

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)

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 2003 calendar year, or tax year beginning OCT 1, 2003 and ending SEP 30, 2004

B Check if applicable: Address change, Name change, Initial return, Final return, Amended return, Application pending. C Name of organization: KIDS HOPE USA. D Employer identification number: 38-3624308. E Telephone number: (866) 546-3580. F Accounting method: Cash, Accrual.

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.

G Website: WWW.KIDSHOPEUSA.ORG

J Organization type: 501(c)(3)

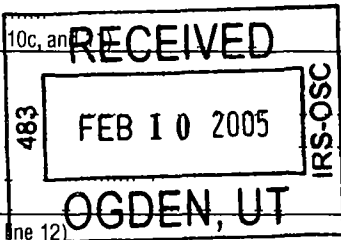
K Check here if the organization's gross receipts are normally not more than \$25,000. H(a) Is this a group return for affiliates? H(b) If "Yes," enter number of affiliates. H(c) Are all affiliates included? H(d) Is this a separate return filed by an organization covered by a group ruling?

L Gross receipts: Add lines 6b, 8b, 9b, and 10b to line 12: 515,196. M Check if the organization is not required to attach Sch. B (Form 990, 990-EZ, or 990-PF).

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

SCANNED FEB 16 2005 Revenue

Table with 21 rows and 4 columns. Rows include: 1 Contributions, gifts, grants, and similar amounts received; 2 Program service revenue including government fees and contracts; 3 Membership dues and assessments; 4 Interest on savings and temporary cash investments; 5 Dividends and interest from securities; 6a Gross rents; 6b Less: rental expenses; 6c Net rental income or (loss); 7 Other investment income; 8a Gross amount from sales of assets other than inventory; 8b Less: cost or other basis and sales expenses; 8c Gain or (loss); 8d Net gain or (loss); 9 Special events and activities; 9a Gross revenue; 9b Less: direct expenses; 9c Net income or (loss); 10a Gross sales of inventory; 10b Less: cost of goods sold; 10c Gross profit or (loss); 11 Other revenue; 12 Total revenue; 13 Program services; 14 Management and general; 15 Fundraising; 16 Payments to affiliates; 17 Total expenses; 18 Excess or (deficit) for the year; 19 Net assets or fund balances at beginning of year; 20 Other changes in net assets or fund balances; 21 Net assets or fund balances at end of year.



**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 \$ _____	22			
23	Specific assistance to individuals (attach schedule)	23			
24	Benefits paid to or for members (attach schedule)	24			
25	Compensation of officers, directors, etc.	25	164,115.	102,501.	35,208.
26	Other salaries and wages	26	92,151.	67,501.	14,172.
27	Pension plan contributions	27	10,250.	6,800.	1,975.
28	Other employee benefits	28	34,905.	23,462.	9,060.
29	Payroll taxes	29			
30	Professional fundraising fees	30			
31	Accounting fees	31	7,373.		7,373.
32	Legal fees	32	1,820.		1,820.
33	Supplies	33	7,814.		7,814.
34	Telephone	34	4,248.	1,780.	2,468.
35	Postage and shipping	35	5,004.	3,466.	277.
36	Occupancy	36	21,646.	15,259.	2,706.
37	Equipment rental and maintenance	37			
38	Printing and publications	38	42,997.	17,592.	
39	Travel	39	10,161.	9,037.	714.
40	Conferences, conventions, and meetings	40	415.	348.	67.
41	Interest	41			
42	Depreciation, depletion, etc. (attach schedule)	42	18,469.	13,019.	2,309.
43	Other expenses not covered above (itemize):				
a	_____	43a			
b	_____	43b			
c	_____	43c			
d	_____	43d			
e	SEE STATEMENT 1	43e	148,495.	142,217.	-15,259.
44	Total functional expenses (add lines 22 through 43). Organizations completing columns (B)-(D), carry these totals to lines 13-15	44	569,863.	402,982.	70,704.

