

Form **990**

Return of Organization Exempt From Income Tax

OMB No 1545-0047

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

2002

Department of the Treasury
Internal Revenue Service

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

Open to Public Inspection

A For the 2002 calendar year, or tax year period beginning **JUN 1, 2002** and ending **MAY 31, 2003**

B Check if applicable: <input type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial return <input type="checkbox"/> Final return <input type="checkbox"/> Amended return <input type="checkbox"/> Application pending	Please use IRS label or print or type See Specific Instructions	C Name of organization Houston Upstairs Theatre School		D Employer identification number 74-2118224
		Number and street (or P O box if mail is not delivered to street address) 311 West 18th	Room/suite	E Telephone number 713-861-7408
		City or town, state or country, and ZIP + 4 Houston, TX 77008		F Accounting method <input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual <input type="checkbox"/> 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? **N/A** Yes No (If "No," attach a list)

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

I Enter 4-digit GEN ▶

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

G Web site: **www.hitstheatre.org**

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

K Check here if the organization's gross receipts are normally not more than \$25,000. The organization need not file a return with the IRS, but if the organization 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 ▶ **459,282.**

Part 1 Revenue, Expenses, and Changes in Net Assets or Fund Balances

Revenue	1 Contributions, gifts, grants, and similar amounts received				
	a Direct public support	1a	299,969.		
	b Indirect public support	1b			
	c Government contributions (grants)	1c			
	d Total (add lines 1a through 1c) (cash \$ 299,969. noncash \$ _____)	1d		299,969.	
	2 Program service revenue including government fees and contracts (from Part VII, line 93)	2		143,394.	
	3 Membership dues and assessments	3			
	4 Interest on savings and temporary cash investments	4		7,365.	
	5 Dividends and interest from securities	5			
	6 a Gross rents	6a			
b Less rental expenses	6b				
c Net rental income or (loss) (subtract line 6b from line 6a)	6c				
7 Other investment income (describe ▶ _____)	7				
8 a Gross amount from sale of assets other than inventory	(A) Securities	8a			
	(B) Other	8b			
		8c			
d Net gain or (loss) (combine line 8c, columns (A) and (B))	8d				
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				
10 a Gross sales of inventory, less returns and allowances	10a	8,554.			
	b Less cost of goods sold	10b	2,886.		
c Gross profit or (loss) from sales of inventory (attach schedule) (subtract line 10b from line 10a)	10c	5,668.			
11 Total revenue (from Part VII, line 103)	11				
12 Total revenue (add lines 1d, 2, 3, 4, 5, 6c, 7, 8d, 9c, 10c, and 11)	12		456,396.		
13 Management and general expenses (from line 44, column (B))	13		234,997.		
14 Fundraising (from line 44, column (D))	14		214,875.		
15 Payments to affiliates (attach schedule)	15		31,156.		
16 Total expenses (add lines 13 and 14, column (A))	16		481,028.		
17 Excess or (deficit) for the year (subtract line 16 from line 12)	17		<24,632.>		
18 Net assets or fund balances at beginning of year (from line 73, column (A))	18		66,848.		
19 Other changes in net assets or fund balances (attach explanation)	19		0.		
20 Net assets or fund balances at end of year (combine lines 18, 19, and 20)	20		42,216.		

