMT 4	57b	2,058,495	57c	1,877,139
58	Other assets (describe SEE STMT 5)			58	62,426
59	Total assets (add lines 45 through 58) (must equal line 74)			0 59	4,135,233
60	Accounts payable and accrued expenses			60	199,017
61	Grants payable			61	
62	Deferred revenue			62	
63	Loans from officers, directors, trustees, and key employees (attach schedule)			63	
64a	Tax-exempt bond liabilities (attach schedule)			64a	
b	Mortgages and other notes payable (attach schedule) SEE WORKSHEET			64b	660,705
65	Other liabilities (describe SEE STMT 6)			65	533,160
66	Total liabilities (add lines 60 through 65)			0 66	1,392,882
Organizations that follow SFAS 117, check here <input checked="" type="checkbox"/> and complete lines 67 through 69 and lines 73 and 74					
67	Unrestricted			67	703,398
68	Temporarily restricted			68	2,038,953
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)			0 73	2,742,351
74	Total liabilities and net assets / fund balances (add lines 66 and 73)			0 74	4,135,233

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 (See page 26 of the instructions)	Part IV-B Reconciliation of Expenses per Audited Financial Statements with Expenses per Return
<p>a Total revenue gains, & other support per audited financial statements ▶ a <u>7,677,031</u></p> <p>b Amounts included on line a but not on line 12, Form 990</p> <p>(1) Net unrealized gains on investments \$ _____</p> <p>(2) Donated services and use of facilities \$ <u>707,132</u></p> <p>(3) Recoveries of prior year grants \$ _____</p> <p>(4) Other (specify) _____</p> <p style="text-align: right;">SEE STMT 7 \$ <u>456,306</u></p> <p>Add amounts on lines (1) through (4) ▶ b <u>1,163,438</u></p> <p>c Line a minus line b ▶ c <u>6,513,593</u></p> <p>d Amounts included on line 12, Form 990 but not on line a</p> <p>(1) Investment expenses not included on line 6b, Form 990 \$ _____</p> <p>(2) Other (specify) _____</p> <p style="text-align: right;">SEE STMT 8 \$ <u>-10,070</u></p> <p>Add amounts on lines (1) and (2) ▶ d <u>-10,070</u></p> <p>e Total revenue per line 12, Form 990 (line c plus line d) ▶ e <u>6,503,523</u></p>	<p>a Total expenses and losses per audited financial statements ▶ a <u>8,514,199</u></p> <p>b Amounts included on line a but not on line 17, Form 990</p> <p>(1) Donated services and use of facilities \$ <u>707,132</u></p> <p>(2) Prior year adjustments reported on line 20, Form 990 \$ _____</p> <p>(3) Losses reported on line 20, Form 990 \$ _____</p> <p>(4) Other (specify) _____</p> <p style="text-align: right;">SEE STMT 9 \$ <u>456,306</u></p> <p>Add amounts on lines (1) through (4) ▶ b <u>1,163,438</u></p> <p>c Line a minus line b ▶ c <u>7,350,761</u></p> <p>d Amounts included on line 17, Form 990 but not on line a</p> <p>(1) Investment expenses not included on line 6b, Form 990 \$ _____</p> <p>(2) Other (specify) _____</p> <p style="text-align: right;">SEE STMT 10 \$ <u>-10,070</u></p> <p>Add amounts on lines (1) and (2) ▶ d <u>-10,070</u></p> <p>e Total expenses per line 17, Form 990 (line c plus line d) ▶ e <u>7,340,691</u></p>

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

(A) Name and address	(B) Title and average hours per week devoted to position	(C) Compensation (If not paid, enter -0-)	(D) Contrib to employee benefit plans & deferred compensation	(E) Expense account and other allowances
SEE ATTACHED LIST		0	0	0
GEORGE HAUSEN, JR.	PRESIDENT 40	46,000	0	0
CHRIS MARKS	FINANCE 40	38,312	0	0
CELIA PISTOLIS	ADVOCACY 40	36,957	0	0
THEODORE FILLETTE	ASST DIRECTO 40	37,205	0	0

75 Did any officer, director, trustee, or key employee receive aggregate compensation of more than \$100,000 from your organization and all related organizations, of which more than \$10,000 was provided by the related organizations? ▶ Yes No
If "Yes," attach schedule-see page 26 of the instructions

