

Return of Organization Exempt from Income Tax

2001

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

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 2001 calendar year, or tax year beginning 7/01, 2001, and ending 6/30, 20 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
instruc-
tions

HAPPY VALLEY FOUNDATION
P O BOX 804
OJAI, CA 93024

D Employer Identification Number
95-0809370

E Telephone number

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

H (c) Are all affiliates included? Yes No
(If no, attach a list See instructions)

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

I Enter 4 digit group GEN

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

G Web site N/A

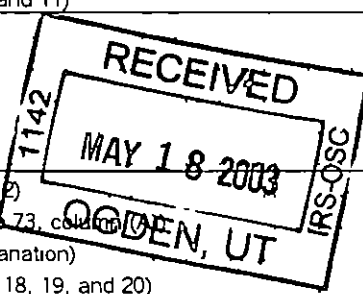
J Organization type (check only one) 501(c) 3 (insert no) 4947(a)(1) or 527

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

L Gross receipts Add lines 6b, 8b, 9b, and 10b to line 12 3,176,694

Part I Revenue, Expenses, and Changes in Net Assets or Fund Balances (see instructions)

1	Contributions, gifts, grants, and similar amounts received			
	a	Direct public support	1a	560,509
b	Indirect public support		1b	
			1c	
c	Government contributions (grants)			
	d	Total (add lines 1a through 1c) (cash \$ <u>510,509</u> noncash \$ <u>50,000</u>)	1d	560,509
2	Program service revenue including government fees and contracts (from Part VII, line 93)		2	2,413,586
3	Membership dues and assessments		3	
4	Interest on savings and temporary cash investments		4	26,440
5	Dividends and interest from securities		5	19,775
6a	Gross rents		6a	3,300
	b	Less rental expenses	6b	
c	Net rental income or (loss) (subtract line 6b from line 6a)		6c	3,300
	7	Other investment income (describe <input type="checkbox"/> SEE STATEMENT 1)	7	864
8a	Gross amount from sales of assets other than inventory		(A) Securities	(B) Other
			6,489	8a
b	Less cost or other basis and sales expenses		8,174	8b
	c Gain or (loss) (attach schedule) STATEMENT 2		-1,685	8c
d	Net gain or (loss) (combine line 8c, columns (A) and (B))		8d	-1,685
	9	Special events and activities (attach schedule)		
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	137,307
b	Less cost of goods sold		10b	123,629
	c	Gross profit or (loss) from sales of inventory (attach schedule) (subtract line 10b from line 10a)		10c
		STATEMENT 3		
11	Other revenue (from Part VII, line 103)		11	8,424
12	Total revenue (add lines 1d, 2, 3, 4, 5, 6c, 7, 8d, 9c, 10c, and 11)		12	3,044,891
13	Program services (from line 44, column (B))		13	2,073,005
	14	Management and general (from line 44, column (C))		14
15		Fundraising (from line 44, column (D))		15
	16	Payments to affiliates (attach schedule)		16
17		Total expenses (add lines 16 and 44, column (A))		17
	18	Excess or (deficit) for the year (subtract line 17 from line 12)		18
19	Net assets or fund balances at beginning of year (from line 73, column (D))		19	5,749,722
20	Other changes in net assets or fund balances (attach explanation)		20	
21	Net assets or fund balances at end of year (combine lines 18, 19, and 20)		21	6,020,936



