

Form **990**

Return of Organization Exempt From Income Tax

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

OMB No 1545-0047

2002

Open to Public Inspection

Department of the Treasury
Internal Revenue Service

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

A For the 2002 calendar year, or tax year beginning OCT. 1, 2002, and ending SEPT. 30, 2003

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

Please use IRS label or print or type See Specific Instructions.	C Name of organization NEIGHBORHOOD MINISTRIES INC.		D Employer identification number 86: 0809052
	Number and street (or P O box if mail is not delivered to street address) Room/suite 1918 W. VAN BUREN ST.		E Telephone number (602) 252-5225
	City or town, state or country and ZIP + 4 PHOENIX AZ. 85009		F Accounting method: <input checked="" type="checkbox"/> Cash <input 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? Yes No (If "No," attach a list. See instructions.)
- H(d)** Is this a separate return filed by an organization covered by a group ruling? Yes No

G Web site: ▶

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.

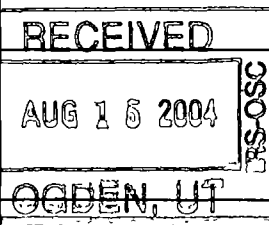
I Enter 4-digit GEN ▶

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

L Gross receipts: Add lines 6b, 8b, 9b, and 10b to line 12 ▶ 832112

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

Revenue	1 Contributions, gifts, grants, and similar amounts received:				
	a Direct public support	1a	688225		
	b Indirect public support	1b			
	c Government contributions (grants)	1c	20000		
	d Total (add lines 1a through 1c) (cash \$ 708225 noncash \$)	1d		708225	
	2 Program service revenue including government fees and contracts (from Part VII, line 93)	2		6007	
	3 Membership dues and assessments	3			
	4 Interest on savings and temporary cash investments	4		519	
	5 Dividends and interest from securities	5		9	
	6a Gross rents see 990-t and schedules	6a	117352		
	b Less: rental expenses	6b			
	c Net rental income or (loss) (subtract line 6b from line 6a)	6c		117352	
7 Other investment income (describe ▶)	7				
8a Gross amount from sales of assets other than inventory	(A) Securities		(B) Other		
		8a			
	b Less: cost or other basis and sales expenses.	8b			
	c Gain or (loss) (attach schedule)	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			
10a Gross sales of inventory, less returns and allowances	10a				
	b Less: cost of goods sold	10b			
	c Gross profit or (loss) from sales of inventory (attach schedule) (subtract line 10b from line 10a)	10c			
11 Other revenue (from Part VII, line 103)	11				
12 Total revenue (add lines 1d, 2, 3, 4, 5, 6c, 7, 8d, 9c, 10c, and 11)	12		832112		
Expenses	13 Program services (from line 44, column (B))	13	729683		
	14 Management and general (from line 44, column (C))	14	271246		
	15 Fundraising (from line 44, column (D))	15	49329		
	16 Payments to affiliates (attach schedule)	16			
	17 Total expenses (add lines 16 and 44, column (A))	17	1050257		
Net Assets	18 Excess or (deficit) for the year (subtract line 17 from line 12)	18	(218145)		
	19 Net assets or fund balances at beginning of year (from line 73, column (A))	19	2576739		
	20 Other changes in net assets or fund balances (attach explanation)	20	54		
	21 Net assets or fund balances at end of year (combine lines 18, 19, and 20)	21	2358648		



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Part II Statement of Functional Expenses