Part VI Other Information (See page 27 of the instructions)		Yes	No
76	Did the organization engage in any activity not previously reported to the IRS? If "Yes," attach a detailed description of each activity		X
77	Were any changes made in the organizing or governing documents but not reported to the IRS? If "Yes," attach a conformed copy of the changes		X
78a	Did the organization have unrelated business gross inc of \$1,000 or more during the year covered by this return?	X	
b	If "Yes," has it filed a tax return on Form 990-T for this year?	X	
79	Was there a liquidation, dissolution, termination, or substantial contraction during the year? If "Yes," attach a statement		X
80a	Is the organization related (other than by association with a statewide or nationwide organization) through common membership, governing bodies, trustees officers, etc., to any other exempt or nonexempt organization?		X
b	If "Yes," enter the name of the organization <input type="checkbox"/> and check whether it is <input type="checkbox"/> exempt or <input type="checkbox"/> nonexempt		
81a	Enter direct or indirect political expenditures See line 81 instr	81a	
b	Did the organization file Form 1120-POL for this year?	81b	X
82a	Did the organization receive donated services or the use of materials equipment, or facilities at no charge or at substantially less than fair rental value?	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	
83a	Did the organization comply with the public inspection requirements for returns and exemption applications?	X	
b	Did the organization comply with the disclosure requirements relating to quid pro quo contributions?	N/A	83b
84a	Did the organization solicit any contributions or gifts that were not tax deductible?		X
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	N/A	84b
85	501(c)(4), (5), or (6) organizations a Were substantially all dues nondeductible by members?	N/A	85a
b	Did the organization make only in-house lobbying expenditures of \$2,000 or less? If "Yes" was answered to either 85a or 85b, do not complete 85c through 85h below unless the organization received a waiver for proxy tax owed for the prior year	N/A	85b
c	Dues, assessments, and similar amounts from members	85c	
d	Section 162(e) lobbying and political expenditures	85d	
e	Aggregate nondeductible amount of section 6033(e)(1)(A) dues notices	85e	
f	Taxable amount of lobbying and political expenditures (line 85d less 85e)	85f	
g	Does the organization elect to pay the section 6033(e) tax on the amount in 85f?	N/A	85g
h	If section 6033(e)(1)(A) dues notices were sent, does the organization agree to add the amount in 85f to its reasonable estimate of dues allocable to nondeductible lobbying and political expenditures for the following tax year?	N/A	85h
86	501(c)(7) orgs Enter a Initiation fees and capital contributions included on line 12	86a	
b	Gross receipts, included on line 12, for public use of club facilities	86b	
87	501(c)(12) orgs Enter a Gross income from members or shareholders	87a	
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)	87b	
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
89a	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) orgs Did the organization engage in any section 4958 excess benefit transaction during the year or did it become aware of an excess benefit transaction from a prior year? If "Yes," attach a statement explaining each transaction	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
90a	List the states with which a copy of this return is filed NONE		
b	Number of employees employed in the pay period that includes March 12, 2002 (See instructions)	90b	
91	The books are in care of CHRISTOPHER MARKS Located at RALEIGH, NC	Telephone no	919-856-2131 ZIP + 4 27611
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

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

	Unrelated business income		Excluded by sec 512 513 or 514		(E) Related or exempt function income
	(A) Business code	(B) Amount	(C) Exclusion code	(D) Amount	
Note Enter gross amounts unless otherwise indicated					
93 Program service revenue					
a ATTORNEY FEES AWARDED					76,623
b RENTAL INCOME			16	126,117	
c					
d					
e					
f Medicare/Medicaid payments					
g Fees and contracts from government agencies					
94 Membership dues and assessments					
95 Interest on savings and temporary cash investments			14	54,913	
96 Dividends and interest from securities					
97 Net rental income or (loss) from real estate					
a debt-financed property	531120	2,980			
b not debt-financed property					
98 Net rental income or (loss) from personal property					
99 Other investment income					
100 Gain or (loss) from sales of assets other than inventory					
101 Net income or (loss) from special events					
102 Gross profit or (loss) from sales of inventory					
103 Other revenue					
a					
b OTHER REVENUE			1	61,533	
c					
d					
e					
104 Subtotal (add columns (B), (D), and (E))		2,980		242,563	76,623
105 Total (add line 104, columns (B), (D) and (E))					322,166

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

Part VIII Relationship of Activities to the Accomplishment of Exempt Purposes (See page 32 of the instructions)

Line No	Explain how each activity for which income is reported in column (E) of Part VII contributed importantly to the accomplishment of the organization's exempt purposes (other than by providing funds for such purposes)
93A	ATTORNEY FEES AWARDED

