

Return of Organization Exempt From Income Tax

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

2002

Open to Public Inspection

Department of the Treasury
Internal Revenue Service

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

A For the 2002 calendar year, or tax year beginning 7/1, 2002, and ending 6/30, 2003

B Check if applicable:
 Address change
 Name change
 Initial return
 Final return
 Amended return
 Application pending

C Name of organization
FEDERATION OF APPALACHIAN HOUSING ENTERPRISES, INC
 Number and street (or PO box if mail is not delivered to street address) Room/suite
106 PASCO STREET
 City or town state or country, and ZIP + 4
BEREA KY 40403

D Employer identification number
31-0986871

E Telephone number
859-986-2321

F Accounting method Cash Accrual
 Other (specify) ▶

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 GEN ▶

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 ▶ 2,757,397

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

Part I Revenue, Expenses, and Changes in Net Assets or Fund Balances (See page 17 of the instructions)			
Revenue	1 Contributions, gifts, grants, and similar amounts received		
	a Direct public support	1a	399,797
	b Indirect public support	1b	
	c Government contributions (grants)	1c	1,047,777
	d Total (add lines 1a through 1c) (cash \$ <u>1,447,574</u> noncash \$ _____)	1d	1,447,574
	2 Program service revenue including government fees and contracts (from Part VII, line 93)	2	184,243
	3 Membership dues and assessments	3	
	4 Interest on savings and temporary cash investments	4	80,971
	5 Dividends and interest from securities	5	
	6a Gross rents	6a	15,990
	b Less rental expenses	6b	
	c Net rental income or (loss) (subtract line 6b from line 6a)	6c	15,990
7 Other investment income (describe ▶ <u>INTEREST ON NOTES</u>)	7	552,370	
Revenue	8a Gross amount from sales of assets other than inventory	(A) Securities	(B) Other
		8a	476,199
	b Less cost or other basis and sales expenses	8b	384,998
	c Gain or (loss) (attach schedule)	8c	91,201
d Net gain or (loss) (combine line 8c, columns (A) and (B))	8d	91,201	
Revenue	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		
Revenue	10a Gross sales of inventory, less returns and allowances	10a	
	b Less cost of goods sold	10b	
	c Gross profit or (loss) from sales of inventory (attach schedule) (subtract line 10b from line 10a)	10c	
11 Other revenue (from Part VII, line 103)	11	50	
12 Total revenue (add lines 1d, 2, 3, 4, 5, 6c, 7, 8d, 9c, 10c, and 11)	12	2,372,399	
Expenses	13 Program services (from line 44, column (B))	13	1,311,597
	14 Management and general (from line 44, column (C))	14	310,627
	15 Fundraising (from line 44, column (D))	15	
	16 Payments to affiliates (attach schedule)	16	
	17 Total expenses (add lines 13 through 16)	17	1,622,224
18 Excess or (deficit) for the year (subtract line 17 from line 12)	18	750,175	
Net Assets	19 Net assets or fund balances at beginning of year (from line 73, column (A))	19	11,782,062
	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	12,532,237

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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 \$ _____ noncash \$ _____)	22			
23	Specific assistance to individuals (attach schedule)	23			
24	Benefits paid to or for members (attach schedule)	24			
25	Compensation of officers, directors, etc	25			
26	Other salaries and wages	26	536,023	359,135	176,888
27	Pension plan contributions	27			
28	Other employee benefits	28	163,166	109,321	53,845
29	Payroll taxes	29			
30	Professional fundraising fees	30			
31	Accounting fees	31			
32	Legal fees	32	73,920	60,126	13,794
33	Supplies	33	13,600	6,880	6,720
34	Telephone	34	17,177	10,306	6,871
35	Postage and shipping	35	6,580	3,290	3,290
36	Occupancy	36	8,924	4,462	4,462
37	Equipment rental and maintenance	37	8,002	4,564	3,438
38	Printing and publications	38			
39	Travel	39	36,780	22,068	14,712
40	Conferences, conventions, and meetings	40			
41	Interest	41	311,785	311,785	
42	Depreciation, depletion, etc (attach schedule)	42	31,525	21,684	9,841
43	Other expenses not covered above (itemize) a	43a			
b	SEE STATEMENT I	43b	414,742	397,976	16,766
c		43c			
d		43d			
e		43e			
44	Total functional expenses (add lines 22 through 43) Organizations completing columns (B) - (D), carry these totals to lines 13 - 15.	44	1,622,224	1,311,597	310,627