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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	41,080.	36,122.
	46 Savings and temporary cash investments		27.
	47 a Accounts receivable	19,609.	
	b Less allowance for doubtful accounts		
	48 a Pledges receivable		
	b Less allowance for doubtful accounts		
	49 Grants receivable		
	50 Receivables from officers, directors, trustees, and key employees		
	51 a Other notes and loans receivable		
	b Less allowance for doubtful accounts		
	52 Inventories for sale or use		
	53 Prepaid expenses and deferred charges	7,064.	2,700.
	54 Investments - securities <input type="checkbox"/> Cost <input type="checkbox"/> FMV	21,101.	
	55 a Investments - land, buildings, and equipment basis		
	b Less accumulated depreciation		
56 Investments - other	0.	41,777.	
57 a Land, buildings, and equipment basis	410,090.		
b Less accumulated depreciation Stmt 7	315,127.		
58 Other assets (describe)			
59 Total assets (add lines 45 through 58) (must equal line 74)	208,252.	195,198.	
Liabilities	60 Accounts payable and accrued expenses	22,562.	22,395.
	61 Grants payable		
	62 Deferred revenue	17,456.	22,810.
	63 Loans from officers, directors, trustees, and key employees		2,200.
	64 a Tax-exempt bond liabilities		
	b Mortgages and other notes payable	101,386.	105,577.
	65 Other liabilities (describe)		
66 Total liabilities (add lines 60 through 65)	141,404.	152,982.	
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	65,948.	41,316.
	68 Temporarily restricted	900.	900.
	69 Permanently restricted		
	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		
	71 Paid-in or capital surplus, or land, building, and equipment fund		
	72 Retained earnings, endowment, accumulated income, or other funds		
	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)	66,848.	42,216.
	74 Total liabilities and net assets / fund balances (add lines 66 and 73)	208,252.	195,198.

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

76 Did the organization engage in any activity not previously reported to the IRS? If "Yes," attach a detailed description of each activity
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
78 a Did the organization have unrelated business gross income of \$1,000 or more during the year covered by this return?
b If "Yes," has it filed a tax return on Form 990-T for this year? N/A
79 Was there a liquidation, dissolution, termination, or substantial contraction during the year? If "Yes," attach a statement
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?
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
b Did the organization file Form 1120-POL for this year?
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?
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)
83 a Did the organization comply with the public inspection requirements for returns and exemption applications?
b Did the organization comply with the disclosure requirements relating to quid pro quo contributions?
84 a Did the organization solicit any contributions or gifts that were not tax deductible?
b If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible? N/A
85 501(c)(4), (5), or (6) organizations. a Were substantially all dues nondeductible by members? N/A
b Did the organization make only in-house lobbying expenditures of \$2,000 or less? N/A
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
c Dues, assessments, and similar amounts from members
d Section 162(e) lobbying and political expenditures
e Aggregate nondeductible amount of section 6033(e)(1)(A) dues notices
f Taxable amount of lobbying and political expenditures (line 85d less 85e)
g Does the organization elect to pay the section 6033(e) tax on the amount on line 85f? 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? N/A
86 501(c)(7) organizations. Enter. a Initiation fees and capital contributions included on line 12
b Gross receipts, included on line 12, for public use of club facilities
87 501(c)(12) organizations. Enter. a Gross income from members or shareholders
b 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
89 a 501(c)(3) organizations. Enter Amount of tax imposed on the organization during the year under section 4911; section 4912; section 4955
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
d Enter Amount of tax on line 89c, above, reimbursed by the organization
90 a List the states with which a copy of this return is filed TEXAS
b Number of employees employed in the pay period that includes March 12, 2002
91 The books are in care of Melinda Parmer Telephone no 713-861-7408
Located at 311 W. 18th Street, Houston, Tx ZIP + 4 77008
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

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) Exclu- sion code	(D) Amount	
93 Program service revenue					
a Tuition					139,002.
b Admission income			06	4,392.	
c					
d					
e					
f Medicare/Medicaid payments					
g Fees and contracts from government agencies					
94 Membership dues and assessments					
95 Interest on savings and temporary cash investments			14	7,365.	
96 Dividends and interest from securities					
97 Net rental income or (loss) from real estate					
a debt-financed property					
b not debt-financed property					
98 Net rental income or (loss) from personal property					
99 Other investment income					
100 Gain or (loss) from sales of assets other than inventory					
101 Net income or (loss) from special events					
102 Gross profit or (loss) from sales of inventory			03	5,668.	
103 Other revenue					
a					
b					
c					
d					
e					
104 Subtotal (add columns (B), (D), and (E))		0.		17,425.	139,002.
105 Total (add line 104, columns (B), (D), and (E))					156,427.