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

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

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

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

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

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

Date
11/14/03

SCHEDULE A
(Form 990 or 990-EZ)

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

OMB No 1545-0047

2002

Department of the Treasury
Internal Revenue Service

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

Name of the organization LEGAL AID OF NORTH CAROLINA, INC.	Employer identification number 31-1784161
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Part I Compensation of the Five Highest Paid Employees Other Than Officers, Directors, and Trustees
(See page 1 of the instructions List each one If there are none, enter "None ")

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

Total number of other employees paid over \$50,000 ▶

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

(a) Name and address of each independent contractor paid more than \$ 50,000	(b) Type of service	(c) Compensation
ROMEO, WIGGINS & CO, LLP RALEIGH, NC 27613	AUDIT	54,687

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
<p>1 During the year, has the organization attempted to influence national, state, or local legislation, including any attempt to influence public opinion on a legislative matter or referendum? If "Yes," enter the total expenses paid or incurred in connection with the lobbying activities ▶ \$ _____ (Must equal amount on line 38, Part VI-A, or line I of Part VI-B)</p> <p>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</p>	1	X
<p>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)</p>		
<p>a Sale, exchange, or leasing of property?</p>	2a	X
<p>b Lending of money or other extension of credit?</p>	2b	X
<p>c Furnishing of goods, services, or facilities?</p>	2c	X
<p>d Payment of compensation (or payment or reimbursement of exp if more than \$1 000)?</p>	2d	X
<p>e Transfer of any part of its income or assets?</p>	2e	X
<p>3 Does the organization make grants for scholarships, fellowships student loans, etc ? (See Note below)</p>	3	X
<p>4 Do you have a section 403(b) annuity plan for your employees?</p>	4	X
<p>Note Attach a statement to explain how the organization determines that individuals or organizations receiving grants or loans from it in furtherance of its charitable programs "qualify" to receive payments</p>		

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

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

- 5 A church, convention of churches, or association of churches Section 170(b)(1)(A)(i)
- 6 A school Section 170(b)(1)(A)(ii) (Also complete Part V)
- 7 A hospital or a cooperative hospital service organization Section 170(b)(1)(A)(iii)
- 8 A Federal, state, or local government or governmental unit Section 170(b)(1)(A)(v)
- 9 A medical research organization operated in conjunction with a hospital Section 170(b)(1)(A)(iii) **Enter the hospital's name, city, and state ▶**
- 10 An organization operated for the benefit of a college or university owned or operated by a governmental unit Section 170(b)(1)(A)(iv) (Also complete the **Support Schedule** in Part IV-A)
- 11a An organization that normally receives a substantial part of its support from a governmental unit or from the general public Section 170(b)(1)(A)(vi) (Also complete the **Support Schedule** in Part IV-A)
- 11b A community trust Section 170(b)(1)(A)(vi) (Also complete the **Support Schedule** in Part IV-A)
- 12 An organization that normally receives (1) more than 33 1/3% of its support from contributions, membership fees and gross receipts from activities related to its charitable etc , functions-subject to certain exceptions, and (2) no more than 33 1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975 See section 509(a)(2) (Also complete the **Support Schedule** in Part IV-A)
- 13 An organization that is not controlled by any disqualified persons (other than foundation managers) and supports organizations described in (1) lines 5 through 12 above, or (2) section 501(c)(4), (5), or (6), if they meet the test of section 509(a)(2) (See section 509(a)(3))

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

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

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

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

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

Calendar year (or fiscal year beginning in)	(a) 2001	(b) 2000	(c) 1999	(d) 1998	(e) Total
15 Gifts grants and contributions received (Do not include unusual grants See line 28)					
16 Membership fees received					
17 Gross receipts from admissions merchandise sold or services performed or furnishing of facilities in any activity that is related to the organization's charitable etc purpose					
18 Gross inc from int dividends amounts received from pymt on securities loans (section 512(a)(5)) rents royalties & unrelated busn taxable inc (less sec 511 taxes) from businesses acquired by the organization after June 30 1975					
19 Net income from unrelated business activities not included in line 18					
20 Tax revn levied for the organization's ben & either paid to it or expended on its behalf					
21 The value of serv or fac furnished to the org by a governmental unit without charge Do not incl the value of serv or fac generally furnished to the public without charge					
22 Other income Attach a schedule Do not include gain or (loss) from sale of cap assets					
23 Total of lines 15 through 22					
24 Line 23 minus line 17					
25 Enter 1% of line 23					