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

Do not include amounts reported on line 6b, 8b, 9b, 10b, or 16 of Part I.		(A) Total	(B) Program services	(C) Management and general	(D) Fundraising
22	Grants and allocations (attach schedule) (cash \$ _____ noncash \$ _____)				
23	Specific assistance to individuals (attach schedule)				
24	Benefits paid to or for members (attach schedule)				
25	Compensation of officers, directors, etc.	167361	117153	36819	13389
26	Other salaries and wages	219982	153987	48396	17590
27	Pension plan contributions				
28	Other employee benefits				
29	Payroll taxes	25198	19558	5207	433
30	Professional fundraising fees				
31	Accounting fees	2374	1254	1119	0
32	Legal fees	143	143		
33	Supplies	5978	5493	325	162
34	Telephone				
35	Postage and shipping	5674	1849	1263	2562
36	Occupancy	73217	52461	19874	882
37	Equipment rental and maintenance	22598	13282	9313	3
38	Printing and publications	7795	6727	587	481
39	Travel				
40	Conferences, conventions, and meetings				
41	Interest	71882	38744	33138	
42	Depreciation, depletion, etc. (attach schedule)	107165	88034	19045	86
43a	Other expenses not covered above (itemize): a	340900	230998	96161	13741
b	SEE SCHEDULE				
c					
d					
e					
44	Total functional expenses (add lines 22 through 43). <i>Organizations completing columns (B)-(D), carry these totals to lines 13-15.</i>	1050257	729683	271245	49329

Joint Costs. Check if you are following SOP 98-2.

Are any joint costs from a combined educational campaign and fundraising solicitation reported in (B) Program services? Yes No
 If "Yes," enter (i) the aggregate amount of these joint costs \$ _____; (ii) the amount allocated to Program services \$ _____; (iii) the amount allocated to Management and general \$ _____; and (iv) the amount allocated to Fundraising \$ _____

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

What is the organization's primary exempt purpose? INNER CITY MINISTRY TO YOUTHS	Program Service Expenses (Required for 501(c)(3) and (4) orgs., and 4947(a)(1) trusts, but optional for others.)
a YEAR ROUND INNER CITY MINISTRY TO YOUTHS AND ADULTS INCLUDING FOOD, CLOTHING BANK, BIBLE STUDIES, COUNSELING, JAIL VISITS AND TUTORING. (Grants and allocations \$ _____)	729683
b (Grants and allocations \$ _____)	
c (Grants and allocations \$ _____)	
d (Grants and allocations \$ _____)	
e Other program services (attach schedule) (Grants and allocations \$ _____)	
f Total of Program Service Expenses (should equal line 44, column (B), Program services)	729683

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

		(A) Beginning of year		(B) End of year	
Note: Where required, attached schedules and amounts within the description column should be for end-of-year amounts only					
Assets	45	Cash—non-interest-bearing	152930	45	51266
	46	Savings and temporary cash investments	74646	46	70646
	47a	Accounts receivable			
	b	Less: allowance for doubtful accounts	6683	47c	3474
	48a	Pledges receivable			
	b	Less: allowance for doubtful accounts		48c	
	49	Grants receivable		49	
	50	Receivables from officers, directors, trustees, and key employees (attach schedule)		50	
	51a	Other notes and loans receivable (attach schedule)			
	b	Less: allowance for doubtful accounts		51c	
	52	Inventories for sale or use		52	
	53	Prepaid expenses and deferred charges		53	
	54	Investments—securities (attach schedule) <input type="checkbox"/> Cost <input type="checkbox"/> FMV		54	
	55a	Investments—land, buildings, and equipment: basis			
	b	Less: accumulated depreciation (attach schedule)		55c	
56	Investments—other (attach schedule)		56		
57a	Land, buildings, and equipment: basis	3368505			
b	Less: accumulated depreciation (attach schedule)	248884	57c	3119621	
58	Other assets (describe <input type="checkbox"/> SECURITY DEPOSIT)	0	58	12	
59	Total assets (add lines 45 through 58) (must equal line 74)	3374673	59	3245019	
Liabilities	60	Accounts payable and accrued expenses	7085	60	1669
	61	Grants payable		61	
	62	Deferred revenue		62	
	63	Loans from officers, directors, trustees, and key employees (attach schedule)		63	
	64a	Tax-exempt bond liabilities (attach schedule)		64a	
	b	Mortgages and other notes payable (attach schedule)	790849	64b	884702
65	Other liabilities (describe <input type="checkbox"/>)		65		
66	Total liabilities (add lines 60 through 65)	797934	66	886371	
Net Assets or Fund Balances	Organizations that follow SFAS 117, check here <input type="checkbox"/> and complete lines 67 through 69 and lines 73 and 74.				
	67	Unrestricted	2505739	67	2285848
	68	Temporarily restricted		68	
	69	Permanently restricted	71000	69	71000
	Organizations that do not follow SFAS 117, check here <input type="checkbox"/> and complete lines 70 through 74.				
	70	Capital stock, trust principal, or current funds		70	
	71	Paid-in or capital surplus, or land, building, and equipment fund		71	
	72	Retained earnings, endowment, accumulated income, or other funds		72	
73	Total net assets or fund balances (add lines 67 through 69 or lines 70 through 72; column (A) must equal line 19; column (B) must equal line 21).	2576739	73	2358648	
74	Total liabilities and net assets / fund balances (add lines 66 and 73)	3374673	74	3245019	

