



**Part II Statement of Functional Expenses**

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

Do not include amounts reported on line 6b, 8b, 9b, 10b, or 16 of Part I		(A) Total	(B) Program services	(C) Management and general	(D) Fundraising
22	Grants and allocations (attach schedule)				
	cash \$ _____ noncash \$ _____				
23	Specific assistance to individuals (attach schedule)				
24	Benefits paid to or for members (attach schedule)				
25	Compensation of officers, directors, etc	64,808.	0.	64,808.	0.
26	Other salaries and wages	1,903,183.	1,710,114.	193,069.	
27	Pension plan contributions	37,246.	32,033.	5,213.	
28	Other employee benefits	141,022.	122,863.	18,159.	
29	Payroll taxes	156,085.	135,253.	20,832.	
30	Professional fundraising fees				
31	Accounting fees	50,347.		50,347.	
32	Legal fees	270.		270.	
33	Supplies	58,425.	38,212.	10,116.	10,097.
34	Telephone	30,921.	28,527.	2,394.	
35	Postage and shipping	6,842.	2,950.	3,892.	
36	Occupancy	58,763.	48,430.	10,333.	
37	Equipment rental and maintenance	17,875.	11,914.	5,961.	
38	Printing and publications	5,114.	3,065.	2,049.	
39	Travel	90,914.	84,733.	6,181.	
40	Conferences, conventions, and meetings	14,860.	8,352.	6,508.	
41	Interest	27,998.	2,919.	25,079.	
42	Depreciation, depletion, etc (attach schedule)	99,322.	40,895.	58,427.	
43	Other expenses not covered above (itemize)				
a	_____				
b	_____				
c	_____				
d	_____				
e	See Statement 4	179,098.	144,583.	34,515.	
44	Total functional expenses (add lines 22 through 43) Organizations completing columns (B)-(D) carry these totals to lines 13-15	2,943,093.	2,414,843.	518,153.	10,097.

Joint Costs Check  if you are following SOP 98-2

Are any joint costs from a combined educational campaign and fundraising solicitation reported in (B) Program services?  Yes  No

If "Yes," enter (i) the aggregate amount of these joint costs \$ \_\_\_\_\_, (ii) the amount allocated to Program services \$ \_\_\_\_\_, (iii) the amount allocated to Management and general \$ \_\_\_\_\_, and (iv) the amount allocated to Fundraising \$ \_\_\_\_\_

**Part III Statement of Program Service Accomplishments**

What is the organization's primary exempt purpose?  See Statement 5

All organizations must describe their exempt purpose achievements in a clear and concise manner. State the number of clients served, publications issued, etc. Discuss achievements that are not measurable. (Section 501(c)(3) and (4) organizations and 4947(a)(1) nonexempt charitable trusts must also enter the amount of grants and allocations to others)

**Program Service Expenses**  
(Required for 501(c)(3) and (4) orgs and 4947(a)(1) trusts but optional for others)

a	Supported community living - Skills training, counseling and follow-along services to enable people with disabilities to live independently in the community	(Grants and allocations \$ _____)	1,170,353.
b	Organizational employment services - Job and life skills training for people with disabilities provided through in-house employment at Adults Incorporated facilities.	(Grants and allocations \$ _____)	706,679.
c	Personal and social community services - Adult day care services for people with disabilities and the elderly.	(Grants and allocations \$ _____)	389,352.
d	Community employment - Job training and placement for people with disabilities with employers in the community.	(Grants and allocations \$ _____)	148,459.
e	Other program services (attach schedule)	(Grants and allocations \$ _____)	
f	Total of Program Service Expenses (should equal line 44, column (B), Program services)		2,414,843.