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? TECHNICAL SERV. TO MEM. 501c3 ORGS	Program Service Expenses (Required for 501(c)(3) and (4) orgs and 4947(a)(1) trusts but optional for others)
a TO PROVIDE PERMANENT, YET AFFORDABLE FINANCING FOR HOUSING TO LOW INCOME INDIVIDUALS. FAHE ALSO PROVIDES TECHNICAL SERVICES TO MEMBER ORGANIZATIONS. APPROX. 45 FAMILIES AND 25 MEMBER ORGS. SERVED (Grants and allocations \$ _____)	1,311,597
b _____ (Grants and allocations \$ _____)	
c _____ (Grants and allocations \$ _____)	
d _____ (Grants and allocations \$ _____)	
e Other program services (attach schedule) (Grants and allocations \$ _____)	
f Total of Program Service Expenses (should equal line 44, column (B), Program services)	1,311,597

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

Note <i>Where required, attached schedules and amounts within the description column should be for end-of-year amounts only</i>		(A) Beginning of year		(B) End of year
Assets	45 Cash — non-interest-bearing	210,764	45	2,696,693
	46 Savings and temporary cash investments	3,739,105	46	
	47a Accounts receivable	41,807		
	b Less allowance for doubtful accounts		16,741	41,807
	48a Pledges receivable			
	b Less allowance for doubtful accounts			
	49 Grants receivable		3,200	40,264
	50 Receivables from officers, directors, trustees, and key employees (attach schedule)			
	51a Other notes and loans receivable (attach schedule)	23,361,651		
	b Less allowance for doubtful accounts	513,902	20,025,301	22,847,749
	52 Inventories for sale or use			
	53 Prepaid expenses and deferred charges		14,324	19,849
	54 Investments — securities (attach schedule) ▶ <input type="checkbox"/> Cost <input type="checkbox"/> FMV			
	55a Investments — land, buildings, and equipment basis	348,936		
	b Less accumulated depreciation (attach schedule)		252,688	348,936
56 Investments — other (attach schedule)				
57a Land, buildings, and equipment basis	485,222			
b Less accumulated depreciation (attach schedule)	147,310	425,453	337,912	
58 Other assets (describe ▶ <u>ACCRUED INTEREST RECEIVABLE</u>)		100,008	134,566	
59 Total assets (add lines 45 through 58) (must equal line 74)		24,787,584	59	26,467,776
Liabilities	60 Accounts payable and accrued expenses	106,128	60	107,158
	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)			
	b Mortgages and other notes payable (attach schedule)		12,791,632	13,708,370
	65 Other liabilities (describe ▶ <u>CLIENT ADVACNES & DEPOSITS</u>)		107,762	120,011
66 Total liabilities (add lines 60 through 65)		13,005,522	66	13,935,539
Net Assets or Fund Balances	Organizations that follow SFAS 117, check here <input checked="" type="checkbox"/> and complete lines 67 through 69 and lines 73 and 74			
	67 Unrestricted	3,014,776	67	4,246,780
	68 Temporarily restricted	8,767,286	68	8,285,457
	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)	11,782,062	73	12,532,237	
74 Total liabilities and net assets/fund balances (add lines 66 and 73)		24,787,584	74	26,467,776

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, and other support per audited financial statements ▶ a 2,372,399</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 \$ _____</p> <p>(3) Recoveries of prior year grants \$ _____</p> <p>(4) Other (specify) _____</p> <p>_____ \$ _____</p> <p>Add amounts on lines (1) through (4) ▶ b</p> <p>c Line a minus line b ▶ c 2,372,399</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>_____ \$ _____</p> <p>Add amounts on lines (1) and (2) ▶ d</p> <p>e Total revenue per line 12, Form 990 (line c plus line d) ▶ e 2,372,399</p>	<p>a Total expenses and losses per audited financial statements ▶ a 1,622,224</p> <p>b Amounts included on line a but not on line 17, Form 990</p> <p>(1) Donated services and use of facilities \$ _____</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>_____ \$ _____</p> <p>Add amounts on lines (1) through (4) ▶ b</p> <p>c Line a minus line b ▶ c 1,622,224</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>_____ \$ _____</p> <p>Add amounts on lines (1) and (2) ▶ d</p> <p>e Total expenses per line 17, Form 990 (line c plus line d) ▶ e 1,622,224</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) Contributions to employee benefit plans & deferred compensation	(E) Expense account and other allowances
JIM KING BEREA, KY	EXEC. DIR. 40	53,560	0	0
JOHN H. THESING BEREA, KY	TREASURER 30	0	0	0
JANAKA CASPER	CHAIR 2	0	0	0
DON PROFITT	VICE CHAIR 2	0	0	0
SARA MORGAN BEREA, KY 40403	SECRETARY 5	0	0	0