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 (See page 27 of the instructions.)

		Yes	No
76	Did the organization engage in any activity not previously reported to the IRS? If "Yes," attach a detailed description of each activity		✓
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.		✓
78a	Did the organization have unrelated business gross income of \$1,000 or more during the year covered by this return?	✓	
78b	b If "Yes," has it filed a tax return on Form 990-T for this year?	✓	
79	Was there a liquidation, dissolution, termination, or substantial contraction during the year? If "Yes," attach a statement		✓
80a	Is the organization related (other than by association with a statewide or nationwide organization) through common membership, governing bodies, trustees, officers, etc., to any other exempt or nonexempt organization?		✓
81a	b If "Yes," enter the name of the organization ▶ and check whether it is <input type="checkbox"/> exempt or <input type="checkbox"/> nonexempt.		
81a	Enter direct or indirect political expenditures. See line 81 instructions 81a	0	
81b	b Did the organization file Form 1120-POL for this year?		✓
82a	Did the organization receive donated services or the use of materials, equipment, or facilities at no charge or at substantially less than fair rental value?		✓
82b	b If "Yes," you may indicate the value of these items here. Do not include this amount as revenue in Part I or as an expense in Part II. (See instructions in Part III.) 82b		
83a	Did the organization comply with the public inspection requirements for returns and exemption applications?	✓	
83b	b Did the organization comply with the disclosure requirements relating to quid pro quo contributions?	✓	
84a	Did the organization solicit any contributions or gifts that were not tax deductible?		✓
84b	b If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?		
85a	501(c)(4), (5), or (6) organizations. a Were substantially all dues nondeductible by members?		
85b	b Did the organization make only in-house lobbying expenditures of \$2,000 or less?		
85c	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.		
85d	c Dues, assessments, and similar amounts from members 85c		
85e	d Section 162(e) lobbying and political expenditures 85d		
85f	e Aggregate nondeductible amount of section 6033(e)(1)(A) dues notices 85e		
85g	f Taxable amount of lobbying and political expenditures (line 85d less 85e) 85f		
85h	g Does the organization elect to pay the section 6033(e) tax on the amount on line 85f? 85g		
85h	h If section 6033(e)(1)(A) dues notices were sent, does the organization agree to add the amount on line 85f to its reasonable estimate of dues allocable to nondeductible lobbying and political expenditures for the following tax year? 85h		
86a	501(c)(7) orgs. Enter: a Initiation fees and capital contributions included on line 12 86a		
86b	b Gross receipts, included on line 12, for public use of club facilities. 86b		
87a	501(c)(12) orgs. Enter: a Gross income from members or shareholders. 87a		
87b	b Gross income from other sources. (Do not net amounts due or paid to other sources against amounts due or received from them.) 87b		
88	At any time during the year, did the organization own a 50% or greater interest in a taxable corporation or partnership, or an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? If "Yes," complete Part IX		✓
89a	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	0	
89b	b 501(c)(3) and 501(c)(4) orgs. Did the organization engage in any section 4958 excess benefit transaction during the year or did it become aware of an excess benefit transaction from a prior year? If "Yes," attach a statement explaining each transaction.		✓
	c Enter: Amount of tax imposed on the organization managers or disqualified persons during the year under sections 4912, 4955, and 4958. ▶ 0	0	
	d Enter: Amount of tax on line 89c, above, reimbursed by the organization. ▶		
90a	List the states with which a copy of this return is filed ▶ ARIZONA		
90b	b Number of employees employed in the pay period that includes March 12, 2002 (See instructions.) 90b	12	
91	The books are in care of ▶ RICHARD SPECK Telephone no. ▶ (. 602) 252-3848 Located at ▶ 1918 VAN BUREN PHOENIX AZ. ZIP + 4 ▶ 85009		
92	Section 4947(a)(1) nonexempt charitable trusts filing Form 990 in lieu of Form 1041—Check here ▶ <input type="checkbox"/> and enter the amount of tax-exempt interest received or accrued during the tax year ▶ 92		