26 Organizations described on lines 10 or 11	a Enter 2% of amount in column (e), line 24	▶	26a	
b Prepare a list for your records to show the name of and amount contnbuted by each person (other than a governmental unit or publicly supported organization) whose total gifts for 1998 through 2001 exceeded the amount shown in line 26a Do not file this list with your return Enter the total of all these excess amounts		▶	26b	
c Total support for section 509(a)(1) test Enter line 24, column (e)		▶	26c	
d Add Amounts from column (e) for lines	18 _____ 19 _____ 22 _____ 26b _____	▶	26d	
e Public support (line 26c minus line 26d total)		▶	26e	
f Public support percentage (line 26e (numerator) divided by line 26c (denominator))		▶	26f	%

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

(2001) (2000) (1999) (1998)

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

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

28 Unusual Grants For an organization described in line 10, 11, or 12 that received any unusual grants during 1998 through 2001, prepare a list for your records to show, for each year, the name of the contributor, the date and amount of the grant, and a brief description of the nature of the grant Do not file this list with your return Do not include these grants in line 15

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

	N/A	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?	29		
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?	30		
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)	31		
32 Does the organization maintain the following			
a Records indicating the racial composition of the student body, faculty and administrative staff?	32a		
b Records documenting that scholarships and other financial assistance are awarded on a racially nondiscriminatory basis?	32b		
c Copies of all catalogues, brochures, announcements and other written communications to the public dealing with student admissions, programs, and scholarships?	32c		
d Copies of all material used by the organization or on its behalf to solicit contributions?	32d		
If you answered "No" to any of the above, please explain (If you need more space attach a separate statement)			
33 Does the organization discriminate by race in any way with respect to			
a Students' rights or privileges?	33a		
b Admissions policies?	33b		
c Employment of faculty or administrative staff?	33c		
d Scholarships or other financial assistance?	33d		
e Educational policies?	33e		
f Use of facilities?	33f		
g Athletic programs?	33g		
h Other extracurricular activities?	33h		
If you answered "Yes" to any of the above, please explain (If you need more space, attach a separate statement)			
34a Does the organization receive any financial aid or assistance from a governmental agency?	34a		
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	34b		
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	35		

Mortgages and Other Notes Payable

Form
990/990-PF

2002

For calendar year 2002, or tax year beginning

7/01/02, and ending **12/31/02**

Name

Employer Identification Number

LEGAL AID OF NORTH CAROLINA, INC.

31-1784161

FORM 990, PART IV, LINE 64B - ADDITIONAL INFORMATION

Name of lender	Relationship to disqualified person
(1) FIRST CITIZENS BANK	
(2) JERRY EARLY	
(3) FIRST CITIZENS BANK	
(4) FIRST CITIZENS BANK	
(5) MAZDA CREDIT CORP	
(6)	
(7)	
(8)	
(9)	
(10)	

Original amount borrowed	Date of loan	Maturity date	Repayment terms	Interest rate
(1)		6/01/03		7.875
(2)		11/01/08		7.750
(3)		3/01/03		7.875
(4)		3/01/03		7.875
(5)		2/01/05		
(6)				
(7)				
(8)				
(9)				
(10)				

Security provided by borrower	Purpose of loan
(1) MORGANTON OFFICE BUILDING	
(2) SYLVA, NC BUILDING	
(3) RALEIGH, NC BUILDING	
(4) AHOSKIE, NC BUILDING	
(5) VEHICLE	
(6)	
(7)	
(8)	
(9)	
(10)	

Consideration furnished by lender	Balance due at beginning of year	Balance due at end of year
(1)		115,555
(2)		85,232
(3)		342,890
(4)		111,528
(5)		5,500
(6)		
(7)		
(8)		
(9)		
(10)		
Totals		660,705

31-1784161

Federal Statements

FYE 12/31/2002

Statement 1 - Form 990, Part I, Line 6b - Rental Expenses

<u>Description</u>	<u>Deduction</u>
CATAWBA VALLEY	
INTEREST	758
CLEANING & MAINTENANCE	236
REPAIRS	149
UTILITIES	700
DEPRECIATION	668
PERSONNEL ALLOCATION	2,025
WESTERN NC	
INTEREST	1,373
CLEANING & MAINTENANCE	480
REPAIRS	24
UTILITIES	1,414
DEPRECIATION	1,005
PERSONNEL ALLOCATION	1,238
TOTAL	<u>10,070</u>

Federal Statements

Statement 2 - Form 990, Line 20 - Other Changes in Net Assets or Fund Balances

<u>Description</u>	<u>Amount</u>
TRANSFER OF ASSETS FROM FORMATION	\$ <u>3,579,519</u>
TOTAL	\$ <u>3,579,519</u>