**Part IV Balance Sheets**

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

		(A) Beginning of year		(B) End of year		
Assets	45	Cash - non-interest-bearing	208,612.	45	271,069.	
	46	Savings and temporary cash investments		46		
	47 a	Accounts receivable	289,373.			
		b Less allowance for doubtful accounts	20,000.	283,733.	47c	269,373.
	48 a	Pledges receivable	26,390.			
		b Less allowance for doubtful accounts		20,989.	48c	26,390.
	49	Grants receivable			49	
	50	Receivables from officers, directors, trustees, and key employees			50	
	51 a	Other notes and loans receivable				
		b Less allowance for doubtful accounts			51c	
	52	Inventories for sale or use			52	
	53	Prepaid expenses and deferred charges	2,946.		53	29,881.
	54	Investments - securities			54	
	55 a	Investments - land, buildings, and equipment basis				
	b Less accumulated depreciation			55c		
56	Investments - other			56		
57 a	Land, buildings, and equipment basis	3,424,826.				
	b Less accumulated depreciation Stmt 6	1,657,809.	1,750,079.	57c	1,767,017.	
58	Other assets (describe ▶ See Statement 7 )		73,145.	58	121,476.	
59	<b>Total assets</b> (add lines 45 through 58) (must equal line 74)		2,339,504.	59	2,485,206.	
Liabilities	60	Accounts payable and accrued expenses	174,998.	60	203,270.	
	61	Grants payable		61		
	62	Deferred revenue	5,000.	62	5,800.	
	63	Loans from officers, directors, trustees, and key employees		63		
	64 a	Tax-exempt bond liabilities			64a	
		b Mortgages and other notes payable Stmt 8		927,028.	64b	877,665.
65	Other liabilities (describe ▶ Custodial Funds )		7,315.	65	8,444.	
66	<b>Total liabilities</b> (add lines 60 through 65)		1,114,341.	66	1,095,179.	
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	1,225,163.	67	1,363,992.	
	68	Temporarily restricted		68	26,035.	
	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	<b>Total net assets or fund balances</b> (add lines 67 through 69 or lines 70 through 72, column (A) must equal line 19, column (B) must equal line 21)		1,225,163.	73	1,390,027.	
74	<b>Total liabilities and net assets / fund balances</b> (add lines 66 and 73)		2,339,504.	74	2,485,206.	

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 VI Other Information Yes No

76 Did the organization engage in any activity not previously reported to the IRS? If "Yes," attach a detailed description of each activity 76 X
77 Were any changes made in the organizing or governing documents but not reported to the IRS? 77 X
78 a Did the organization have unrelated business gross income of \$1,000 or more during the year covered by this return? 78a X
b If "Yes," has it filed a tax return on Form 990-T for this year? N/A 78b
79 Was there a liquidation, dissolution, termination, or substantial contraction during the year? 79 X
80 a Is the organization related (other than by association with a statewide or nationwide organization) through common membership, governing bodies, trustees, officers, etc., to any other exempt or nonexempt organization? 80a X
b If "Yes," enter the name of the organization and check whether it is exempt or nonexempt
81 a Enter direct or indirect political expenditures See line 81 instructions 81a 0.
b Did the organization file Form 1120-POL for this year? 81b X
82 a Did the organization receive donated services or the use of materials, equipment, or facilities at no charge or at substantially less than fair rental value? 82a X
b If "Yes," you may indicate the value of these items here Do not include this amount as revenue in Part I or as an expense in Part II (See instructions in Part III) 82b N/A
83 a Did the organization comply with the public inspection requirements for returns and exemption applications? 83a X
b Did the organization comply with the disclosure requirements relating to quid pro quo contributions? 83b X
84 a Did the organization solicit any contributions or gifts that were not tax deductible? 84a X
b If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible? 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? N/A 85b
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? N/A 85g
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? N/A 85h
86 501(c)(7) organizations Enter a Initiation fees and capital contributions included on line 12 86a N/A
b Gross receipts, included on line 12, for public use of club facilities 86b N/A
87 501(c)(12) organizations Enter a Gross income from members or shareholders 87a N/A
b Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them) 87b N/A
88 At any time during the year, did the organization own a 50% or greater interest in a taxable corporation or partnership, or an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? If "Yes," complete Part IX 88 X
89 a 501(c)(3) organizations Enter Amount of tax imposed on the organization during the year under section 4911 0., section 4912 0., section 4955 0.
b 501(c)(3) and 501(c)(4) organizations Did the organization engage in any section 4958 excess benefit transaction during the year or did it become aware of an excess benefit transaction from a prior year? If "Yes," attach a statement explaining each transaction
c Enter Amount of tax imposed on the organization managers or disqualified persons during the year under sections 4912, 4955 and 4958 0.
d Enter Amount of tax on line 89c, above, reimbursed by the organization 0.
90 a List the states with which a copy of this return is filed None
b Number of employees employed in the pay period that includes March 12, 2002 90b 250
91 The books are in care of Mark Witmer, Executive Director Telephone no (319) 236-0901
Located at 3420 University Avenue, Waterloo IA ZIP + 4 50701-2008