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

Note: Enter gross amounts unless otherwise indicated.

	Unrelated business income		Excluded by section 512, 513, or 514		(E) Related or exempt function income
	(A) Business code	(B) Amount	(C) Exclusion code	(D) Amount	
93 Program service revenue: a PROGRAM FEES					6007
b					
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	519	
96 Dividends and interest from securities			14	9	
97 Net rental income or (loss) from real estate:					
a debt-financed property	531120	93896			
b not debt-financed property	531120	23456			
98 Net rental income or (loss) from personal property					
99 Other investment income					
100 Gain or (loss) from sales of assets other than inventory					
101 Net income or (loss) from special events					
102 Gross profit or (loss) from sales of inventory					
103 Other revenue: a					
b					
c					
d					
e					
104 Subtotal (add columns (B), (D), and (E))		117352		528	6007
105 Total (add line 104, columns (B), (D), and (E))					6535

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

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

Line No.	Explain how each activity for which income is reported in column (E) of Part VII contributed importantly to the accomplishment of the organization's exempt purposes (other than by providing funds for such purposes)
93A	MINOR CHARGE TO CHILDREN AND YOUTH FOR SOME PROGRAMS

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

(A) Name, address, and EIN of corporation, partnership, or disregarded entity	(B) Percentage of ownership interest	(C) Nature of activities	(D) Total income	(E) End-of-year assets
NONE	%			
	%			
	%			
	%			

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

- (a) Did the organization, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract? Yes No
- (b) Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? Yes No
- Note: If "Yes" to (b), file Form 8870 and Form 4720 (see instructions).

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Please Sign Here

Signature of officer: [Signature] Date: 8/11/04
 RICHARD SPECK, EXECUTIVE DIRECTOR

Date: 8/10/04 Check if self-employed Preparer's SSN or PTIN (See Gen. Inst. W): 137201044

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		✓
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)		
a Sale, exchange, or leasing of property?		✓
b Lending of money or other extension of credit?		✓
c Furnishing of goods, services, or facilities?		✓
d See attached sch. of compensation Payment of compensation (or payment or reimbursement of expenses if more than \$1,000)?	✓	
e Transfer of any part of its income or assets?		✓
3 Does the organization make grants for scholarships, fellowships, student loans, etc.? (See Note below.)		✓
4 Do you have a section 403(b) annuity plan for your employees?		✓
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		