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 2**

Program Service Expenses (Required for 501(c)(3) and (4) orgs. and 4947(a)(1) trusts, but optional for others)
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.)
<b>a CHURCH RECRUITMENT - ADDED 46 NEW CHURCHES TO THE KIDS HOPE USA PROGRAM GROUP.</b> _____ _____ (Grants and allocations \$ _____)
250,803.
<b>b SEE STATEMENT 3</b> _____ _____ (Grants and allocations \$ _____)
147,879.
<b>c SEE STATEMENT 4</b> _____ _____ (Grants and allocations \$ _____)
4,300.
<b>d</b> _____ _____ (Grants and allocations \$ _____)
<b>e Other program services (attach schedule)</b> _____ (Grants and allocations \$ _____)
<b>f Total of Program Service Expenses (Should equal line 44, column (B), Program services)</b>
402,982.

**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
<b>Assets</b>	45 Cash - non-interest-bearing	407,358.	45 355,834.
	46 Savings and temporary cash investments		46
	47 a Accounts receivable	47a 42,489.	
	b Less: allowance for doubtful accounts	47b	47c 42,489.
	48 a Pledges receivable	48a	
	b Less: allowance for doubtful accounts	48b	48c 100,000.
	49 Grants receivable		49
	50 Receivables from officers, directors, trustees, and key employees		50
	51 a Other notes and loans receivable	51a	
	b Less: allowance for doubtful accounts	51b	51c
	52 Inventories for sale or use		52 664.
	53 Prepaid expenses and deferred charges		53 2,849.
	54 Investments - securities	<input type="checkbox"/> Cost <input type="checkbox"/> FMV	54
	55 a Investments - land, buildings, and equipment: basis	55a	
	b Less: accumulated depreciation	55b	55c
56 Investments - other	SEE STATEMENT 5	56 0.	
57 a Land, buildings, and equipment: basis	57a 75,918.		
b Less: accumulated depreciation	57b 47,477.	57c 28,441.	
58 Other assets (describe <b>PROMOTIONAL INVENTORY</b> )		58 68,751.	
59 <b>Total assets</b> (add lines 45 through 58) (must equal line 74)		59 651,315.	
<b>Liabilities</b>	60 Accounts payable and accrued expenses	6,986.	60 3,974.
	61 Grants payable		61
	62 Deferred revenue		62
	63 Loans from officers, directors, trustees, and key employees		63
	64 a Tax-exempt bond liabilities		64a
	b Mortgages and other notes payable		64b
	65 Other liabilities (describe <b>SEE STATEMENT 6</b> )		65 13,284.
66 <b>Total liabilities</b> (add lines 60 through 65)		66 20,270.	
<b>Net Assets or Fund Balances</b>	Organizations that follow SFAS 117, check here <input checked="" type="checkbox"/> and complete lines 67 through 69 and lines 73 and 74.		
	67 Unrestricted	611,655.	67 559,803.
	68 Temporarily restricted	19,390.	68 16,575.
	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)	631,045.	73 576,378.	
74 <b>Total liabilities and net assets / fund balances</b> (add lines 66 and 73)	651,315.	74 595,715.	

Form 990 is available for public inspection and, for some people, serves as the primary or sole source of information about a particular organization. How the public perceives an organization in such cases may be determined by the information presented on its return. Therefore, please make sure the return is complete and accurate and fully describes, in Part III, the organization's programs and accomplishments.

**Part IV-A Reconciliation of Revenue per Audited Financial Statements with Revenue per Return**

a	Total revenue, gains, and other support per audited financial statements	a	515,196.
b	Amounts included on line a but not on line 12, Form 990:		
(1)	Net unrealized gains on investments \$ _____		
(2)	Donated services and use of facilities \$ _____		
(3)	Recoveries of prior year grants \$ _____		
(4)	Other (specify): \$ _____		
	Add amounts on lines (1) through (4)	b	0.
c	Line a minus line b	c	515,196.
d	Amounts included on line 12, Form 990 but not on line a:		
(1)	Investment expenses not included on line 6b, Form 990 \$ _____		
(2)	Other (specify): \$ _____		
	Add amounts on lines (1) and (2)	d	0.
e	Total revenue per line 12, Form 990 (line c plus line d)	e	515,196.