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

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

	Unrelated business income		Excluded by section 512, 513 or 514		(E) Related or exempt function income
	(A) Business code	(B) Amount	(C) Exclu- sion code	(D) Amount	
<b>93</b> Program service revenue					
<b>a</b> <u>Program fees</u>					2,650,449.
<b>b</b> <u>Contract work</u>					133,318.
<b>c</b> _____					
<b>d</b> _____					
<b>e</b> _____					
<b>f</b> Medicare/Medicaid payments					
<b>g</b> Fees and contracts from government agencies					
<b>94</b> Membership dues and assessments					
<b>95</b> Interest on savings and temporary cash investments			14	2.	
<b>96</b> Dividends and interest from securities					
<b>97</b> Net rental income or (loss) from real estate					
<b>a</b> debt-financed property			30	42,640.	
<b>b</b> not debt-financed property					
<b>98</b> Net rental income or (loss) from personal property					
<b>99</b> Other investment income					
<b>100</b> Gain or (loss) from sales of assets other than inventory					
<b>101</b> Net income or (loss) from special events					
<b>102</b> Gross profit or (loss) from sales of inventory					
<b>103</b> Other revenue					
<b>a</b> <u>Miscellaneous</u>					1,951.
<b>b</b> _____					
<b>c</b> _____					
<b>d</b> _____					
<b>e</b> _____					
<b>104</b> Subtotal (add columns (B), (D) and (E))		0.		42,642.	2,785,718.
<b>105</b> Total (add line 104, columns (B), (D), and (E))					2,828,360.

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)
▼	See Statement 12

**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 8878 and Form 4720 (see instructions)

I, Mark White, Executive Director, accompanying schedules and statements, and to the best of my knowledge and belief, it is true, information of which preparer has any knowledge

Date: 2-15-03      Type or print name and title: Mark White, Executive Director

Date: \_\_\_\_\_      Check if: \_\_\_\_\_      Preparer's SSN or PTIN: \_\_\_\_\_

**SCHEDULE A**  
(Form 990 or 990-EZ)

Department of the Treasury  
Internal Revenue Service

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

(Except Private Foundation) and Section 501(a), 501(f), 501(k),  
501(n), or Section 4947(a)(1) Nonexempt Charitable Trust

**Supplementary Information-(See separate instructions.)**

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

OMB No. 1545-0047

**2002**

Name of the organization: **Adults Incorporated** Employer identification number: **42 1038039**

**Part I Compensation of the Five Highest Paid Employees Other Than Officers, Directors, and Trustees**  
(See page 1 of the instructions. List each one. If there are none, enter "None.")

(a) Name and address of each employee paid more than \$50,000	(b) Title and average hours per week devoted to position	(c) Compensation	(d) Contributions to employee benefit plans & deferred compensation	(e) Expense account and other allowances
None				
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Total number of other employees paid over \$50,000 ▶ **0**

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

(a) Name and address of each independent contractor paid more than \$50,000	(b) Type of service	(c) Compensation
None		
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Total number of others receiving over \$50,000 for professional services ▶ **0**

<b>Part III</b> Statements About Activities (See page 2 of the instructions)	Yes	No
<b>1</b> During the year, has the organization attempted to influence national, state, or local legislation, including any attempt to influence public opinion on a legislative matter or referendum? If "Yes," enter the total expenses paid or incurred in connection with the lobbying activities ▶ \$ _____ \$ _____ (Must equal amounts on line 38, Part VI-A, or line i of Part VI-B) Organizations that made an election under section 501(h) by filing Form 5768 must complete Part VI-A Other organizations checking "Yes," must complete Part VI-B AND attach a statement giving a detailed description of the lobbying activities	1	X
<b>2</b> During the year, has the organization, either directly or indirectly, engaged in any of the following acts with any substantial contributors, trustees, directors, officers, creators, key employees, or members of their families, or with any taxable organization with which any such person is affiliated as an officer, director, trustee, majority owner, or principal beneficiary? (If the answer to any question is "Yes," attach a detailed statement explaining the transactions) See Statement 13		
<b>a</b> Sale, exchange, or leasing of property?	2a	X
<b>b</b> Lending of money or other extension of credit?	2b	X
<b>c</b> Furnishing of goods, services, or facilities?	2c	X
<b>d</b> Payment of compensation (or payment or reimbursement of expenses if more than \$1,000)?	2d	X
<b>e</b> Transfer of any part of its income or assets?	2e	X
<b>3</b> Does the organization make grants for scholarships, fellowships, student loans, etc? (See Note below)	3	X
<b>4</b> Do you have a section 403(b) annuity plan for your employees?	4	X
<b>Note</b> 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		