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 10

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

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

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

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

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

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

4/19/2004 Date MELINDA PARMER MANAGING DIRECTOR Type or print name and title

Date Check if self. Preparer's SSN or PTIN

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

2002

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 **Houston Upstairs Theatre School** Employer identification number **74 2118224**

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

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

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

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

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

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

Part III Statements About Activities (See page 2 of the instructions)

	Yes	No
1 During the year, has the organization attempted to influence national, state, or local legislation, including any attempt to influence public opinion on a legislative matter or referendum? If "Yes," enter the total expenses paid or incurred in connection with the lobbying activities ► \$ _____ \$ _____ (Must equal amounts on line 38, Part VI-A, or line i of Part VI-B) 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.		X
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.) See Statement 11		
a Sale, exchange, or leasing of property?		X
b Lending of money or other extension of credit?		X
c Furnishing of goods, services, or facilities?		X
d Payment of compensation (or payment or reimbursement of expenses if more than \$1,000)? See Part V, Form 990	X	
e Transfer of any part of its income or assets?		X
3 Does the organization make grants for scholarships, fellowships, student loans, etc ? (See Note below)	X	
4 Do you have a section 403(b) annuity plan for your employees?		X
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. See Statement 12		

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.** N/A
 Note: You may use the worksheet in the instructions for converting from the accrual to the cash method of accounting.

Calendar year (or fiscal year beginning in)	(a) 2001	(b) 2000	(c) 1999	(d) 1998	(e) Total
15 Gifts, grants, and contributions received. (Do not include unusual grants. See line 28.)					
16 Membership fees received					
17 Gross receipts from admissions, merchandise sold or services performed, or furnishing of facilities in any activity that is related to the organization's charitable, etc., purpose					
18 Gross income from interest, dividends, amounts received from payments on securities loans (section 512(a)(5)), rents, royalties, and unrelated business taxable income (less section 511 taxes) from businesses acquired by the organization after June 30, 1975					
19 Net income from unrelated business activities not included in line 18					
20 Tax revenues levied for the organization's benefit and either paid to it or expended on its behalf					
21 The value of services or facilities furnished to the organization by a governmental unit without charge. Do not include the value of services or facilities generally furnished to the public without charge.					
22 Other income. Attach a schedule. Do not include gain or (loss) from sale of capital assets.					
23 Total of lines 15 through 22	0.	0.	0.	0.	0.
24 Line 23 minus line 17					
25 Enter 1% of line 23					

26 Organizations described on lines 10 or 11: a Enter 2% of amount in column (e), line 24	▶ 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)	(2000)	(1999)	(1998)
b For any amount included in line 17 that was received from each person (other than "disqualified persons"), prepare a list for your records to show the name of, and amount received for each year, that was more than the larger of (1) the amount on line 25 for the year or (2) \$5,000. (Include in the list organizations described in lines 5 through 11, as well as individuals.) Do not file this list with your return. After computing the difference between the amount received and the larger amount described in (1) or (2), enter the sum of these differences (the excess amounts) for each year:	(2001)	(2000)	(1999)	(1998)
c Add Amounts from column (e) for lines 15 _____ 16 _____ 17 _____ 20 _____ 21 _____	▶ 27c	N/A		
d Add Line 27a total _____ and line 27b total _____	▶ 27d	N/A		
e Public support (line 27c total minus line 27d total)	▶ 27e	N/A		
f Total support for section 509(a)(2) test. Enter amount on line 23, column (e) ▶ 27f	N/A			
g Public support percentage (line 27e (numerator) divided by line 27f (denominator))	▶ 27g	N/A %		
h Investment income percentage (line 18, column (e) (numerator) divided by line 27f (denominator))	▶ 27h	N/A %		