SCANNED JUN 11 2003

RECEIVED

EXPENSES

NET ASSETS

913
10

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 (att sch) (cash \$ _____ non cash \$ _____)	22			
23 Specific assistance to individuals (att sch)	23			
24 Benefits paid to or for members (att sch)	24			
25 Compensation of officers directors etc	25			
26 Other salaries and wages	26 1,120,549	26 840,412	26 168,082	26 112,055
27 Pension plan contributions	27			
28 Other employee benefits	28			
29 Payroll taxes	29 84,280	29 63,210	29 12,642	29 8,428
30 Professional fundraising fees	30			
31 Accounting fees	31			
32 Legal fees	32			
33 Supplies	33 22,634	33 16,976	33 5,658	
34 Telephone	34 19,792	34 14,844	34 4,948	
35 Postage and shipping	35 17,068	35 12,801	35 4,267	
36 Occupancy	36 18,000	36 18,000		
37 Equipment rental and maintenance	37			
38 Printing and publications	38 14,491		38 14,491	
39 Travel	39			
40 Conferences conventions, and meetings	40			
41 Interest	41 23,879	41 21,491	41 2,388	
42 Depreciation, depletion, etc (attach schedule)	42 158,289	42 134,546	42 23,743	
43 Other expenses not covered above (itemize)				
a SEE STATEMENT 4	43a 1,294,695	43a 950,725	43a 285,936	43a 58,034
b	43b			
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 2,773,677	44 2,073,005	44 522,155	44 178,517

Joint Costs Check if you are following SOP 98.2
 Are any joint costs from a combined educational campaign and fundraising solicitation reported in (B) Program services? Yes No
 If Yes, enter (i) the aggregate amount of these joint costs \$ _____, (ii) the amount allocated to program services \$ _____, (iii) the amount allocated to management and general \$ _____, and (iv) the amount allocated to fundraising \$ _____

Part III Statement of Program Service Accomplishments

What is the organization's primary exempt purpose? <u>EDUCATION</u>	Program Service Expenses (Required for 501(c)(3) and (4) organizations and 4947(a)(1) trusts but optional for others)
a THE FOUNDATION EDUCATES APPROXIMATELY SEVENTY-EIGHT STUDENTS FROM NINTH THROUGH TWELFTH GRADE EACH YEAR (Grants and allocations \$ _____)	2,073,005
b (Grants and allocations \$ _____)	
c (Grants and allocations \$ _____)	
d (Grants and allocations \$ _____)	
e Other program services (Grants and allocations \$ _____)	
f Total of Program Service Expenses (should equal line 44, column (B), program services)	2,073,005

Part IV Balance Sheets (See instructions)

Note		(A) Beginning of year		(B) End of year	
ASSETS	45	Cash — non interest bearing		45	122,117
	46	Savings and temporary cash investments		46	675,815
	47 a	47 a	Accounts receivable		
		47 b	Less: allowance for doubtful accounts	29,958	47 c
					35,870
	48 a	48 a	Pledges receivable		
		48 b	Less: allowance for doubtful accounts		48 c
	49	Grants receivable			49
	50	Receivables from officers, directors, trustees, and key employees (attach schedule)			50
	51 a	51 a	Other notes & loans receivable (attach sch)		
		51 b	Less: allowance for doubtful accounts		51 c
	52	Inventories for sale or use		1,679,819	52
	53	Prepaid expenses and deferred charges		32,535	53
	54	Investments — securities (attach schedule) SEE ST 5 <input checked="" type="checkbox"/> Cost <input type="checkbox"/> FMV		378,125	54
	55 a	55 a	Investments — land, buildings, & equipment basis		
	55 b	Less: accumulated depreciation (attach schedule)		55 c	
56	Investments — other (attach schedule)			56	
57 a	57 a	Land, buildings, and equipment basis	5,963,310		
	57 b	Less: accumulated depreciation (attach schedule) STATEMENT 6	3,628,686	57 c	
58	Other assets (describe ► SEE STATEMENT 7)		326,630	58	
59	Total assets (add lines 45 through 58) (must equal line 74)		6,479,962	59	
LIABILITIES	60	Accounts payable and accrued expenses		60	69,399
	61	Grants payable		61	
	62	Deferred revenue		62	61,034
	63	Loans from officers, directors, trustees, and key employees (attach schedule)		63	
	64 a	Tax exempt bond liabilities (attach schedule)		64 a	
		64 b	Less: Mortgages and other notes payable (attach schedule) SEE STATEMENT 8	495,799	64 b
	65	Other liabilities (describe ► SEE STATEMENT 9)		147,537	65
66	Total liabilities (add lines 60 through 65)		730,240	66	
FUND BALANCES OR NET ASSETS	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	5,580,261
	68	Temporarily restricted		68	275,000
	69	Permanently restricted		69	165,675
	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 and column (B) must equal line 21)		5,749,722	73
	74	Total liabilities and net assets/fund balances (add lines 66 and 73)		6,479,962	74