<b>Part IV</b> 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)
<b>5</b> <input type="checkbox"/> A church, convention of churches, or association of churches Section 170(b)(1)(A)(i)
<b>6</b> <input type="checkbox"/> A school Section 170(b)(1)(A)(ii) (Also complete Part V)
<b>7</b> <input type="checkbox"/> A hospital or a cooperative hospital service organization Section 170(b)(1)(A)(iii)
<b>8</b> <input type="checkbox"/> A Federal, state, or local government or governmental unit Section 170(b)(1)(A)(v)
<b>9</b> <input type="checkbox"/> A medical research organization operated in conjunction with a hospital Section 170(b)(1)(A)(iii) Enter the hospital's name, city, and state ▶ _____
<b>10</b> <input type="checkbox"/> An organization operated for the benefit of a college or university owned or operated by a governmental unit Section 170(b)(1)(A)(iv) (Also complete the Support Schedule in Part IV-A)
<b>11a</b> <input type="checkbox"/> An organization that normally receives a substantial part of its support from a governmental unit or from the general public Section 170(b)(1)(A)(vi) (Also complete the Support Schedule in Part IV-A)
<b>11b</b> <input type="checkbox"/> A community trust Section 170(b)(1)(A)(vi) (Also complete the Support Schedule in Part IV-A)
<b>12</b> <input checked="" type="checkbox"/> An organization that normally receives (1) more than 33 1/3% of its support from contributions, membership fees, and gross receipts from activities related to its charitable etc., functions - subject to certain exceptions, and (2) no more than 33 1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975 See section 509(a)(2) (Also complete the Support Schedule in Part IV-A)
<b>13</b> <input type="checkbox"/> An organization that is not controlled by any disqualified persons (other than foundation managers) and supports organizations described in (1) lines 5 through 12 above, or (2) 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
<b>14</b> <input type="checkbox"/> 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)	2,924,653.	2,880,460.	2,818,153.	2,528,152.	11,151,418.
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	161,141.	146,455.	147,837.	148,436.	603,869.
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	3,085,794.	3,026,915.	2,965,990.	2,676,588.	11,755,287.
24 Line 23 minus line 17	3,085,794.	3,026,915.	2,965,990.	2,676,588.	11,755,287.
25 Enter 1% of line 23	30,858.	30,269.	29,660.	26,766.	

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

27 Organizations described on line 12	a For amounts included in lines 15, 16, and 17 that were received from a "disqualified person," prepare a list for your records to show the name of, and total amounts received in each year from, each "disqualified person" Do not file this list with your return Enter the sum of such amounts for each year	(2001) 0.	(2000) 0.	(1999) 0.	(1998) 0.
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	(2001) 0.	(2000) 0.	(1999) 0.	(1998) 0.	
c Add Amounts from column (e) for lines 15 <u>11,151,418.</u> 16 _____ 17 _____ 20 _____ 21 _____	27c	11,151,418.			
d Add Line 27a total <u>0.</u> and line 27b total <u>0.</u>	27d	0.			
e Public support (line 27c total minus line 27d total)	27e	11,151,418.			
f Total support for section 509(a)(2) test Enter amount on line 23, column (e)	27f	11,755,287.			
g Public support percentage (line 27e (numerator) divided by line 27f (denominator))	27g	94.8630%			
h Investment income percentage (line 18, column (e) (numerator) divided by line 27f (denominator))	27h	5.1370%			