**Part IV-B Reconciliation of Expenses per Audited Financial Statements with Expenses per Return**

a	Total expenses and losses per audited financial statements	a	569,863.
b	Amounts included on line a but not on line 17, Form 990:		
(1)	Donated services and use of facilities \$ _____		
(2)	Prior year adjustments reported on line 20, Form 990 \$ _____		
(3)	Losses reported on line 20, Form 990 \$ _____		
(4)	Other (specify): \$ _____		
	Add amounts on lines (1) through (4)	b	0.
c	Line a minus line b	c	569,863.
d	Amounts included on line 17, Form 990 but not on line a:		
(1)	Investment expenses not included on line 6b, Form 990 \$ _____		
(2)	Other (specify): \$ _____		
	Add amounts on lines (1) and (2)	d	0.
e	Total expenses per line 17, Form 990 (line c plus line d)	e	569,863.

**Part V List of Officers, Directors, Trustees, and Key Employees** (List each one even if not compensated.)

(A) Name and address	(B) Title and average hours per week devoted to position	(C) Compensation (If not paid, enter -0-)	(D) Contributions to employee benefit plans & deferred compensation	(E) Expense account and other allowances
MICHAEL VOLKEMA P.O. BOX 2517 HOLLAND, MI 49422-2517	CHAIRPERSON NOMINAL	0.	0.	0.
MYLES FISH P.O. BOX 2517 HOLLAND, MI 49422-2517	SECRETARY NOMINAL	0.	0.	0.
KURT VANDEN BOSCH P.O. BOX 2517 HOLLAND, MI 49422-2517	TREASURER NOMINAL	0.	0.	0.
VIRGIL GULKER P.O. BOX 2517 HOLLAND, MI 49422-2517	EXECUTIVE DIRECTOR 50	76,095.	11,275.	0.
JINNY BULT DE JONG P.O. BOX 2517 HOLLAND, MI 49422-2517	PRESIDENT 50	88,020.	11,463.	0.
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75 Did any officer, director, trustee, or key employee receive aggregate compensation of more than \$100,000 from your organization and all related organizations, of which more than \$10,000 was provided by the related organizations? If "Yes," attach schedule.  Yes  No

Part VI Other Information

Table with columns for question number, question text, and Yes/No checkboxes. Includes rows 76 through 92 with various organizational details and financial data.

**Part VII Analysis of Income-Producing Activities** (See page 33 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 _____					
b _____					
c _____					
d _____					
e _____					
f Medicare/Medicaid payments					
g Fees and contracts from government agencies					
94 Membership dues and assessments					104,422.
95 Interest on savings and temporary cash investments			14	9,907.	
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					
103 Other revenue:					
a _____					
b _____					
c _____					
d _____					
e _____					
104 Subtotal (add columns (B), (D), and (E))		0.		9,907.	104,422.
105 Total (add line 104, columns (B), (D), and (E))					114,329.

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 34 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).
94	THE ORGANIZATION CHARGES A ONE TIME FEE TO CHURCH PARTICIPANTS IN THE PROGRAMS. THESE FEES ARE USED TO SUPPORT THE PROGRAMS.