76 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 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 <input type="checkbox"/> exempt or <input type="checkbox"/> nonexempt		
81a	Enter direct or indirect political expenditures See line 81 instructions		
81b	Did the organization file Form 1120-POL for this year?		X
82a	Did the organization receive donated services or the use of materials, equipment, or facilities at no charge or at substantially less than fair rental value?		X
82b	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)		
83a	Did the organization comply with the public inspection requirements for returns and exemption applications?	X	
83b	Did the organization comply with the disclosure requirements relating to quid pro quo contributions?	X	
84a	Did the organization solicit any contributions or gifts that were not tax deductible?		X
84b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?		
85a	501(c)(4), (5), or (6) organizations a Were substantially all dues nondeductible by members?		
85b	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		X
85c	Dues, assessments, and similar amounts from members		
85d	Section 162(e) lobbying and political expenditures		
85e	Aggregate nondeductible amount of section 6033(e)(1)(A) dues notices		
85f	Taxable amount of lobbying and political expenditures (line 85d less 85e)		
85g	Does the organization elect to pay the section 6033(e) tax on the amount on line 85f?		
85h	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?		
86a	501(c)(7) orgs Enter a Initiation fees and capital contributions included on line 12		
86b	Gross receipts, included on line 12, for public use of club facilities		
87a	501(c)(12) orgs Enter a Gross income from members or shareholders		
87b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)		
88	At any time during the year, did the organization own a 50% or greater interest in a taxable corporation or partnership, or an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? If "Yes," complete Part IX		X
89a	501(c)(3) organizations Enter Amount of tax imposed on the organization during the year under section 4911 <input type="checkbox"/> , section 4912 <input type="checkbox"/> , section 4955 <input type="checkbox"/>		
89b	501(c)(3) and 501(c)(4) orgs Did the organization engage in any section 4958 excess benefit transaction during the year or did it become aware of an excess benefit transaction from a prior year? If "Yes," attach a statement explaining each transaction		X
	c Enter Amount of tax imposed on the organization managers or disqualified persons during the year under sections 4912, 4955, and 4958 <input type="checkbox"/>		
	d Enter Amount of tax on line 89c, above, reimbursed by the organization <input type="checkbox"/>		
90a	List the states with which a copy of this return is filed <input type="checkbox"/> KENTUCKY		
90b	Number of employees employed in the pay period that includes March 12, 2002 (See instructions)	14	
91	The books are in care of <input type="checkbox"/> JOHN H. THESING Telephone no <input type="checkbox"/> 859-986-2321 Located at <input type="checkbox"/> BEREA, KY ZIP + 4 <input type="checkbox"/> 40403		
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 <input type="checkbox"/> 92		

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

Note: Enter gross amounts unless otherwise indicated

	Unrelated business income		Excluded by section 512 513 or 514		(E) Related or exempt function income
	(A) Business code	(B) Amount	(C) Exclusion code	(D) Amount	
93 Program service revenue					
a LOAN ORIGINATION FEES					168,195
b PROGRAM ADMINISTRATION INCOME					16,048
c					
d					
e					
f Medicare/Medicaid payments					
g Fees and contracts from government agencies					
94 Membership dues and assessments					
95 Interest on savings and temporary cash investments					
96 Dividends and interest from securities					
97 Net rental income or (loss) from real estate					
a debt-financed property					
b not debt-financed property			16	15,990	
98 Net rental income or (loss) from personal property					
99 Other investment income			14	552,370	
100 Gain or (loss) from sales of assets other than inventory			14	91,201	
101 Net income or (loss) from special events					
102 Gross profit or (loss) from sales of inventory					
103 Other revenue					
a MISCELLANEOUS					50
b					
c					
d					
e					
104 Subtotal (add columns (B), (D), and (E))				659,561	184,293
105 Total (add line 104, columns (B), (D), and (E))					843,854

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	LOAN ORIGINATION FEES ARE CHARGED TO COVER GENERAL & ADMIN. COSTS
93b	PROGRAM ADMIN. INCOME IS USED TO PAY FOR GENERAL COSTS OF PROGRAMS

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
	%			
	%			
	%			
	%			

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.

Please sign

John H. T. Brown

Date

8-29-03

PREPARED BY

Date

8-29-03

Check if

self

Preparer's SSN or PTIN (See Gen. Inst. W)

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 amounts 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>			
a Sale, exchange, or leasing of property?	2a		X
b Lending of money or other extension of credit?	2b		X
c Furnishing of goods, services, or facilities?	2c	-	X
d Payment of compensation (or payment or reimbursement of expenses if more than \$1,000)?	2d		X
e Transfer of any part of its income or assets?	2e		X
3 Does the organization make grants for scholarships, fellowships, student loans, etc ? (See Note below)	3		X
4 Do you have a section 403(b) annuity plan for your employees?	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)	2,633,603	1,860,110	1,781,350	1,794,743	8,069,806
16 Membership fees received					
17 Gross receipts from admissions, merchandise sold or services performed, or furnishing of facilities in any activity that is related to the organization's charitable, etc., purpose					
18 Gross income from interest, dividends, amounts received from payments on securities loans (section 512(a)(5)), rents, royalties, and unrelated business taxable income (less section 511 taxes) from businesses acquired by the organization after June 30, 1975	549,843	700,306	635,350	552,454	2,437,953
19 Net income from unrelated business activities not included in line 18					
20 Tax revenues levied for the organization's benefit and either paid to it or expended on its behalf					
21 The value of services or facilities furnished to the organization by a governmental unit without charge. Do not include the value of services or facilities generally furnished to the public without charge.					
22 Other income. Attach a schedule. Do not include gain or (loss) from sale of capital assets.					
23 Total of lines 15 through 22	3,183,446	2,560,416	2,416,700	2,347,197	10,507,759
24 Line 23 minus line 17	3,183,446	2,560,416	2,416,700	2,347,197	10,507,759
25 Enter 1% of line 23	31,834	25,604	24,167	23,472	