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

None

**Part V Private School Questionnaire** (See page 7 of the instructions )

N/A

(To be completed ONLY by schools that checked the box on line 6 in Part IV)

**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?

Yes No

**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?

**31**

If "Yes," please describe, if "No," please explain (If you need more space, attach a separate statement )

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**32** Does the organization maintain the following

- a** Records indicating the racial composition of the student body, faculty, and administrative staff?
- b** Records documenting that scholarships and other financial assistance are awarded on a racially nondiscriminatory basis?
- c** Copies of all catalogues, brochures, announcements, and other written communications to the public dealing with student admissions programs, and scholarships?
- d** Copies of all material used by the organization or on its behalf to solicit contributions?

**32a**

**32b**

**32c**

**32d**

If you answered "No" to any of the above, please explain (If you need more space attach a separate statement )

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**33** Does the organization discriminate by race in any way with respect to

- a** Students' rights or privileges?
- b** Admissions policies?
- c** Employment of faculty or administrative staff?
- d** Scholarships or other financial assistance?
- e** Educational policies?
- f** Use of facilities?
- g** Athletic programs?
- h** Other extracurricular activities?

**33a**

**33b**

**33c**

**33d**

**33e**

**33f**

**33g**

**33h**

If you answered "Yes" to any of the above, please explain (If you need more space, attach a separate statement )

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**34 a** 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?

**34b**

If you answered "Yes" to either 34a or b, please explain using an attached statement

**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)

N/A

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

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

Limits on Lobbying Expenditures (The term "expenditures" means amounts paid or incurred )		(a) Affiliated group totals	(b) To be completed for ALL electing organizations
		N/A	
36	Total lobbying expenditures to influence public opinion (grassroots lobbying)	36	
37	Total lobbying expenditures to influence a legislative body (direct lobbying)	37	
38	Total lobbying expenditures (add lines 36 and 37)	38	
39	Other exempt purpose expenditures	39	
40	Total exempt purpose expenditures (add lines 38 and 39)	40	
41	Lobbying nontaxable amount Enter the amount from the following table - If the amount on line 40 is - The lobbying nontaxable amount is - Not over \$500,000 20% of the amount on line 40 Over \$500,000 but not over \$1,000,000 \$100,000 plus 15% of the excess over \$500,000 Over \$1,000,000 but not over \$1,500,000 \$175,000 plus 10% of the excess over \$1,000,000 Over \$1,500,000 but not over \$17,000,000 \$225,000 plus 5% of the excess over \$1,500,000 Over \$17,000,000 \$1,000,000	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	
<b>Caution</b> If there is an amount on either line 43 or line 44, you must file Form 4720			

**4-Year Averaging Period Under Section 501(h)**

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

Calendar year (or fiscal year beginning in)	Lobbying Expenditures During 4-Year Averaging Period				N/A (e) Total
	(a) 2002	(b) 2001	(c) 2000	(d) 1999	
45	Lobbying nontaxable amount				0.
46	Lobbying ceiling amount (150% of line 45(e))				0.
47	Total lobbying expenditures				0.
48	Grassroots nontaxable amount				0.
49	Grassroots ceiling amount (150% of line 48(e))				0.
50	Grassroots lobbying expenditures				0.

**Part VI-B Lobbying Activity by Nonelecting Public Charities**

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

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	Yes	No	Amount
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 )			0.

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



**Depreciation and Amortization** 990  
(Including Information on Listed Property)

▶ See separate instructions ▶ Attach to your tax return

Name(s) shown on return

Business or activity to which this form relates

Identifying number

**Adults Incorporated**

Form 990 Page 2

42-1038039

**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 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 2001 Form 4562	10	
11	Business income limitation Enter the smaller of business income (not less than zero) or line 5	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 2003 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 qualified property (other than listed property) placed in service during the tax year (see instructions)	14	
15	Property subject to section 168(f)(1) election (see instructions)	15	
16	Other depreciation (including ACRS) (see instructions)	16	99,322.