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

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

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

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

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

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

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

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

Calendar year (or fiscal year beginning in) . ▶	(a) 2001	(b) 2000	(c) 1999	(d) 1998	(e) Total
15 Gifts, grants, and contributions received. (Do not include unusual grants. See line 28)	9/30/02 1154032	9/30/01 1339676	9/30/00 539468	9/30/99 237974	3271150
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	1838	19539	10647	933	32957
19 Net income from unrelated business activities not included in line 18	(61096)	21102	39104		(890)
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.	1094774	1380317	589219	238907	3303217
24 Line 23 minus line 17.	1094774	1380317	589219	238907	3303217
25 Enter 1% of line 23	10948	13803	5892	2384	
26 Organizations described on lines 10 or 11: a Enter 2% of amount in column (e), line 24. ▶					26a
b Prepare a list for your records to show the name of and amount contributed by each person (other than a governmental unit or publicly supported organization) whose total gifts for 1998 through 2001 exceeded the amount shown in line 26a. Do not file this list with your return. Enter the total of all these excess amounts ▶					26b
c Total support for section 509(a)(1) test: Enter line 24, column (e) ▶					26c
d Add: Amounts from column (e) for lines: 18 _____ 19 _____ 22 _____ 26b _____ ▶					26d
e Public support (line 26c minus line 26d total) ▶					26e
f Public support percentage (line 26e (numerator) divided by line 26c (denominator)) ▶					26f %
27 Organizations described on line 12: a For amounts included in lines 15, 16, and 17 that were received from a "disqualified person," prepare a list for your records to show the name of, and total amounts received in each year from, each "disqualified person." Do not file this list with your return. Enter the sum of such amounts for each year: (2001) _____ (2000) _____ (1999) _____ (1998) _____					
b For any amount included in line 17 that was received from each person (other than "disqualified 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 <u>3271150</u> 16 _____ 17 _____ 20 _____ 21 _____ ▶					27c 3271150
d Add: Line 27a total _____ and line 27b total _____ ▶					27d 0
e Public support (line 27c total minus line 27d total). ▶					27e 3271150
f Total support for section 509(a)(2) test: Enter amount from line 23, column (e). ▶					27f 3303217
g Public support percentage (line 27e (numerator) divided by line 27f (denominator)). ▶					27g 94 %
h Investment income percentage (line 18, column (e) (numerator) divided by line 27f (denominator)). ▶					27h 01 %

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.

not applicable

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

	Yes	No
29 Does the organization have a racially nondiscriminatory policy toward students by statement in its charter, bylaws, other governing instrument, or in a resolution of its governing body?		
30 Does the organization include a statement of its racially nondiscriminatory policy toward students in all its brochures, catalogues, and other written communications with the public dealing with student admissions, programs, and scholarships?		
31 Has the organization publicized its racially nondiscriminatory policy through newspaper or broadcast media during the period of solicitation for students, or during the registration period if it has no solicitation program, in a way that makes the policy known to all parts of the general community it serves? If "Yes," please describe; if "No," please explain (If you need more space, attach a separate statement)		
32 Does the organization maintain the following:		
a Records indicating the racial composition of the student body, faculty, and administrative staff?		
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?		
If you answered "No" to any of the above, please explain (If you need more space, attach a separate statement)		
33 Does the organization discriminate by race in any way with respect to:		
a Students' rights or privileges?		
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?		
If you answered "Yes" to any of the above, please explain (If you need more space, attach a separate statement)		
34a Does the organization receive any financial aid or assistance from a governmental agency?		
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		
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		

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

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

Limits on Lobbying Expenditures		(a) Affiliated group totals	(b) To be completed for ALL electing organizations
(The term "expenditures" means amounts paid or incurred)			
36	Total lobbying expenditures to influence public opinion (grassroots lobbying)	36	0
37	Total lobbying expenditures to influence a legislative body (direct lobbying)	37	
38	Total lobbying expenditures (add lines 36 and 37)	38	0
39	Other exempt purpose expenditures	39	
40	Total exempt purpose expenditures (add lines 38 and 39)	40	0
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	0
42	Grassroots nontaxable amount (enter 25% of line 41)	42	0
43	Subtract line 42 from line 36 Enter -0- if line 42 is more than line 36	43	0
44	Subtract line 41 from line 38 Enter -0- if line 41 is more than line 38	44	0

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

4-Year Averaging Period Under Section 501(h)

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

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

Part VI-B Lobbying Activity by Nonelecting Public Charities

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

During the year, did the organization attempt to influence national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of:	Yes	No	Amount
a Volunteers			
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.)			