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?	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) <u>The school routinely publishes its nondiscriminatory policy on the Internet in its Web Page.</u>	X	
32	Does the organization maintain the following		
a	Records indicating the racial composition of the student body, faculty, and administrative staff?	X	
b	Records documenting that scholarships and other financial assistance are awarded on a racially nondiscriminatory basis?	X	
c	Copies of all catalogues, brochures, announcements, and other written communications to the public dealing with student admissions, programs, and scholarships?	X	
d	Copies of all material used by the organization or on its behalf to solicit contributions? If you answered "No" to any of the above, please explain (If you need more space, attach a separate statement)	X	
33	Does the organization discriminate by race in any way with respect to		
a	Students' rights or privileges?		X
b	Admissions policies?		X
c	Employment of faculty or administrative staff?		X
d	Scholarships or other financial assistance?		X
e	Educational policies?		X
f	Use of facilities?		X
g	Athletic programs?		X
h	Other extracurricular activities? If you answered "Yes" to any of the above, please explain (If you need more space, attach a separate statement)		X
34 a	Does the organization receive any financial aid or assistance from a governmental agency?		X
b	Has the organization's right to such aid ever been revoked or suspended? If you answered "Yes" to either 34a or b, please explain using an attached statement		X
35	Does the organization certify that it has complied with the applicable requirements of sections 4 01 through 4 05 of Rev Proc 75-50, 1975-2 C B 587, covering racial nondiscrimination? If "No," attach an explanation	X	

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

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

4-Year Averaging Period Under Section 501(h)

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

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

Part VI-B Lobbying Activity by Nonelecting Public Charities

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

During the year, did the organization attempt to influence national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of	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.)			0.

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

2002 DEPRECIATION AND AMORTIZATION REPORT

Asset No	Description	Date Acquired	Method	Life	Line No	Unadjusted Cost Or Basis	Bus % Excl	* Reduction In Basis	Basis For Depreciation	Accumulated Depreciation	Current Sec 179	Amount Of Depreciation
1	Building - Program Services	VariesSL	VariesSL	20.00	16	229,899.			229,899.	196,067.		11,495.
2	Building Improvements Other Building	VariesSL	VariesSL	20.00	16	26,789.			26,789.	17,757.		1,339.
3	Improvements	VariesSL	VariesSL	5.00	16	7,429.			7,429.	7,429.		0.
4	Property and Equipment	VariesSL	VariesSL	5.00	16	39,170.			39,170.	39,170.		0.
5	Land	VariesL	VariesL			44,440.			44,440.			0.
6	Building - Management and General	VariesSL	VariesSL	20.00	16	12,100.			12,100.	10,319.		605.
7	New Water Fountain	0726	99SL	5.00	16	724.			724.	435.		145.
8	Garage Door	0821	99SL	5.00	16	750.			750.	338.		150.
9	Computer Equipment	0830	99SL	5.00	16	639.			639.	288.		128.
10	Software	0901	99SL	5.00	16	235.			235.	110.		47.
11	Computer Network	0901	99SL	5.00	16	205.			205.	96.		41.
12	Computer Desk	0923	99SL	5.00	16	254.			254.	119.		51.
13	Software	0923	99SL	5.00	16	85.			85.	40.		17.
14	Computer Desk Piece	1011	99SL	5.00	16	98.			98.	48.		20.
15	MAC O/S 8.5	1011	99SL	5.00	16	151.			151.	73.		30.
16	Utility Software	1018	99SL	5.00	16	331.			331.	160.		66.
17	DVD Drive & Software	1101	99SL	5.00	16	963.			963.	482.		193.
18	Laser Printer	0302	00SL	5.00	16	1,850.			1,850.	802.		370.

Asset No	Description	Date Acquired	Method	Life	Line No	Unadjusted Cost Or Basis	Bus % Excl	* Reduction In Basis	Basis For Depreciation	Accumulated Depreciation	Current Sec 179	Amount Of Depreciation
19	Clothes Racks	032200SL		5.00	16	119.			119.	52.		24.
20	Computer Equipment	041200SL		5.00	16	65.			65.	27.		13.
21	TV/VCR	042500SL		5.00	16	164.			164.	69.		33.
22	New Hard Drive	051000SL		5.00	16	270.			270.	108.		54.
23	Replace A/C Unit in Back	051900SL		5.00	16	2,700.			2,700.	1,080.		540.
24	Software/Hardware	052400SL		5.00	16	1,003.			1,003.	402.		201.
25	Cables	052600SL		5.00	16	28.			28.	12.		6.
26	Processor Upgrade	052600SL		5.00	16	351.			351.	140.		70.
27	RAM - Studio Computer	053000SL		5.00	16	358.			358.	144.		72.
28	CD-RW Burners	062300SL		5.00	16	394.			394.	151.		79.
29	Computer Parts	072400SL		5.00	16	47.			47.	17.		9.
30	Organizers	081400SL		5.00	16	279.			279.	102.		56.
31	RAM-New iMacs Inside Unit P&M	083000SL		5.00	16	274.			274.	101.		55.
32	Heating	091400SL		5.00	16	2,003.			2,003.	701.		401.
33	Computers	100200SL		5.00	16	3,072.			3,072.	1,024.		614.
34	CD Burner	101100SL		5.00	16	411.			411.	137.		82.
35	Phone Equipment	101200SL		5.00	16	580.			580.	193.		116.
36	Computer Desk	102400SL		5.00	16	417.			417.	139.		83.