**Part IX Information Regarding Taxable Subsidiaries and Disregarded Entities** (See page 34 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 34 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

-31-05 ▶ Jeanette Bult De Jong, President

Type or print name and title

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(e), 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

**2003**

Name of the organization **KIDS HOPE USA** Employer identification number **38 3624308**

**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	

**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)		
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)? <b>SEE PART V, FORM 990</b>	X	
e Transfer of any part of its income or assets?		X
3 a Do you make grants for scholarships, fellowships, student loans, etc.? (If "Yes," attach an explanation of how you determine that recipients qualify to receive payments.)		X
b Do you have a section 403(b) annuity plan for your employees?		X
4 Did you maintain any separate account for participating donors where donors have the right to provide advice on the use or distribution of funds?		X

**Part IV Reason for Non-Private Foundation Status** (See pages 3 through 6 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 6 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) 2002	(b) 2001	(c) 2000	(d) 1999	(e) Total
15 Gifts, grants, and contributions received. (Do not include unusual grants. See line 28.)	341,911.	689,680.			1,031,591.
16 Membership fees received	121,152.	150,310.			271,462.
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	7,267.	6,588.			13,855.
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	470,330.	846,578.	0.	0.	1,316,908.
24 Line 23 minus line 17	470,330.	846,578.			1,316,908.
25 Enter 1% of line 23	4,703.	8,466.			

26 Organizations described on lines 10 or 11: a Enter 2% of amount in column (e), line 24	▶ 26a	26,338.
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 1999 through 2002 exceeded the amount shown in line 26a. Do not file this list with your return. Enter the total of all these excess amounts	▶ 26b	0.
c Total support for section 509(a)(1) test: Enter line 24, column (e)	▶ 26c	1,316,908.
d Add: Amounts from column (e) for lines: 18 <u>13,855.</u> 19 _____ 22 _____ 26b _____	▶ 26d	13,855.
e Public support (line 26c minus line 26d total)	▶ 26e	1,303,053.
f Public support percentage (line 26e (numerator) divided by line 26c (denominator))	▶ 26f	98.9479%

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: <b>N/A</b> (2002) (2001) (2000) (1999)		
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: <b>N/A</b> (2002) (2001) (2000) (1999)		
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 <b>N/A</b>		
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 1999 through 2002, 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)**

		Yes	No
29	Does the organization have a racially nondiscriminatory policy toward students by statement in its charter, bylaws, other governing instrument, or in a resolution of its governing body?		
30	Does the organization include a statement of its racially nondiscriminatory policy toward students in all its brochures, catalogues, and other written communications with the public dealing with student admissions, programs, and scholarships?		
31	Has the organization publicized its racially nondiscriminatory policy through newspaper or broadcast media during the period of solicitation for students, or during the registration period if it has no solicitation program, in a way that makes the policy known to all parts of the general community it serves? If "Yes," please describe; if "No," please explain. (If you need more space, attach a separate statement.)		
_____			
_____			
_____			
32	Does the organization maintain the following:		
a	Records indicating the racial composition of the student body, faculty, and administrative staff?	32a	
b	Records documenting that scholarships and other financial assistance are awarded on a racially nondiscriminatory basis?	32b	
c	Copies of all catalogues, brochures, announcements, and other written communications to the public dealing with student admissions, programs, and scholarships?	32c	
d	Copies of all material used by the organization or on its behalf to solicit contributions? If you answered "No" to any of the above, please explain. (If you need more space, attach a separate statement.)	32d	
_____			
33	Does the organization discriminate by race in any way with respect to:		
a	Students' rights or privileges?	33a	
b	Admissions policies?	33b	
c	Employment of faculty or administrative staff?	33c	
d	Scholarships or other financial assistance?	33d	
e	Educational policies?	33e	
f	Use of facilities?	33f	
g	Athletic programs?	33g	
h	Other extracurricular activities? If you answered "Yes" to any of the above, please explain. (If you need more space, attach a separate statement.)	33h	
_____			
_____			
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? If you answered "Yes" to either 34a or b, please explain using an attached statement.	34b	
35	Does the organization certify that it has complied with the applicable requirements of sections 4.01 through 4.05 of Rev. Proc. 75-50, 1975-2 C.B. 587, covering racial nondiscrimination? If "No," attach an explanation	35	