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

Neighborhood Ministries Inc.
Transactions by Account
As of September 30, 2003

Type	Date	Num	Name	Memo
1600 - Property, Plant & Equip				
1610 - Building				
Check	06/03/2003	4533	Logos Builders Southwest, L.L.C.	T&T Concrete, Patio Sidewalk N Center
Check	06/03/2003	4533	Logos Builders Southwest, L.L.C.	Site Wk for N C Clinic
Check	07/17/2003	5390	Logos Builders Southwest, L.L.C.	Brady Sewer Tap
Check	07/17/2003	5390	Logos Builders Southwest, L.L.C.	Locator
Check	07/17/2003	5390	Logos Builders Southwest, L.L.C.	Yahweh (Fire line, sewer tap)
Check	07/17/2003	5390	Logos Builders Southwest, L.L.C.	Sales Tax
Check	08/19/2003	5496	Logos Builders Southwest, L.L.C.	Clinic Site Work
Check	09/25/2003	5575	Logos Builders Southwest, L.L.C.	Clinic Site Work
Check	09/30/2003	5617	All Rock Supply, Inc.	Clinic Site Wk Rock for Landscaping
Total 1610 - Building				
1620 - Buses				
Check	06/24/2003	4643	Consolidated Auto Sales Inc.	Van Purchase
Total 1620 - Buses				
1630 - Land				
Total 1630 - Land				
1660 - Furniture and Fixtures				
Total 1660 - Furniture and Fixtures				
1670 - Computers & Telephone				
Check	06/27/2003	4654	Frys Electronics	Color Printer NM Office
Total 1670 - Computers & Telephone				
Total 1600 - Property, Plant & Equip				
TOTAL				

Neighborhood Ministries Inc.
Transactions by Account
As of September 30, 2003

	Class	Cir	Split	Original Amount	Paid Amount	Balance
1600 - Property, Plant & Equip						
1610 - Building						
	6000-Property Development:6010--Administrative	1010	- Bank One Checking	1,850.00	1,850.00	3,282,121.46
	6000-Property Development:6010--Administrative	1010	- Bank One Checking	2,578.23	2,578.23	2,826,034.94
	6000-Property Development:6010--Administrative	1011	- Ironstone Checking	500.00	500.00	2,827,884.94
	6000-Property Development:6010--Administrative	1011	- Ironstone Checking	150.00	150.00	2,830,463.17
	6000-Property Development:6010--Administrative	1011	- Ironstone Checking	10,000.00	10,000.00	2,830,963.17
	6000-Property Development:6010--Administrative	1011	- Ironstone Checking	697.98	697.98	2,831,113.17
	6000-Property Development:6010--Administrative	1011	- Ironstone Checking	33,524.68	33,524.68	2,841,113.17
	6000-Property Development:6010--Administrative	1011	- Ironstone Checking	23,370.12	23,370.12	2,841,811.15
	6000-Property Development:6010--Administrative	1011	- Ironstone Checking	1,332.50	1,332.50	2,875,335.83
	6000-Property Development:6010--Administrative	1011	- Ironstone Checking	74,003.51	74,003.51	2,898,705.95
	6000-Property Development:6010--Administrative	1011	- Ironstone Checking	11,093.60	11,093.60	2,900,038.45
Total 1610 - Building				11,093.60	11,093.60	17,093.60
1620 - Buses						6,000.00
Total 1620 - Buses						17,093.60
1630 - Land						346,700.00
Total 1630 - Land						346,700.00
1660 - Furniture and Fixtures						82,499.40
Total 1660 - Furniture and Fixtures						82,499.40
1670 - Computers & Telephone						20,887.12
Total 1670 - Computers & Telephone						22,173.46
Total 1600 - Property, Plant & Equip				1,286.34	1,286.34	22,173.46
TOTAL				1,286.34	1,286.34	22,173.46

NEIGHBORHOOD MINISTRIES Inco.