Asset No	Description	Date Acquired	Method	Life	Line No	Unadjusted Cost Or Basis	Bus % Excl	* Reduction In Basis	Basis For Depreciation	Accumulated Depreciation	Current Sec 179	Amount Of Depreciation
37	Printer	121200SL		5.00	16	499.			499.	150.		100.
38	Shelves	010901SL		5.00	16	257.			257.	72.		51.
39	Refrigerators	010901SL		5.00	16	270.			270.	77.		54.
40	Cabinet/typewriter	013101SL		5.00	16	259.			259.	74.		52.
41	Sewing Machine	117700SL		5.00	16	700.			700.	222.		140.
42	Improvements	VariesSL		5.00	16	638.			638.	638.		0.
43	Parmer exp rpt	061096SL		6.00	16	146.			146.	146.		0.
44	Computer	051597SL		5.00	16	5,269.			5,269.	5,269.		0.
45	Air conditioning unit	060997SL		5.00	16	1,748.			1,748.	1,748.		0.
46	Computer software	061597SL		5.00	16	314.			314.	314.		0.
47	Theatre seats	021298SL		5.00	16	225.			225.	225.		0.
48	Music software Music	070198SL		5.00	16	284.			284.	218.		57.
49	Computer-PowerMac & Mo	070198SL		5.00	16	1,783.			1,783.	1,368.		357.
50	Phone equipment	072998SL		5.00	16	169.			169.	130.		34.
51	Software	091498SL		5.00	16	95.			95.	70.		19.
52	Printer	081798SL		5.00	16	170.			170.	128.		34.
53	Office Chair	091498SL		5.00	16	182.			182.	133.		36.
54	Music Equipment	100298SL		5.00	16	2,416.			2,416.	1,731.		483.

2002 DEPRECIATION AND AMORTIZATION REPORT

Form 990 Page 2

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Asset No	Description	Date Acquired	Method	Life	Line No	Unadjusted Cost Or Basis	Bus % Excl	Reduction In Basis	Basis For Depreciation	Accumulated Depreciation	Current Sec 179	Amount Of Depreciation
55	Music Equipment	101298SL		5.00	16	407.			407.	291.		81.
56	Installation	022799SL		5.00	16	66.			66.	42.		13.
57	Computer	091801SL		5.00	16	800.			800.	107.		160.
58	Computer	021802SL		5.00	16	2,200.			2,200.	110.		440.
59	PIANO	091401SL		5.00	16	5,000.			5,000.	750.		1,000.
60	Software	082301SL		5.00	16	6,256.			6,256.	938.		1,251.
61	Rounding	053102		.000	16							0.
62	POWER MAX 503-6241827	060302SL		5.00	16	1,363.			1,363.			273.
	* Total 990 Page 2					410,163.		0.	410,163.	293,283.	0.	21,840.
	Depr											

Form 990

Income and Cost of Goods Sold
Included on Part I, Line 10

Statement 1

Income

1. Gross receipts	8,554	
2. Returns and allowances		
3. Line 1 less line 2		8,554
4. Cost of goods sold (line 13)	2,886	
5. Gross profit (line 3 less line 4)		5,668

Cost of Goods Sold

6. Inventory at beginning of year		
7. Merchandise purchased	2,886	
8. Cost of labor		
9. Materials and supplies		
10. Other costs		
11. Add lines 6 through 10		2,886
12. Inventory at end of year		
13. Cost of goods sold (line 11 less line 12).		2,886