31-1784161

Federal Statements

FYE 12/31/2002

Statement 3 - Form 990, Part II, Line 43 - Other Functional Expenses

Description	Total Expenses	Program Service	Mgt & General	Fund- Raising
	\$	\$	\$	\$
EXPENSES				
RECRUITMENT	4,586	2,434	2,152	
STAFF TRAINING	82,304	73,097	9,207	
LIBRARY MAINTENANCE	69,315	65,688	3,627	
GENERAL INSURANCE	57,330	55,137	2,193	
DUES AND FEES	27,238	25,273	1,965	
LITIGATION	39,924	39,924		
CONTRACT SERVICES	271,956	251,226	20,730	
OTHER EXPENSES	130,941	116,259	14,682	
RENTAL EXPENSE ALLOCATION	-10,070		-10,070	
TOTAL	<u>\$ 673,524</u>	<u>\$ 629,038</u>	<u>\$ 44,486</u>	<u>\$ 0</u>

31-1784161

Federal Statements

FYE 12/31/2002

Statement 4 - Form 990, Part IV, Line 57 - Land, Buildings, and Equipment

Description	Beginning of Year	Accum Deprec	End of Year	Accum Deprec
PROPERTY AND EQUIPMENT				
	\$	\$	\$ 3,935,634	\$ 2,058,495
TOTAL	\$ 0	\$ 0	\$ 3,935,634	\$ 2,058,495

Statement 5 - Form 990, Part IV, Line 58 - Other Assets

Description	Beginning of Year	End of Year
CLIENT ESCROW FUNDS	\$	\$ 26,002
OTHER RECEIVABLES		33,613
DEPOSITS		2,811
TOTAL	\$ 0	\$ 62,426

Statement 6 - Form 990, Part IV, Line 65 - Other Liabilities

Description	Beginning of Year	End of Year
CLIENT DEPOSITS	\$	\$ 26,002
ACCRUED PAI PAYABLE		25,567
ACCRUED VACATION		449,038
OTHER LIABILITIES		32,553
TOTAL	\$ 0	\$ 533,160

Federal Statements**Statement 7 - Form 990, Part IV-A - Other Revenue Included in Financial Statements**

Description	Amount
INTRAOFFICE TRANSFERS	\$ 456,306
TOTAL	<u>\$ 456,306</u>

Statement 8 - Form 990, Part IV-A - Other Revenue Included on Return

Description	Amount
RENTAL EXPENSES	\$ -10,070
TOTAL	<u>\$ -10,070</u>

Statement 9 - Form 990, Part IV-B - Other Expenses Included in Financial Statements

Description	Amount
INTRAOFFICE TRANSFERS	\$ 456,306
TOTAL	<u>\$ 456,306</u>

Statement 10 - Form 990, Part IV-B - Other Expenses Included on Return

Description	Amount
RENTAL EXPENSES	\$ -10,070
TOTAL	<u>\$ -10,070</u>

Legal Aid of North Carolina, Inc. – Board of Directors

Revised August 28, 2003

Name and Address	Phone/Fax/Email	Membership Type	Term of Service	Region/Affiliation
Reid C "Cal" Adams Esq Womble Carlyle Sandridge & Rice, PLLC One West 4 th Street Winston-Salem NC 27101	Work 336-721-3600 Fax 336-721-3660 Email cadams@wcsr.com	Attorney Representative	Three year term Term Ends – June 2006	NC Association of Defense Attorneys
Leo L Allison Client Representative 4125 Marvin Lane Efland, NC 27243	Home 919-563-9110 Fax 919-563-9110 (call before faxing) Email lele2@mebtel.net	Client Representative	Two-year term Term Ends – June 2004	Triangle Region
Glenn A Barfield Esq Barnes Braswell & Haithcock, PA 213 E Walnut Street P O Drawer 7 Goldsboro NC 27533-0007	Work 919-735-6420 Fax 919-734-6296 Email barfield@bbandh-pa.com	Attorney Representative	Three year term Term Ends – June 2006	NC Bar Association
Susan Cole Client Representative 1823 Willora Street Greensboro 27406	Home 336-340-6929 Email naila1827406@yahoo.com	Client Representative	Three year term Term Ends – June 2006	Triad Region
Leto Copeley Esq Patterson Harkavy & Lawrence, LLP 200 West Morgan Street P O Box 27927 Raleigh NC 27611	Work 919-755-1812 Fax 919-755-0124 Email lcopeley@pathlaw.com	Attorney Representative	Two year term Term Ends – June 2004	NC Association of Women Attorneys
Burton Craige Esq Patterson Harkavy & Lawrence, LLP 200 West Morgan Street P O Box 27927 Raleigh NC 27611	Work 919-755-1812 Fax 919-755-0124 Email bcraige@pathlaw.com	Attorney Representative	Three year term Term Ends – June 2005	NC Academy of Trial Lawyers
David D Daggett Esq Lewis & Daggett 285 Executive Park Blvd Winston-Salem NC 27103	Work 336-765-7777 Fax 336-659-1750 Email triwakefan@aol.com	Attorney Representative	Three year term Term Ends – June 2006	21 st Judicial District A