26 Organizations described on lines 10 or 11:

a Enter 2% of amount in column (e), line 24 ▶ **26a**

b Prepare a list for your records to show the name of and amount contributed by each person (other than a governmental unit or publicly supported organization) whose total gifts for 1998 through 2001 exceeded the amount shown in line 26a. Do not file this list with your return. Enter the total of all these excess amounts ▶ **26b**

c Total support for section 509(a)(1) test. Enter line 24, column (e) ▶ **26c**

d Add Amounts from column (e) for lines 18 _____ 19 _____
22 _____ 26b _____ ▶ **26d**

e Public support (line 26c minus line 26d total) ▶ **26e**

f Public support percentage (line 26e (numerator) divided by line 26c (denominator)) ▶ **26f** %

27 Organizations described on line 12:

a For amounts included in lines 15, 16, and 17 that were received from a "disqualified person," prepare a list for your records to show the name of, and total amounts received in each year from, each "disqualified person." Do not file this list with your return. Enter the sum of such amounts for each year
(2001) _____ (2000) _____ (1999) _____ (1998) _____

b For any amount included in line 17 that was received from each person (other than "disqualified person"), 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
(2001) _____ (2000) _____ (1999) _____ (1998) _____

c Add Amounts from column (e) for lines 15 8,069,806 16 _____
17 _____ 20 _____ 21 _____ ▶ **27c** 8,069,806

d Add Line 27a total _____ and line 27b total _____ ▶ **27d**

e Public support (line 27c total minus line 27d total) ▶ **27e** 8,069,806

f Total support for section 509(a)(2) test. Enter amount from line 23, column (e) ▶ **27f** 10,507,759

g Public support percentage (line 27e (numerator) divided by line 27f (denominator)). ▶ **27g** 76.80 %

h Investment income percentage (line 18, column (e) (numerator) divided by line 27f (denominator)) ▶ **27h** 23.20 %

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

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

		Yes	No
29	Does the organization have a racially nondiscriminatory policy toward students by statement in its charter, bylaws, other governing instrument, or in a resolution of its governing body?		
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?		
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)		

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	

Part VI-A Lobbying Expenditures by Electing Public Charities (See page 9 of the instructions)
 (To be completed **ONLY** by an eligible organization that filed Form 5768)

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

Caution: If there is an amount on either line 43 or line 44, you must file Form 4720

4-Year Averaging Period Under Section 501(h)

(Some organizations that made a section 501(h) election do not have to complete all of the five columns below
 See the instructions for lines 45 through 50 on page 11 of the instructions)

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

Part VI-B Lobbying Activity by Nonelecting Public Charities

(For reporting only by organizations that did not complete Part VI-A) (See page 11 of the instructions)

During the year, did the organization attempt to influence national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of	Yes	No	Amount
a Volunteers		X	
b Paid staff or management (Include compensation in expenses reported on lines c through h)		X	
c Media advertisements		X	
d Mailings to members, legislators, or the public		X	
e Publications, or published or broadcast statements		X	
f Grants to other organizations for lobbying purposes		X	
g Direct contact with legislators, their staffs, government officials, or a legislative body		X	
h Rallies, demonstrations, seminars, conventions, speeches, lectures, or any other means		X	
i Total lobbying expenditures (Add lines c through h)			

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

Federation of Appalachian Housing Enterprises, Inc (31-0986871)
Federal Statements
June 30, 2003

Statement I
Form 990, Page 2, Part II, Line 43b
Other Expenses

	<u>Total</u>	<u>Program Services</u>	<u>Management & General</u>
Vehicle expense	\$ 34,813	\$ 23,325	\$ 11,488
Loan expense	8,159	8,159	
Pass-through grants to members	219,200	219,200	
Insurance	11,559	11,559	
Bad debt expense	13,500	13,500	
Home subsidy	96,473	96,473	
Miscellaneous	31,038	25,760	5,278
Total	<u>\$ 414,742</u>	<u>\$ 397,976</u>	<u>\$ 16,766</u>