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.

BAA

Part VI Other Information (See specific 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 income of \$1,000 or more during the year covered by this return?	X	
78b 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 <u>N/A</u> and check whether it is <input type="checkbox"/> exempt or <input type="checkbox"/> nonexempt		
81a Enter direct or indirect political expenditures. See line 81 instructions.	81a	0
b Did the organization file Form 1120-POL for this year?	81b	X
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	N/A
83a 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
84a 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
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>	89a	
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
90a List the states with which a copy of this return is filed <u>CALIFORNIA</u>	90a	
b Number of employees employed in the pay period that includes March 12, 2001 (see instructions)	90b	43
91 The books are in care of <u>HAPPY VALLEY FOUNDATION</u> Telephone number <u>805-646-4343</u> Located at <u>P O BOX 804, OJAI, CA</u> ZIP + 4 <u>93024</u>	91	
92 Section 4947(a)(1) nonexempt charitable trusts filing Form 990 in lieu of Form 1041 - Check here <input type="checkbox"/> and enter the amount of tax exempt interest received or accrued during the tax year <u>92</u>	92	N/A

Part VII Analysis of Income-Producing Activities (See 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) Exclusion code	(D) Amount	
93 Program service revenue					
a ACTIVITY/BOOK RESIDUA					92,000
b APPLICATION FEES					4,050
c SCHOOL DIR RESIDENCE					18,000
d SCHOOL TUITION					2,263,161
e SUMMER SCHOOL PROGRAM					36,375
f Medicare/Medicaid payments					
g Fees & contracts from government agencies					
94 Membership dues and assessments					
95 Interest on savings & temporary cash invmnts	110000	4			26,436
96 Dividends & interest from securities					19,775
97 Net rental income or (loss) from real estate					
a debt financed property					
b not debt financed property	110000	1,950			1,350
98 Net rental income or (loss) from pers prop					
99 Other investment income					864
100 Gain or (loss) from sales of assets other than inventory					-1,685
101 Net income or (loss) from special events					
102 Gross profit or (loss) from sales of inventory					13,678
103 Other revenue					
a					
b MISCELLANEOUS					8,424
c					
d					
e					
104 Subtotal (add columns (B), (D), and (E))		1,954			2,482,428
105 Total (add line 104, columns (B), (D), and (E))					2,484,382

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 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)
93-103	ALL FUNDS RECEIVED BY HAPPY VALLEY FOUNDATION ARE USED TO SUPPORT THE HAPPY VALLEY SCHOOL TO FURTHER THE ACADEMIC EDUCATION OF CHILDREN

Part IX Information Regarding Taxable Subsidiaries and Disregarded Entities (See 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 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

9/15/03
Date

Preparer's SSN or PTIN (see

Schedule A
(Form 990 or 990-EZ)

**Organization Exempt Under
Section 501(c)(3)**

OMB No 1545-0047

(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)

2001

Department of the Treasury
Internal Revenue Service

Supplementary Information - (see separate instructions)

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

Name of the Organization

HAPPY VALLEY FOUNDATION

Employer Identification Number

95-0809370

Part I Compensation of the Five Highest Paid Employees Other Than Officers, Directors, and Trustees

(See 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
DENNIS RICE 8301 HIGHWAY 150, OJAI, CA	SCHOOL DIRECTOR 40	82,680	3,837	0