Name and Address	Phone/Fax/Email	Membership Type	Term of Service	Region/Affiliation
Sarah Davis Client Representative P O Box 741 Apex NC 27502	Home 919-362-7902	Client Representative	Three year term Term Ends – June 2006	Statewide
Willie Dawson Esq Attorney at Law 102 Drummond Place New Bern NC 28561	Home 252-636-0817 Fax 252-635-1771 Email wdawson@connect.net	Attorney Representative	Two year term Term Ends – June 2004	NC Bar Association
Richard E Fay Esq Hamilton Gaskins Fay & Moon, PLLC 2020 Charlotte Plaza 201 South College St Charlotte NC 28244-2020	Work 704-227-1044 Fax 704-344-1483 Email rfay@hgfmllaw.com	Attorney Representative	Three year term Term Ends – June 2005	26th Judicial District C
Mary Flowers Client Representative 216 Seashire Court High Point, NC 27260	Home 336-882-9038 Fax 336-887-4021 Email mflowers216@msn.com	Client Representative	Two year term Term Ends – June 2004	Statewide (Ex-Officio)
L Lynnette Fuller-Andrews, Esq Sara Lee Corporation 1000 E Hanes Mill Road Winston-Salem, NC 27105	Work 336-519-7244 Fax 336-519-7441 Email fuller-andrews@saralee.com	Attorney Representative	Three year term Term Ends – June 2006	NC Association of Black Lawyers
Hada V Haulsee, Esq Womble Carlyle Sandridge & Rice, PLLC One West 4 th Street Winston-Salem, NC 27101	Work 336-721-3600 Fax 336-733-8349 Email hhaulsee@wcsr.com	Attorney Representative	Two year term Term Ends – June 2004	NCBA Hispanic & Latino Lawyers Committee
Allen Johnson Client Representative P O Box 2167 Oxford NC 27565	Home 919-603-5992 Email AllenJohnson603@yahoo.com	Client Representative	Three year term Term Ends – June 2005	Statewide (Ex-Officio)

Name and Address	Phone/Fax/Email	Membership Type	Term of Service	Region/Affiliation
Scott B Lewis Esq 202-D North Main Street P O Box 233 Lexington NC 27293-0233	Work 336-224-1628 Fax 336-243-7800 Email scottylew@aol.com	Attorney Representative	Three year term Term Ends – June 2005	NC GALA
James B Maxwell Esq Maxwell Freeman & Bowman, P A 2741 University Drive P O Box 52396 Durham NC 27717-2396	Work 919-493-6464 Fax 919-493-1218 Email jmaxwell@mfbpa.com	Attorney Representative	Two year term Term Ends – June 2004	14th Judicial District B
Pender R McElroy Esq James McElroy & Diehl 600 South College Street, Suite 300 Charlotte NC 28202	Work 704-372-9870 Fax 704-333-5508 Email pmcelroy@jmdlaw.com	Attorney Representative	Two year term Term ends – June 2004	NC Bar Association
Pearl Nealey Client Representative 1004 Duncan Street Spindale NC 28160	Home 828-288-2877 Email Nealey_Pearl@hotmail.com	Client Representative	Three year term Term ends – June 2005	Statewide
Raymond E "Ray" Owens, Jr Kennedy Covington Lobdell Hickman, LLP Bank of America Corp Center 100 N Tryon Street, 42 nd Floor Charlotte, NC 28202-4006	Work 704-331-7496 Fax 704-331-7598	Attorney Representative	One year term Term Ends – June 2004	IOLTA Board of Trustees (Ex Officio)
Frank G Queen Esq Brown, Ward & Haynes 370 N Main Street, Ste 300 P O Box 928 Waynesville NC 28786	Work 828-456-9436 Fax 828-456-4069 Email frankqueen@cs.com	Attorney Representative	Three year term Term Ends – June 2005	NC Bar Association
Robert E Riddle Attorney at Law P O Box 7206 Asheville, NC 28802-7206	Work 828-258-2394 Fax 828-255-0680 Email briddle@mindspring.com	Attorney Representative	Three year term Term Ends – 2005	North Carolina Bar Association