**Part VI-A Lobbying Expenditures by Electing Public Charities** (See page 9 of the instructions.)

**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												
		<b>N/A</b>													
<b>36</b>	Total lobbying expenditures to influence public opinion (grassroots lobbying)	<b>36</b>													
<b>37</b>	Total lobbying expenditures to influence a legislative body (direct lobbying)	<b>37</b>													
<b>38</b>	Total lobbying expenditures (add lines 36 and 37)	<b>38</b>													
<b>39</b>	Other exempt purpose expenditures	<b>39</b>													
<b>40</b>	Total exempt purpose expenditures (add lines 38 and 39)	<b>40</b>													
<b>41</b>	Lobbying nontaxable amount. Enter the amount from the following table -														
	<table border="0"> <tr> <td><b>If the amount on line 40 is -</b></td> <td><b>The lobbying nontaxable amount is -</b></td> </tr> <tr> <td>Not over \$500,000</td> <td>20% of the amount on line 40</td> </tr> <tr> <td>Over \$500,000 but not over \$1,000,000</td> <td>\$100,000 plus 15% of the excess over \$500,000</td> </tr> <tr> <td>Over \$1,000,000 but not over \$1,500,000</td> <td>\$175,000 plus 10% of the excess over \$1,000,000</td> </tr> <tr> <td>Over \$1,500,000 but not over \$17,000,000</td> <td>\$225,000 plus 5% of the excess over \$1,500,000</td> </tr> <tr> <td>Over \$17,000,000</td> <td>\$1,000,000</td> </tr> </table>	<b>If the amount on line 40 is -</b>	<b>The lobbying nontaxable amount is -</b>	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	<b>41</b>	
<b>If the amount on line 40 is -</b>	<b>The lobbying nontaxable amount is -</b>														
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														
<b>42</b>	Grassroots nontaxable amount (enter 25% of line 41)	<b>42</b>													
<b>43</b>	Subtract line 42 from line 36. Enter -0- if line 42 is more than line 36	<b>43</b>													
<b>44</b>	Subtract line 41 from line 38. Enter -0- if line 41 is more than line 38	<b>44</b>													

**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) 2003	(b) 2002	(c) 2001	(d) 2000	(e) Total
<b>45</b>	Lobbying nontaxable amount				0.
<b>46</b>	Lobbying ceiling amount (150% of line 45(e))				0.
<b>47</b>	Total lobbying expenditures				0.
<b>48</b>	Grassroots nontaxable amount				0.
<b>49</b>	Grassroots ceiling amount (150% of line 48(e))				0.
<b>50</b>	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 12 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
<b>a</b> Volunteers			
<b>b</b> Paid staff or management (Include compensation in expenses reported on lines c through h.)			
<b>c</b> Media advertisements			
<b>d</b> Mailings to members, legislators, or the public			
<b>e</b> Publications, or published or broadcast statements			
<b>f</b> Grants to other organizations for lobbying purposes			
<b>g</b> Direct contact with legislators, their staffs, government officials, or a legislative body			
<b>h</b> Rallies, demonstrations, seminars, conventions, speeches, lectures, or any other means			
<b>i</b> 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.