Total number of other employees paid over \$50,000 ▶	0			

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

(See instructions List each one (whether individuals or firms) If there are none, enter 'None')

(a) Name and address of each independent contractor paid more than \$50,000	(b) Type of service	(c) Compensation
NONE -----		

Total number of others receiving over \$50,000 for professional services ▶	0	

Part III Statements About Activities (See 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 ▶ \$ <u>N/A</u></p> <p>(Must equal amounts on line 38, Part VI-A, or line 1 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>		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>		X
<p>b Lending of money or other extension of credit?</p>		X
<p>c Furnishing of goods, services, or facilities?</p>		X
<p>d Payment of compensation (or payment or reimbursement of expenses if more than \$1,000)?</p>		X
<p>e Transfer of any part of its income or assets?</p>		X
SEE STATEMENT 11		
<p>3 Does the organization make grants for scholarships, fellowships, student loans, etc? (See Note below)</p>	X	
<p>4 Do you have a section 403(b) annuity plan for your employees?</p>		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 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)
- 11 a 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)
- 11 b 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 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 instructions)

Part V Private School Questionnaire (See 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) SEE "PROOF OF PUBLICATION" IN THE "OJAI VALLEY STAR" JUNE 12, 2002 ATTACHED	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?	X	
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?		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?		X
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?		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 401 through 405 of Rev Proc 75 50, 1975 2 C B 587, covering racial nondiscrimination? If No, attach an explanation	X	

Part VI-A Lobbying Expenditures by Electing Public Charities (See instructions)
 (To be completed **Only** by an eligible organization that filed Form 5768)

N/A

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

Limits on Lobbying Expenditures

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

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

Calendar year (or fiscal year beginning in) ▶	Lobbying Expenditures During 4-Year Averaging Period				
	(a) 2001	(b) 2000	(c) 1999	(d) 1998	(e) Total
45 Lobbying nontaxable amount					
46 Lobbying ceiling amount (150% of line 45(e))					
47 Total lobbying expenditures					
48 Grassroots non taxable amount					
49 Grassroots ceiling amount (150% of line 48(e))					
50 Grassroots lobbying expenditures					

Part VI-B Lobbying Activity by Nonelecting Public Charities
 (For reporting only by organizations that did not complete Part VI A) (See instructions)

N/A

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

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

Yes	No	Amount

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

**Depreciation and Amortization
(Including Information on Listed Property)**

▶ See separate instructions
▶ Attach to your tax return

Name(s) Shown on Return
HAPPY VALLEY FOUNDATION

Identifying Number
95-0809370

Business or Activity to Which This Form Relates
FORM 990/990-PF

Part I Election to Expense Certain Tangible Property Under Section 179

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

1	Maximum amount See instructions for a higher limit for certain businesses	1	\$24,000
2	Total cost of Section 179 property placed in service (see instructions)	2	
3	Threshold cost of Section 179 property before reduction in limitation	3	\$200,000
4	Reduction in limitation Subtract line 3 from line 2 If zero or less, enter -0-	4	
5	Dollar limitation for tax year Subtract line 4 from line 1 If zero or less, enter 0 If married filing separately, see instructions	5	
6	(a) Description of property	(b) Cost (business use only)	(c) Elected cost
7	Listed property Enter the amount from line 29	7	
8	Total elected cost of Section 179 property Add amounts in column (c), lines 6 and 7	8	
9	Tentative deduction Enter the smaller of line 5 or line 8	9	
10	Carryover of disallowed deduction from line 13 of your 2000 Form 4562	10	
11	Business income limitation Enter the smaller of business income (not less than zero) or line 5 (see instrs)	11	
12	Section 179 expense deduction Add lines 9 and 10, but do not enter more than line 11	12	
13	Carryover of disallowed deduction to 2002 Add lines 9 and 10, less line 12	▶ 13	