**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 2002	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 2002 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
19a 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	
	/		27 5 yrs	MM	S/L	
i Nonresidential real property	/		39 yrs	MM	S/L	
	/			MM	S/L	

**Section C - Assets Placed in Service During 2002 Tax Year Using the Alternative Depreciation System**

20a 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 instr	22	99,322.
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	

**Part V. Listed Property** (include automobiles, certain other vehicles, cellular telephones, certain computers, and property used for entertainment, recreation, or amusement)  
**Note** For any vehicle for which you are using the standard mileage rate or deducting lease expense, complete only 24a, 24b, columns (a) through (c) of Section A, all of Section B, and Section C if applicable

**Section A - Depreciation and Other Information** (Caution See instructions for limits for passenger automobiles )

24a Do you have evidence to support the business/investment use claimed?  Yes  No 24b If "Yes," is the evidence written?  Yes  No

(a) Type of property (list vehicles first )	(b) Date placed in service	(c) Business/ investment use percentage	(d) Cost or other basis	(e) Basis for depreciation (business/investment use only)	(f) Recovery period	(g) Method/ Convention	(h) Depreciation deduction	(i) Elected section 179 cost
25 Special depreciation allowance for qualified listed property placed in service during the tax year and used more than 50% in a qualified business use							25	
26 Property used more than 50% in a qualified business use								
		%						
		%						
		%						
27 Property used 50% or less in a qualified business use								
		%				S/L		
		%				S/L -		
		%				S/L		
28 Add amounts in column (h), lines 25 through 27 Enter here and on line 21, page 1							28	
29 Add amounts in column (i), line 26 Enter here and on line 7, page 1								29

**Section B - Information on Use of Vehicles**

Complete this section for vehicles used by a sole proprietor, partner, or other "more than 5% owner," or related person  
 If you provided vehicles to your employees, first answer the questions in Section C to see if you meet an exception to completing this section for those vehicles

	(a) Vehicle		(b) Vehicle		(c) Vehicle		(d) Vehicle		(e) Vehicle		(f) Vehicle	
	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
30 Total business/investment miles driven during the year (do not include commuting miles)												
31 Total commuting miles driven during the year												
32 Total other personal (noncommuting) miles driven												
33 Total miles driven during the year Add lines 30 through 32												
34 Was the vehicle available for personal use during off-duty hours?												
35 Was the vehicle used primarily by a more than 5% owner or related person?												
36 Is another vehicle available for personal use?												

**Section C - Questions for Employers Who Provide Vehicles for Use by Their Employees**

Answer these questions to determine if you meet an exception to completing Section B for vehicles used by employees who are not more than 5% owners or related persons

	Yes	No
37 Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees?		
38 Do you maintain a written policy statement that prohibits personal use of vehicles, except commuting, by your employees? See instructions for vehicles used by corporate officers, directors, or 1% or more owners		
39 Do you treat all use of vehicles by employees as personal use?		
40 Do you provide more than five vehicles to your employees, obtain information from your employees about the use of the vehicles, and retain the information received?		
41 Do you meet the requirements concerning qualified automobile demonstration use? <b>Note:</b> If your answer to 37, 38, 39, 40, or 41 is "Yes," do not complete Section B for the covered vehicles		

**Part VI Amortization**

(a) Description of costs	(b) Date amortization begins	(c) Amortizable amount	(d) Code section	(e) Amortization period of percentage	(f) Amortization for this year
42 Amortization of costs that begins during your 2002 tax year					
43 Amortization of costs that began before your 2002 tax year					43
44 Total Add amounts in column (f) See instructions for where to report					44

**Depreciation and Amortization RENT 1**  
(Including Information on Listed Property)

▶ See separate instructions ▶ Attach to your tax return

Name(s) shown on return

**Adults Incorporated**

Business or activity to which this form relates

**3420 UNIVERSITY AVE,  
WATERLOO**

Identifying number

**42-1038039**

**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 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 2001 Form 4562	10	
11	Business income limitation Enter the smaller of business income (not less than zero) or line 5	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 2003 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 qualified property (other than listed property) placed in service during the tax year (see instructions)	14	
15	Property subject to section 168(f)(1) election (see instructions)	15	
16	Other depreciation (including ACRS) (see instructions)	16	30,442.