**Schedule of Depreciation**

Description	Date of Srv	Tax Cost	Tax Sec 16B(k) An	2003			2004			Net Book Value	Method	Period	
				Prior Depreciation	Curr Depreciation	End Depreciation	Prior Depreciation	Curr Depreciation	End Depreciation				
<b>COMPUTER EQUIPMENT</b>													
MS Office XP Pro & Software	12/31/01	\$ 1,057.00		\$	\$ 616.58	\$	\$ 352.33	\$	\$ 968.91	\$	88.09	S/L	3.0
Raisers Edge Software	12/31/01	\$ 13,390.00		\$	\$ 7,810.83	\$	\$ 4,463.33	\$	\$ 12,274.16	\$	1,115.84	S/L	3.0
P3 Server & Misc Hardware	12/17/01	\$ 13,293.33		\$	\$ 7,754.44	\$	\$ 4,431.11	\$	\$ 12,185.55	\$	1,107.78	S/L	3.0
Inspiron 8100 P3 Computer	12/17/01	\$ 3,012.00		\$	\$ 1,757.00	\$	\$ 1,004.00	\$	\$ 2,761.00	\$	251.00	S/L	3.0
Dell Inspiron 4100 P3 Computer	12/17/01	\$ 1,754.00		\$	\$ 1,023.17	\$	\$ 584.67	\$	\$ 1,607.84	\$	146.16	S/L	3.0
Dell Inspiron 4100 P3 Computer	12/17/01	\$ 1,954.00		\$	\$ 1,139.83	\$	\$ 651.33	\$	\$ 1,791.16	\$	162.84	S/L	3.0
Dell Inspiron 4100 P3 Computer	12/17/01	\$ 1,800.00		\$	\$ 1,050.00	\$	\$ 600.00	\$	\$ 1,650.00	\$	150.00	S/L	3.0
Installation of Computer	01/16/02	\$ 369.75		\$	\$ 205.42	\$	\$ 123.25	\$	\$ 328.67	\$	41.08	S/L	3.0
Dell Inspiron 4000 P3 600	01/05/01	\$ 2,415.00		\$	\$ 1,207.50	\$	\$ 603.75	\$	\$ 1,811.25	\$	603.75	S/L	4.0
Dell Dimension 4550 computer	10/01/02	\$ 1,543.36	\$ 463.01	\$	\$ 823.13	\$	\$ 480.15	\$	\$ 1,303.28	\$	240.08	200DB	3.0
Firewall	03/01/04	\$ 376.70		\$	-	\$	\$ 156.96	\$	\$ 156.96	\$	\$ 219.74	200DB	3.0
Epson R800	03/05/04	\$ 423.98		\$	-	\$	\$ 176.66	\$	\$ 176.66	\$	\$ 247.32	200DB	3.0
Dell Inspiron 1150 Laptop	07/01/04	\$ 1,752.00		\$	-	\$	\$ 158.50	\$	\$ 158.50	\$	\$ 1,593.50	200DB	3.0
<b>COMPUTER EQUIPMENT TOTAL</b>		\$ 43,141.12	\$ 463.01	\$ 23,387.90	\$ 13,786.04	\$ 37,173.94	\$ 5,967.18						

**FURNITURE & FIXTURES**

F & F from LaVene Bus. Inte	04/30/02	\$ 23,045.97		\$	\$ 4,664.06	\$	\$ 3,292.28	\$	\$ 7,956.34	\$	15,089.63	S/L	7.0
Fire Proof File Cabinet (Donati	05/03/03	\$ 400.00		\$		\$	\$ 57.14	\$	\$ 57.14	\$	342.86	S/L	7.0
Aeron Chairs (5) (Donation)	11/27/02	\$ 3,540.00		\$		\$	\$ 505.71	\$	\$ 505.71	\$	3,034.29	S/L	7.0
File Cabinets (2) (Donation)	11/27/2002	\$ 562.00		\$		\$	\$ 80.29	\$	\$ 80.29	\$	481.71	S/L	7.0
Mission Banner	3/5/2003	\$ 1,500.00		\$		\$	\$ 214.29	\$	\$ 214.29	\$	1,285.71	S/L	7.0
<b>FURNITURE &amp; FIXTURES TOTAL</b>		\$ 29,047.97		\$ 4,664.06	\$ 4,149.71	\$ 8,813.77	\$ 20,234.20						

**OFFICE EQUIPMENT**

Phone System	12/13/01	\$ 3,129.00		\$	\$ 819.50	\$	\$ 447.00	\$	\$ 1,266.50	\$	1,862.50	S/L	7.0
Installation of Phone System	12/18/01	\$ 600.00		\$	\$ 150.00	\$	\$ 85.71	\$	\$ 235.71	\$	364.29	S/L	7.0
<b>OFFICE EQUIPMENT TOTAL</b>		\$ 3,729.00		\$ 969.50	\$ 532.71	\$ 1,502.21	\$ 2,226.79						