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

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

14	Special depreciation allowance for certain property (other than listed property) acquired after September 10, 2001 (see instructions)	14	
15	Property subject to Section 168(f)(1) election (see instructions)	15	
16	Other depreciation (including ACRS) (see instructions)	16	158,289

Part III MACRS Depreciation (Do not include listed property) (See instructions)

Section A

17	MACRS deductions for assets placed in service in tax years beginning before 2001	17	
18	If you are electing under Section 168(i)(4) to group any assets placed in service during the tax year into one or more general asset accounts, check here	▶ <input type="checkbox"/>	

Section B – Assets Placed in Service During 2001 Tax Year Using the General Depreciation System

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

Section C – Assets Placed in Service During 2001 Tax Year Using the Alternative Depreciation System

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

Part IV Summary (See instructions)

21	Listed property Enter amount from line 28	21	
22	Total Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21 Enter here and on the appropriate lines of your return Partnerships and S corporations – see instructions	22	158,289
23	For assets shown above and placed in service during the current year, enter the portion of the basis attributable to Section 263A costs	23	

HAPPY VALLEY FOUNDATION

95-0809370

STATEMENT 1
FORM 990, PART I, LINE 7
OTHER INVESTMENT INCOME

ROYALTIES

	\$	864
TOTAL	\$	<u>864</u>

STATEMENT 2
FORM 990, PART I, LINE 8
NET GAIN (LOSS) FROM NONINVENTORY SALES

PUBLICLY TRADED SECURITIES

GROSS SALES PRICE	6,489
COST OR OTHER BASIS	8,174

TOTAL GAIN (LOSS) PUBLICLY TRADED SECURITIES	\$	<u>-1,685</u>
--	----	---------------

TOTAL NET GAIN (LOSS) FROM NONINVENTORY SALES	\$	<u>-1,685</u>
---	----	---------------

STATEMENT 3
FORM 990, PART I, LINE 10
GROSS PROFIT (LOSS) FROM SALES OF INVENTORY

BEATRICE WOOD CERAMICS, ART, ETC

\$ 137,307

GROSS SALES	\$ 137,307
LESS RETURNS & ALLOWANCES	0
NET SALES	\$ 137,307

LESS COST OF GOODS SOLD	123,629
GROSS PROFIT FROM SALES OF INVENTORY	\$ 13,678

STATEMENT 4
FORM 990, PART II, LINE 43
OTHER EXPENSES

	(A) TOTAL	(B) PROGRAM SERVICES	(C) MANAGEMENT & GENERAL	(D) FUNDRAISING
ADVERTISING	34,743		31,269	3,474
BAD DEBTS	6,200		6,200	
BANK CHARGES	4,247		4,247	
BOARD MEETING EXPENSES	3,208		3,208	
BOOKS	15,534	15,534		
DUES & SUBSCRIPTIONS	7,677		7,677	
FACULTY DEVELOPMENT	5,673		5,673	
FACULTY GRANTS	4,900	4,900		
FILING FEES	20		20	
FUNDRAISING	36,244			36,244
GROUND UPKEEP	14,121		14,121	
INSTRUCTIONAL SUPPLIES	17,066	17,066		
INSURANCE, HEALTH	107,273	80,455	16,091	10,727