Balance sheet, Part IV, page 3:

Line 64 b, mort. and other notes payable:

a. 1st Mortgage loan, Ironstone Bank:	\$ 666,449
b. Notes payable from board members Malouf and Riordan: (interest free)	<u>218,253</u>
TOTAL	<u>884,702</u>

Sch Of Other Expenses

	<u>Total</u>	<u>Program</u>	<u>G&A</u>	<u>Fundraiser</u>
Auto, trans	10140	10107	33	
Bank fees etc	2661	1660	1001	
Consulting	10170			10170
Employee costs (Training, meetings, travel, etc)	11015	9530	474	1011
Insurance-Group Medical	47729	38633	8006	1090
Insurance-Liability	21171	9076	11446	649
Insurance-Property	18186	4262	13924	
Insurance-Vehicle	28553	28553		
Insurance-Other	7027	4622	2405	
Activity exp. Crafts and Supplies	11951	11951		
Activity exp. Retreats and Activities	37439	37439		
Activity exp. Food and Beverages	13625	13013	447	165
Activity exp. Other	517	517		
Construction exp.	27152		27152	
Property tax	15942		15942	
Program materials	27700	27510		190
Equipment general	18762	16785	1584	392
Gifts	4569	4357	212	
Exp. other	8554	8407	147	
Prof. services other	<u>18037</u>	<u>4576</u>	<u>13388</u>	<u>73</u>
TOTAL	340900	230998	96161	13740

Neighborhood Ministries, Inc.

List of Officers, Directors, Trustees, and Key Employees

Name & Address	Title	Ave Hrs / Wk	Compensation FY 2003	Contributions to employee Benefit Plan	Expense Accounts	Board Member FY 2004
Board Officers						
Rick Malouf 400 East Van Buren, Suite 650 Phoenix, AZ 85004 Acacia Capital Association	Chairman of Board	5.00	0 00	0 00	0.00	Yes
Mary K. Danley 1918 West Van Buren St Phoenix, AZ 85009 President - Neighborhood Ministries, Inc.	President	50.00	48,000 00	3,690 00	0 00	Yes
Dennis Husted 568 W. Moon Valley Phoenix, AZ 85023 President - Husted Engineering	Vice President	5.00	0.00	0.00	0 00	Yes
Dick Crew 7906 E. North Lane Scottsdale, AZ 85258 Self Employed / Foundation & Investment Management	Treasurer	10.00	0.00	0 00	0 00	Yes
Bill M. Thrall 1918 West Van Buren St. Phoenix, AZ 85009 Pastor / Church @ Neighborhood Center	Secretary	40.00	43,676 00	11,477 00	0.00	Yes
Board Members						
Joseph Lindner 1929 West Fillmore St. Bld C Phoenix, AZ 85009 Dental Director - The Neighborhood Christian Clinic	Director	5 00	0 00	0 00	0 00	Yes
Jorge Macias 1918 West Van Buren St Phoenix, AZ 85009 Pastor / Church @ Neighborhood Center	Director	50.00	33,685 00	7,790.00	0.00	Yes
Isiah Oakes 111 South 34 th St Phoenix, AZ 85034 Retired - Electrical Services Engineer	Director	5 00	0 00	0 00	0.00	Yes
Richard Speck 1918 West Van Buren St Phoenix, AZ 85009 Executive Director - Neighborhood Ministries, Inc.	Director	50.00	60,000 00	3,670 00	0.00	Yes
William A. Thrall 1600 East Northern Avenue, Suite 280	Director	4.00	0.00	0.00	0 00	Yes

Phoenix, AZ 85020

Mentor and Co-Founder - Leadership Catalyst

Jonathon Vento	Director	5 00	0.00	0 00	0 00	Yes
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6107 East Paradise Drive
Scottsdale, AZ 85254
Principle – Grace Capital

Key Employee

Debbi Speck	Employee	50 00	30,000.00	3,090.00	0 00	No
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1918 West Van Buren St
Phoenix, AZ 85009
Education Director - Neighborhood Ministries, Inc.