**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 2002	17	
18	If you are electing under section 168(f)(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 2002 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
19a 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	
	/		27.5 yrs	MM	S/L	
i Nonresidential real property	/		39 yrs	MM	S/L	
	/			MM	S/L	

**Section C - Assets Placed in Service During 2002 Tax Year Using the Alternative Depreciation System**

20a 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 instr	22	30,442.
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	

**Part V Listed Property** (Include automobiles, certain other vehicles, cellular telephones, certain computers, and property used for entertainment, recreation, or amusement.)

**Note:** For any vehicle for which you are using the standard mileage rate or deducting lease expense, complete only 24a, 24b, columns (a) through (c) of Section A, all of Section B, and Section C if applicable.

**Section A - Depreciation and Other Information** (Caution. See instructions for limits for passenger automobiles.)

24a Do you have evidence to support the business/investment use claimed? <input type="checkbox"/> Yes <input type="checkbox"/> No					24b If "Yes," is the evidence written? <input type="checkbox"/> Yes <input type="checkbox"/> No			
(a) Type of property (list vehicles first)	(b) Date placed in service	(c) Business/ investment use percentage	(d) Cost or other basis	(e) Basis for depreciation (business/investment use only)	(f) Recovery period	(g) Method/ Convention	(h) Depreciation deduction	(i) Elected section 179 cost
25 Special depreciation allowance for qualified listed property placed in service during the tax year and used more than 50% in a qualified business use							25	
26 Property used more than 50% in a qualified business use								
		%						
		%						
		%						
27 Property used 50% or less in a qualified business use								
		%			S/L			
		%			S/L			
		%			S/L			
28 Add amounts in column (h), lines 25 through 27. Enter here and on line 21, page 1							28	
29 Add amounts in column (i), line 26. Enter here and on line 7, page 1								29

**Section B - Information on Use of Vehicles**

Complete this section for vehicles used by a sole proprietor, partner, or other "more than 5% owner," or related person. If you provided vehicles to your employees, first answer the questions in Section C to see if you meet an exception to completing this section for those vehicles.

	(a) Vehicle		(b) Vehicle		(c) Vehicle		(d) Vehicle		(e) Vehicle		(f) Vehicle	
	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
30 Total business/investment miles driven during the year (do not include commuting miles)												
31 Total commuting miles driven during the year												
32 Total other personal (noncommuting) miles driven												
33 Total miles driven during the year Add lines 30 through 32												
34 Was the vehicle available for personal use during off-duty hours?												
35 Was the vehicle used primarily by a more than 5% owner or related person?												
36 Is another vehicle available for personal use?												

**Section C - Questions for Employers Who Provide Vehicles for Use by Their Employees**

Answer these questions to determine if you meet an exception to completing Section B for vehicles used by employees who are not more than 5% owners or related persons.

37 Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees?		Yes	No
38 Do you maintain a written policy statement that prohibits personal use of vehicles, except commuting, by your employees? See instructions for vehicles used by corporate officers, directors, or 1% or more owners.			
39 Do you treat all use of vehicles by employees as personal use?			
40 Do you provide more than five vehicles to your employees, obtain information from your employees about the use of the vehicles, and retain the information received?			
41 Do you meet the requirements concerning qualified automobile demonstration use? <b>Note:</b> If your answer to 37, 38, 39, 40, or 41 is "Yes," do not complete Section B for the covered vehicles.			

**Part VI Amortization**

(a) Description of costs	(b) Date amortization begins	(c) Amortizable amount	(d) Code section	(e) Amortization period or percentage	(f) Amortization for this year
42 Amortization of costs that begins during your 2002 tax year					
43 Amortization of costs that began before your 2002 tax year					43
44 Total. Add amounts in column (f). See instructions for where to report.					44

Form 990	Rental Income	Statement	1
Kind and Location of Property	Activity Number	Gross Rental Income	
3420 UNIVERSITY AVE, WATERLOO	1	159,678.	
Total to Form 990, Part I, line 6a		159,678.	

Form 990	Rental Expenses	Statement	2
Description	Activity Number	Amount	Total
Depreciation		30,442.	
Staff salaries		26,235.	
Pension plan contribution		627.	
Payroll taxes		2,054.	
Supplies		24,211.	
Repairs and maintenance		5,961.	
Utilities		7,084.	
Insurance		3,667.	
Interest		16,719.	
Staff Training		38.	
- SubTotal -	1		117,038.
Total to Form 990, Part I, line 6b			117,038.