HAPPY VALLEY FOUNDATION

95-0809370

STATEMENT 4 (CONTINUED)
FORM 990, PART II, LINE 43
OTHER EXPENSES

	(A) TOTAL	(B) PROGRAM SERVICES	(C) MANAGEMENT & GENERAL	(D) FUNDRAISING
INSURANCE, LIABILITY	66,724	50,043	16,681	
JANITORIAL SUPPLIES	7,918		7,918	
KITCHEN	96,303	72,227	24,076	
LEGAL & ACCOUNTING	55,751	41,813	13,938	
LIBRARY	1,999	1,999		
MISCELLANEOUS	957		957	
OUTSIDE SERVICES	66,927	50,195	16,732	
PROPERTY TAX	33,011	24,758	8,253	
REPAIR & MAINTENANCE	55,039		55,039	
RETIREMENT FUND	35,534	26,650	5,330	3,554
SALES TAX	78		78	
SCHOLARSHIPS	336,000	336,000		
STUDENT ACTIVITIES	38,533	38,533		
TECHNOLOGY SUPPLIES & SERVICE	20,174		20,174	
TRANSPORTATION	17,364	13,023	4,341	
TUITION DISCOUNT	73,500	73,500		
UTILITIES	71,447	53,585	17,862	
WILDERNESS EDUCATION	17,059	17,059		
WORKERS COMPENSATION	40,342	30,256	6,051	4,035
YEARBOOK	3,129	3,129		
TOTAL	<u>\$ 1,294,695</u>	<u>\$ 950,725</u>	<u>\$ 285,936</u>	<u>\$ 58,034</u>

STATEMENT 5
FORM 990, PART IV, LINE 54
INVESTMENTS - SECURITIES

OTHER PUBLICLY TRADED SECURITIES	VALUATION METHOD	AMOUNT
SANTA BARBARA BANK & TRUST	COST	\$ 319,902
BANC OF AMERICA INVESTMENT SERVICES	COST	3,985
MORGAN STANLEY	COST	1,055
TOTAL		<u>\$ 324,942</u>
TOTAL INVESTMENTS - SECURITIES		<u>\$ 324,942</u>

STATEMENT 6
FORM 990, PART IV, LINE 57
LAND, BUILDINGS, AND EQUIPMENT

CATEGORY	BASIS	ACCUM DEPREC	BOOK VALUE
FURNITURE AND FIXTURES	\$ 514,333	\$ 428,931	\$ 85,402
MACHINERY AND EQUIPMENT	181,735	131,856	49,879
BUILDINGS	4,440,100	1,236,088	3,204,012
IMPROVEMENTS	687,889	665,585	22,304

HAPPY VALLEY FOUNDATION

95-0809370

STATEMENT 6 (CONTINUED)
FORM 990, PART IV, LINE 57
LAND, BUILDINGS, AND EQUIPMENT

CATEGORY	BASIS	ACCUM DEPREC.	BOOK VALUE
LAND	\$ 108,467		\$ 108,467
MISCELLANEOUS	30,786	\$ 1,178	29,608
TOTAL	<u>\$ 5,963,310</u>	<u>\$ 2,463,638</u>	<u>\$ 3,499,672</u>

STATEMENT 7
FORM 990, PART IV, LINE 58
OTHER ASSETS

BESANT SCHOLARSHIP FUND	\$ 36,684
CULTURAL CENTER LADDER FUND	21,891
DEPOSITS	20
EMPLOYEE ADVANCES	1,900
LOGAN ZALK ENDOWMENT FUND	18,994
PERMANENT CERAMIC INVENTORY COLLECTION	165,675
WOODS ART BOOKS	18,500
WOODS BOOKS & VIDEOS	21,634
WOODS MANUSCRIPTS & ARCHIVAL MATERIALS	46,000
TOTAL	<u>\$ 331,298</u>

STATEMENT 8
FORM 990, PART IV, LINE 64B
MORTGAGES AND OTHER NOTES PAYABLE

OTHER NOTES PAYABLE

LENDER'S NAME	SANTA BARBARA BANK & TRUST	
MATURITY DATE	3/02/2003	
REPAYMENT TERMS	ANNUAL INSTALLMENTS	
INTEREST RATE	3.50%	
SECURITY PROVIDED	CERTIFICATE OF DEPOSIT	
ORIGINAL AMOUNT	200,000	
BALANCE DUE		\$ 49,902
LENDER'S NAME	BARBER FORD	
DATE OF NOTE	11/16/1999	
MATURITY DATE	11/20/2002	
REPAYMENT TERMS	MONTHLY INSTLLMNTS OF \$603.00	
INTEREST RATE	8.65%	
SECURITY PROVIDED	1999 FORD VAN	
ORIGINAL AMOUNT	19,042	
BALANCE DUE		\$ 2,951