Name and Address	Phone/Fax/Email	Membership Type	Term of Service	Region/Affiliation
Rhonda Shepherd Client Representative 231 Bell Court Lane P O Box 683 Millers Creek, NC 28651	Work 828-838-6566 Home 336-902-0649 Email but4grace@charter.net	Client Representative	Three year term Term Ends -- June 2005	Western Region
Laura Shofner Client Representative 219 Peachtree Drive Goldsboro NC 27534	Work 910-328-3194 Home 919-759-2606 Fax 919-759-2622 Email lshofner@goldsboronc.net	Client Representative	Two year term Term Ends -- June 2004	Statewide
Bonnie Tatum Client Representative 89 Edgewood Drive Lumberton NC 28360-8489	Home 910-739-5578	Client Representative	Two year term Term Ends -- June 2004	Statewide
John H Vernon III Esq Vernon Vernon Wooten Brown Andrews & Garrett, PA 522 South Lexington Avenue P O Drawer 2958 Burlington NC 27216-2958	Work 336-227-8851 Fax 336-226-3866 Email jhv@vernonlaw.com	Attorney Representative	Three year term Term Ends -- June 2006	NC State Bar
Charles R Ward Client Representative P O Box 204 Lake Waccamaw NC 28450	Home 910-646-4359 Fax 910-646-2173	Client Representative	Three year term Term Ends -- June 2006	Southeast Region
Willis Williams Client Representative P O Box 97 Jamesville NC 27846	Home 252-792-1272 Fax 252-792-5901 Email will-big@prodigy.net	Client Representative	Three year term Term Ends -- June 2005	Northeast Region
G Gray Wilson, Esq Wilson & Iseman, L L P 380 Knollwood Street, Suite 530 Winston-Salem, NC 27103	Work 336-631-8866 Fax 336-631-9770 Email gwilson@wilsonandiseman.com	Attorney Representative	One year term Term Ends -- June 2004	NC Bar Association (Ex Office)

If you are filing for an Additional (not automatic) 3-Month Extension, complete only Part II and check this box

Note Only complete Part II if you have already been granted an automatic 3-month extension on a previously filed Form 8868

If you are filing for an Automatic 3-Month Extension, complete only Part I (on page 1)

Part II Additional (not automatic) 3-Month Extension of Time-Must File Original and One Copy

Table with 3 columns: Type or print, Name of Exempt Organization, Employer Identification number. Includes address: LEGAL AID OF NORTH CAROLINA, INC., P.O. BOX 26087, RALEIGH NC 27611-6087.

Check type of return to be filed (File a separate application for each return)

Form with checkboxes for various return types: Form 990, Form 990-EZ, Form 990-T, Form 1041-A, Form 5227, Form 8870, Form 990-BL, Form 990-PF, Form 990-T (trust other than above), Form 4720, Form 6069.

STOP Do not complete Part II if you were not already granted an automatic 3-month extension on a previously filed Form 8868

If the organization does not have an office or place of business in the United States, check this box

If this is for a Group Return, enter the organization's four digit Group Exemption Number (GEN) ... If this is for the whole group, check this box ... If it is for part of the group, check this box and attach a list with the names and EINs of all members the extension is for

4 I request an additional 3-month extension of time until 11/17/03
5 For calendar year 2002, or other tax year beginning and ending
6 If this tax year is for less than 12 months, check reason Initial return Final return Change in accounting period

7 State in detail why you need the extension
ADDITIONAL TIME IS REQUESTED TO GATHER INFORMATION TO PREPARE A COMPLETE AND ACCURATE RETURN.

8a If this application is for Form 990-BL, 990-PF, 990-T, 4720, or 6069, enter the tentative tax, less any nonrefundable credits See instructions \$
8b If this application is for Form 990-PF, 990-T, 4720, or 6069, enter any refundable credits and estimated tax payments made Include any prior year overpayment allowed as a credit and any amount paid previously with Form 8868 \$
8c Balance Due Subtract line 8b from line 8a Include your payment with this form, or, it required, deposit with FTD coupon or, if required, by using EFTPS (Electronic Federal Tax Payment System) See instructions \$

Signature and Verification

Under penalties of perjury, I declare that I have examined this form, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete, and that I am authorized to prepare this form

Signature [Handwritten Signature] Title CPA Date 8/08/03

Notice to Applicant-To Be Completed by the IRS

Form with checkboxes for IRS approval status: We have approved this application, We have not approved this application (with 10-day grace period), We have not approved this application (after considering reasons), We cannot consider this application because it was filed after the due date, Other.