Form 990	Other Changes in Net Assets or Fund Balances	Statement	3
Description		Amount	
Revaluation of Beneficial Interest		3,292.	
Prior Period Adjustment		75,342.	
Total to Form 990, Part I, line 20		78,634.	

Form 990	Other Expenses			Statement	4
Description	(A) Total	(B) Program Services	(C) Management and General	(D) Fundraising	
Food	75,877.	75,877.			
Marketing	13,111.	2,961.	10,150.		
Bad Debt	1,433.	1,433.			
Insurance	28,996.	17,272.	11,724.		
Miscellaneous	24,479.	17,961.	6,518.		
Amortization	1,826.		1,826.		
Professional fees					
	33,376.	29,079.	4,297.		
Total to Fm 990, ln 43	179,098.	144,583.	34,515.		

Form 990	Statement of Organization's Primary Exempt Purpose Part III	Statement	5
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#### Explanation

Provides adult day care and respite, employment services, and supported community living services so that individuals with disabilities can live and work in the community.

Form 990	Depreciation of Assets Not Held for Investment		Statement	6
Description	Cost or Other Basis	Accumulated Depreciation	Book Value	
Land	160,000.	0.	160,000.	
Building and improvement	2,872,608.	1,337,451.	1,535,157.	
Equipment	157,711.	129,862.	27,849.	
Furniture and fixtures	108,709.	101,204.	7,505.	
Vehicles	125,798.	89,292.	36,506.	
Total to Form 990, Part IV, ln 57	3,424,826.	1,657,809.	1,767,017.	

Form 990	Other Assets	Statement	7
<u>Description</u>		<u>Amount</u>	
	Loan Costs (Net of Amortization)		17,842.
	Deposits		0.
	Beneficial Interest in Assets Held by Trustee		103,634.
Total to Form 990, Part IV, line 58, Column B			121,476.

Form 990	Mortgages Payable	Statement	8
<u>Description</u>		<u>Balance Due</u>	
	Revenue Bonds		877,665.
Total included on Form 990, Part IV, line 64b, Column B			877,665.

Form 990	Other Revenue Not Included on Form 990	Statement	9
<u>Description</u>		<u>Amount</u>	
	Rental Expense		117,038.
	Revaluation of Beneficial Interest		3,292.
Total to Form 990, Part IV-A			120,330.

Form 990	Other Expenses Not Included on Form 990	Statement	10
<u>Description</u>		<u>Amount</u>	
	Rental Expenses		117,038.
Total to Form 990, Part IV-B			117,038.

Form 990

Part V - List of Officers, Directors,  
Trustees and Key Employees

Statement 11

Name and Address	Title and Avg Hrs/Wk	Compen- sation	Employee Ben Plan Contrib	Expense Account
Mark Witmer 3420 University Waterloo, IA 50701	Executive Director 100 %	64,808.	1,875.	0.
Howard Gallatin PO Box 1288 Waterloo, IA 50704	President Minimal	0.	0.	0.
James Thielen 828 Hilltop Waterloo, IA 50701	Vice President Minimal	0.	0.	0.
Sara Bauer 1111 W. San Marnan Drive Waterloo, IA 50701	Director Minimal	0.	0.	0.
Dr. Martin Agran 158 Schindler Center Cedar Falls, IA 50614	Director Minimal	0.	0.	0.
Dave Buck PO Box 660 Waterloo, IA 50704	Director Minimal	0.	0.	0.
Robert Burkgren 604 Bishop Avenue LaPorte City, IA 50651	Director Minimal	0.	0.	0.
Dr. Delano Cox 176 Hillcrest Road Waterloo, IA 50701	Director Minimal	0.	0.	0.
Jeanne Marquis PO Box 627 Waterloo, IA 50704-0627	Director Minimal	0.	0.	0.
Karen Ackerman P.O. Box 314 Allison, IA 50602	Director Minimal	0.	0.	0.
Don Shoultz 295 Kenilworth Road Waterloo, IA 50701	Director Minimal	0.	0.	0.



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Schedule A

Statement Regarding Activities with  
Substantial Contributors, Trustees, Directors,  
Creators, Key Employees, Etc.,  
Part III, Line 2

Statement 13

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Executive Director receives compensation and benefits.