HAPPY VALLEY FOUNDATION

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STATEMENT 8 (CONTINUED)
FORM 990, PART IV, LINE 64B
MORTGAGES AND OTHER NOTES PAYABLE

OTHER NOTES PAYABLE

LENDER'S NAME	SANTA BARBARA BANK & TRUST	
DATE OF NOTE	12/10/1996	
MATURITY DATE	12/02/2004	
INTEREST RATE	6.86%	
ORIGINAL AMOUNT	600,000	
BALANCE DUE		\$ 248,430
LENDER'S NAME	JOHN DEERE CREDIT	
DATE OF NOTE	5/01/1998	
MATURITY DATE	5/01/2003	
REPAYMENT TERMS	MONTHLY INSTLLMNTS OF \$338.34	
INTEREST RATE	7.90%	
SECURITY PROVIDED	TRACTOR	
ORIGINAL AMOUNT	16,726	
BALANCE DUE		\$ 2,628
LENDER'S NAME	OJAI VALLEY BANK	
DATE OF NOTE	6/03/2000	
MATURITY DATE	6/03/2003	
INTEREST RATE	6.75%	
ORIGINAL AMOUNT	160,000	
BALANCE DUE		\$ 75,208
LENDER'S NAME	JOHN DEERE CREDIT	
DATE OF NOTE	7/22/1999	
MATURITY DATE	7/20/2002	
REPAYMENT TERMS	MONTHLY INSTLLMNTS OF \$271.02	
INTEREST RATE	10.50%	
SECURITY PROVIDED	MOWER	
ORIGINAL AMOUNT	8,339	
BALANCE DUE		\$ 263
		\$ 379,382
		TOTAL \$ <u>379,382</u>

STATEMENT 9
FORM 990, PART IV, LINE 65
OTHER LIABILITIES

STUDENT SERVICE FUND	\$ 1,506
SUMMER SCHOOL DEPOSITS	32,585
TUITION DEPOSITS	146,811
TOTAL	\$ <u>180,902</u>

HAPPY VALLEY FOUNDATION

95-0809370

**STATEMENT 10
FORM 990, PART V
LIST OF OFFICERS, DIRECTORS, TRUSTEES, AND KEY EMPLOYEES**

NAME AND ADDRESS	TITLE AND AVERAGE HOURS PER WEEK DEVOTED	COMPEN- SATION	CONTRI- BUTION TO EBP & DC	EXPENSE ACCOUNT/ OTHER
DR JAMES SLOSS 4675 VIA HUERTO SANTA BARBARA, CA 93110	CHAIRMAN 25%	\$ 0	\$ 0	\$ 0
MRS RADHA SLOSS 4675 VIA HUERTO SANTA BARBARA, CA 93110	DIRECTOR 25%	0	0	0
MISS JOY MILLS 22 KROTONA HILL OJAI, CA 93023	DIRECTOR 10%	0	0	0
DR RAYMOND NEUTRA 956 EVELYN AVE ALBANY, CA 94706	DIRECTOR 10%	0	0	0
MR KEN TENNEN 24372 VANOWEN ST STE 202 WEST HILLS, CA 91307-2800	PRESIDENT 10%	0	0	0
MRS PAOLA COHEN SEE ATTACHED SUPPLEMENTAL INFO	DIRECTOR 10%	0	0	0
ANNE FRIEND THACHER 15275 MARICOPA HIGHWAY OJAI, CA 93023	DIRECTOR 10%	0	0	0
ROBERT SLOSS 4840 SUNSET AVE LA CRESCENTA, CA 91214	DIRECTOR 10%	0	0	0
TOTAL		\$ 0	\$ 0	\$ 0