Form 990

Other Expenses

Statement 2

Description	(A) Total	(B) Program Services	(C) Management and General	(D) Fundraising
Royalties	2,851.	2,851.		
Sets & Props	14,084.	14,084.		
Costumes	8,548.	8,548.		
Advertising	1,678.	1,678.		
Insurance	1,775.	1,775.		
Workers Comp	707.	707.		
Miscellaneous	1,684.	1,684.		
Equipment				
Lease/Repair	456.	456.		
Advertising				
	4,366.		4,366.	
Insurance	8,085.		8,085.	
Workers Comp	3,221.		3,221.	
Miscellaneous				
	7,034.		7,034.	
Equipment				
Lease/Repair	2,076.		2,076.	
Rental Storage	8,462.		8,462.	
Royalties	52.		52.	
Sets & Props	<787.>		<787.>	
Costumes	100.		100.	
Other Fundraising				
Expenses	73.		73.	
Public Relations				
	31.			31.
Other Fundraising				
Expenses	23,610.			23,610.
Advertising				
	675.			675.
Miscellaneous				
	<91.>			<91.>
Professional Fees	51,947.	51,947.		
Credit Card Discount	678.	678.		
Public Relations	140.	140.		
Professional Fees				
	3,732.		3,732.	
Credit Card Discount	3,090.		3,090.	
Public Relations	639.		639.	
Professional Fees				
	1,527.			1,527.
Total to Fm 990, ln 43	150,443.	84,548.	40,143.	25,752.

Form 990	Statement of Program Service Accomplishments	Statement	5
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Description of Program Service Two

Achievement: To enhance the cultural climate for children in Houston, with free productions. Over 18,000 audience members attended free productions of Joseph and the Amazing Technicolor Dreamcoat involving 100 cast members, 23 professional musicians as well as 10 other theatre professionals.

	Grants	Expenses
To Form 990, Part III, line b		48,368.

Form 990	Other Investments	Statement	6
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Description	Valuation Method	Amount
Mutual Funds	Cost	41,777.
Total to Form 990, Part IV, line 56, Column B		41,777.

Form 990	Depreciation of Assets Not Held for Investment	Statement	7
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Description	Cost or Other Basis	Accumulated Depreciation	Book Value
Building - Program Services	229,899.	207,562.	22,337.
Building Improvements	26,789.	19,096.	7,693.
Other Building Improvements	7,429.	7,429.	0.
Property and Equipment	39,170.	39,170.	0.
Land	44,440.	0.	44,440.
Building - Management and General	12,100.	10,924.	1,176.
New Water Fountain	724.	580.	144.
Garage Door	750.	488.	262.
Computer Equipment	639.	416.	223.
Software	235.	157.	78.
Computer Network	205.	137.	68.
Computer Desk	254.	170.	84.
Software	85.	57.	28.

Computer Desk Piece	98.	68.	30.
MAC O/S 8.5	151.	103.	48.
Utility Software	331.	226.	105.
DVD Drive & Software	963.	675.	288.
Laser Printer	1,850.	1,172.	678.
Clothes Racks	119.	76.	43.
Computer Equipment	65.	40.	25.
TV/VCR	164.	102.	62.
New Hard Drive	270.	162.	108.
Replace A/C Unit in Back	2,700.	1,620.	1,080.
Software/Hardware	1,003.	603.	400.
Cables	28.	18.	10.
Processor Upgrade	351.	210.	141.
RAM - Studio Computer	358.	216.	142.
2 CD-RW Burners	394.	230.	164.
Computer Parts	47.	26.	21.
Organizers	279.	158.	121.
RAM-New iMacs	274.	156.	118.
Inside Unit P&M Heating	2,003.	1,102.	901.
3-Computers	3,072.	1,638.	1,434.
CD Burner	411.	219.	192.
Phone Equipment	580.	309.	271.
Computer Desk	417.	222.	195.
Printer	499.	250.	249.
Shelves	257.	123.	134.
Refrigerators	270.	131.	139.
Cabinet/typewriter	259.	126.	133.
Sewing Machine	700.	362.	338.
Improvements	638.	638.	0.
Parmer exp rpt	146.	146.	0.
Computer	5,269.	5,269.	0.
Air conditioning unit	1,748.	1,748.	0.
Computer software	314.	314.	0.
Theatre seats	225.	225.	0.
Music software	284.	275.	9.
Music Computer-PowerMac & Monitor	1,783.	1,725.	58.
Phone equipment	169.	164.	5.
Software	95.	89.	6.
Printer	170.	162.	8.
Office Chair	182.	169.	13.
Music Equipment	2,416.	2,214.	202.
Music Equipment	407.	372.	35.
Installation	66.	55.	11.
Computer	800.	267.	533.
Computer	2,200.	550.	1,650.
PIANO	5,000.	1,750.	3,250.
Software	6,256.	2,189.	4,067.
POWER MAX 503-6241827 OR	1,363.	273.	1,090.
Total to Form 990, Part IV, ln 57	410,163.	315,123.	95,040.