**GRAND TOTAL**

\$ 75,918.09 \$ 463.01 \$ 29,021.46 \$ 18,468.46 \$ 47,489.92 \$ 28,428.17

Monthly Depreciation

\$ 1,539.04

FORM 990	OTHER EXPENSES			STATEMENT 1
DESCRIPTION	(A) TOTAL	(B) PROGRAM SERVICES	(C) MANAGEMENT AND GENERAL	(D) FUNDRAISING
EMPLOYEE LEASING EXPENSE	47,927.	51,004.	-17,578.	14,501.
MISCELLANEOUS	7,645.	7,417.	220.	8.
EMPLOYEE TRAINING	26,744.	26,701.	43.	
CONSULTING	31,006.	24,575.	760.	5,671.
COMPUTERS	3,163.	1,407.	916.	840.
UTILITIES	3,041.	2,144.	380.	517.
AMORTIZATION	27,516.	27,516.		
ADVERTISING	1,453.	1,453.		
TOTAL TO FM 990, LN 43	148,495.	142,217.	-15,259.	21,537.

FORM 990 STATEMENT OF ORGANIZATION'S PRIMARY EXEMPT PURPOSE STATEMENT 2  
PART III

## EXPLANATION

TO TEACH CHURCHES TO RECRUIT, SCREEN, TRAIN, MATCH AND SUPERVISE THEIR OWN MEMBERS FOR MENTORING RELATIONSHIPS WITH AT-RISK PUBLIC ELEMENTARY SCHOOL CHILDREN.

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FORM 990                      STATEMENT OF PROGRAM SERVICE ACCOMPLISHMENTS                      STATEMENT      3

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DESCRIPTION OF PROGRAM SERVICE TWO

TRAINING AND DEVELOPMENT OF PROGRAMS - TRAINED DIRECTORS AND VOLUNTEERS TO BE MENTORS TO APPROXIMATELY 828 NEW CHILDREN. TRAINED 28 REPLACEMENT DIRECTORS FOR EXISTING PROGRAMS. SUPPORTED 271 CHURCHES SERVING 4,878 CHILDREN IN THE KIDS HOPE USA PROGRAM.

	GRANTS	EXPENSES
	<u>                    </u>	<u>                    </u>
TO FORM 990, PART III, LINE B		147,879.
	<u>                    </u>	<u>                    </u>

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FORM 990                      STATEMENT OF PROGRAM SERVICE ACCOMPLISHMENTS                      STATEMENT      4

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DESCRIPTION OF PROGRAM SERVICE THREE

EVALUATION - ALL KIDS HOPE USA PROGRAMS WERE ENCOURAGED TO USE THE EVALUATION TOOLS TO HELP ASSESS THE IMPACT OF THEIR MENTORING PROGRAMS. KHUSA NATIONAL OFFICE SURVEYED A SAMPLE OF 10 CHURCHES FOR ITS OWN STUDY AS WELL.

	GRANTS	EXPENSES
	<u>                    </u>	<u>                    </u>
TO FORM 990, PART III, LINE C		4,300.
	<u>                    </u>	<u>                    </u>

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FORM 990                      OTHER INVESTMENTS                      STATEMENT      5

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DESCRIPTION	VALUATION METHOD	AMOUNT
	<u>                    </u>	<u>                    </u>
INVESTMENTS	MARKET VALUE	116,714.
TOTAL TO FORM 990, PART IV, LINE 56, COLUMN B		116,714.
		<u>                    </u>

FORM 990

OTHER LIABILITIES

STATEMENT 6

DESCRIPTION

AMOUNT

ACCRUED PAYROLL

12,276.

ACCRUED VACATION

3,087.

TOTAL TO FORM 990, PART IV, LINE 65, COLUMN B

15,363.