EXTENSION APPROVED
AUG 18 2003
LINDA WEISKOPF, FIELD DIRECTOR, SUBMISSION PROCESSING, OGDEN

Director By Date

Alternate Mailing Address - Enter the address if you want the copy of this application for an additional 3-month extension returned to an address different than the one entered above

Table with 3 columns: Type or print, Name, Number and street, City or town, province or state, and country. Includes address: ROMEO, WIGGINS & COMPANY, LLP, 8210 CREEDMOOR RD, #202, RALEIGH NC 27613.

Form **8868**
(December 2000)
Department of the Treasury
Internal Revenue Service

Application for Extension of Time To File an Exempt Organization Return

OMB No 1545-1709

▶ File a separate application for each return

- If you are filing for an Automatic 3-Month Extension, complete only Part I and check this box
- If you are filing for an Additional (not automatic) 3-Month Extension, complete only Part II (on page 2 of this form)

Note Do not complete Part II unless you have already been granted an automatic 3-month extension on a previously filed Form 8868

Part I Automatic 3-Month Extension of Time- Only submit original (no copies needed)

Note Form 990-T corporations requesting an automatic 6-month extension-check this box and complete Part I only
All other corporations (including Form 990-C filers) must use Form 7004 to request an extension of time to file income tax returns Partnerships REMICs and trusts must use Form 8736 to request an extension of time to file Form 1065 1066 or 1041

Type or print File by the due date for filing your return See instructions	Name of Exempt Organization LEGAL AID OF NORTH CAROLINA, INC.	Employer identification number 31-1784161
	Number, street, and room or suite no If a P O box, see instructions P.O. BOX 26087	
	City, town or post office, state, and ZIP code For a foreign address, see instructions RALEIGH NC 27611-6087	

Check type of return to be filed (file a separate application for each return)

- | | | |
|--|--|------------------------------------|
| <input checked="" type="checkbox"/> Form 990 | <input type="checkbox"/> Form 990-T (corporation) | <input type="checkbox"/> Form 4720 |
| <input type="checkbox"/> Form 990-BL | <input type="checkbox"/> Form 990-T (sec 401(a) or 408(a) trust) | <input type="checkbox"/> Form 5227 |
| <input type="checkbox"/> Form 990-EZ | <input type="checkbox"/> Form 990-T (trust other than above) | <input type="checkbox"/> Form 6069 |
| <input type="checkbox"/> Form 990-PF | <input type="checkbox"/> Form 1041-A | <input type="checkbox"/> Form 8870 |

- If the organization does not have an office or place of business in the United States check this box
- If this is for a Group Return, enter the organization's four digit Group Exemption Number (GEN) _____ If this is for the whole group, check this box If it is for part of the group, check this box and attach a list with the names and EINs of all members the extension will cover

1 I request an automatic 3-month (6-month, for 990-T corporation) extension of time until 8/15/03 to file the exempt organization return for the organization named above The extension is for the organization's return for calendar year 2002 or tax year beginning _____, and ending _____

2 If this tax year is for less than 12 months check reason Initial return Final return Change in accounting period

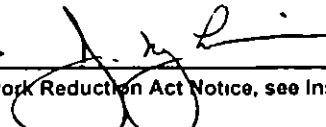
3a If this application is for Form 990-BL 990-PF, 990-T, 4720, or 6069 enter the tentative tax less any nonrefundable credits See instructions \$ _____

b If this application is for Form 990-PF or 990-T enter any refundable credits and estimated tax payments made Include any prior year overpayment allowed as a credit \$ _____

c **Balance Due** Subtract line 3b from line 3a Include your payment with this form, or, if required, deposit with FTD coupon or, if required, by using EFTPS (Electronic Federal Tax Payment System) See instructions \$ _____

Signature and Verification

Under penalties of perjury I declare that I have examined this form including accompanying schedules and statements and to the best of my knowledge and belief it is true, correct and complete and that I am authorized to prepare this form

Signature ▶  Title ▶ CRA Date ▶ 5/15/03
For Paperwork Reduction Act Notice, see Instruction Form **8868** (12-2000)