**STATEMENT 11
SCHEDULE A, PART III, LINE 3
QUALIFICATIONS OF RECIPIENTS RECEIVING GRANTS OR LOANS**

SCHOLARSHIPS ARE AWARDED TO STUDENTS ON THE BASIS OF ACADEMIC MERIT FINANCIAL AID AWARDS DEPEND ON THE FAMILY'S FINANCIAL CIRCUMSTANCES, SCHOOL POLICY AND THE FINANCIAL AID FUNDS AVAILABLE FOR DISTRIBUTION

00415632 86 '917 .6/15/02 14 39 1 2 ClassHOLD

CERTIFICATE OF PUBLICATION

AD NO 00657326

In Matter of Publication of

PUBLIC NOTICE

STATE OF CALIFORNIA)

((ss

COUNTY OF VENTURA)

I, SHARON PALMER, hereby certify that the

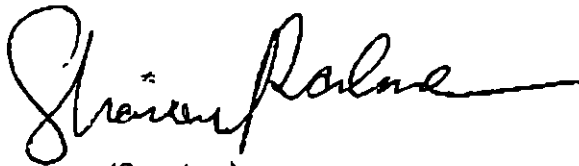
VENTURA COUNTY STAR

is a newspaper of general circulation within the provisions of the Government Code of the State of California, printed and published in the city of San Buenaventura, County of Ventura, State of California, that I am the principal clerk of the printer of said newspaper; that the annexed clipping is a true printed copy and publishing in said newspaper on the following dates to wit:

JUNE 12, 2002

I certify under penalty of perjury that the foregoing is true and correct

Dated this 15TH day of June, 2002, at San Buenaventura, California


(Signature)

PUBLIC NOTICE
HAPPY VALLEY SCHOOL offers open admissions by application and admits students of any color, national or ethnic origin, religion or creed. It does not discriminate on the basis of color, national origin, religion or creed, gender, or sexual orientation in the administration of its educational policies, financial and programs, of athletic and other school administered programs.
Publish June 12, 2002
Ad V/C00657326

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.

Name of Exempt Organization: HAPPY VALLEY FOUNDATION
Employer Identification Number: 95-0809370
Number Street and Room or Suite Number: P O BOX 804
City Town or Post Office State and ZIP Code: OJAI, CA 93024

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

Form 990 [X] 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 organizations four digit Group Exemption Number (GEN) _____ If this is for the whole group, check this box [] If it is 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 5/15, 20 03
5 For calendar year _____, or other tax year beginning 7/01, 20 01 and ending 6/30, 20 02
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 THE TAXPAYER HAS BEEN UNABLE TO OBTAIN THE INFORMATION NECESSARY FOR THE ACCURATE COMPLETION OF THE 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 \$ _____
b 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 \$ _____
c Balance due Subtract line 8b from line 8a. 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: [Handwritten Signature] Title: CPA Date: 2/12/03

Notice to Applicant - To be Completed by the IRS

We have approved this application. Please attach this form to the organization's return.
We have not approved this application. However, we have granted a 10 day grace period from the later of the date shown below or the due date of the organization's return (including any prior extensions) This grace period is considered to be a valid extension of time for elections otherwise required to be made on a timely filed return. Please attach this form to the organization's return.
We have not approved this application. After considering the reasons stated in item 7, we cannot grant your request for an extension of time to file. We are not granting a 10 day grace period.
We cannot consider this application because it was filed after the due date of the return for which an extension was requested.
Other

EXTENSION APPROVED
FEB 24 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

Name: JACOBS & JACOBS, CPA'S
Number and Street (include suite, room, or apartment number) or a P O Box Number: 455 E THOUSAND OAKS BLVD #101
City or Town, Province or State, and Country (including postal or ZIP code): THOUSAND OAKS, CA 91360