Form 990	Other Revenue Not Included on Form 990	Statement	8
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Description	Amount
Temporarily restricted assets released from restrictions	
Total to Form 990, Part IV-A	

Form 990	Part V - List of Officers, Directors, Trustees and Key Employees	Statement	9
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Name and Address	Title and Avg Hrs/Wk	Compen- sation	Employee Ben Plan Contrib	Expense Account
Amy Williams 311 West 18th Street Houston, TX 77008	President Part	0.	0.	0.
Beth Proctor 311 West 18th Street Houston, TX 77008	VP Events Part	0.	0.	0.
Melissa Siegel 311 West 18th Street Houston, TX 77008	VP Development Part	0.	0.	0.
Gazella Fletcher 311 West 18th Street Houston, TX 77008	VP Communications Part	0.	0.	0.
Marc Shellum 311 West 18th Street Houston, TX 77008	Secretary Part	0.	0.	0.
Deidre Grawl 311 West 18th Street Houston, TX 77008	Treasurer Part	0.	0.	0.
Steve Busby 311 West 18th Street Houston, TX 77008	Director Part	0.	0.	0.
James Castillo 311 West 18th Street Houston, TX 77008	Director Part	0.	0.	0.

Candance McCoin 311 West 18th Street Houston, TX 77008	Director Part	0.	0.	0.
Carolyn Franklin 311 West 18th Street Houston, TX 77008	Executive Director Full	47,450.	0.	0.
Dianne McGreevy 311 West 18th Street Houston, TX 77008	Director Part	0.	0.	0.
M. G. Perez 311 West 18th Street Houston, TX 77008	Director Part	0.	0.	0.
Joshua Samuels 311 West 18th Street Houston, TX 77008	Director Part	0.	0.	0.
Leslie Stanke 311 West 18th Street Houston, TX 77008	Director Part	0.	0.	0.
Deborah Stavis 311 West 18th Street Houston, TX 77008	Director Part	0.	0.	0.
Jerre Williams 311 West 18th Street Houston, TX 77008	Director Part	0.	0.	0.
Bill Hargrove	Director Part	0.	0.	0.
Totals Included on Form 990, Part V		<u>47,450.</u>	<u>0.</u>	<u>0.</u>

Form 990	Part VIII - Relationship of Activities to Accomplishment of Exempt Purposes	Statement	10
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Line	Explanation of Relationship of Activities
93	The activities included classes in musical theatre for children ages 6 to 22 and theatrical productions. Classes and productions are important to advancing the mission and exempt purposes of the organization through development of a professional children's theatre company and training school, and enrichment of the lives and development of the talents of all who participate.

Schedule A	Statement Regarding Activities with Substantial Contributors, Trustees, Directors, Creators, Key Employees, Etc,. Part III, Line 2	Statement 11
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Organization has made payments for compensation to a full-time employee-director to compensate for work performed.

Schedule A	Explanation of Qualifications to Receive Payments Part III, Line 3	Statement 12
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Recipients are determined based on financial need and talent.

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

Houston Upstairs Theatre School

Form 990 Page 2

74-2118224

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	21,840.

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	21,840.
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?		

Note: 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