

Form **990****Return of Organization Exempt From Income Tax**

OMB No. 1545-0047

2004Department of the Treasury
Internal Revenue ServiceUnder section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung
benefit trust or private foundation)

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

Open to Public
Inspection**A** For the 2004 calendar year, or tax year beginning

and ending

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
Instruc-
tions.**C** Name of organization**CHILDREN OF THE NATIONS**

Number and street (or P.O. box if mail is not delivered to street address)

PO BOX 3970

Room/suite

D Employer identification number**91-1702551****E** Telephone number**(360) 698-7227****F** Accounting method.☐ Cash☒ Accrual☐ 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 or-
ganization covered by a group ruling? ☐ Yes ☒ No**I** Group Exemption Number ▶**G** Website: **WWW.COTNI.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.**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 ▶**2,165,875.****Part I Revenue, Expenses, and Changes in Net Assets or Fund Balances**

| | | | | | |
|---|----------------|-------------------|--|------------|-------------------|
| 1 Contributions, gifts, grants, and similar amounts received: | | | | | |
| a Direct public support | 1a | 2,165,471. | | 1d | 2,165,471. |
| b Indirect public support | 1b | | | 2 | |
| c Government contributions (grants) | 1c | | | 3 | |
| d Total (add lines 1a through 1c) (cash \$ 2,165,471. noncash \$) | | | | 4 | 404. |
| 2 Program service revenue including government fees and contracts (from Part VII, line 93) | | | | 5 | |
| 3 Membership dues and assessments | | | | 6a | |
| 4 Interest on savings and temporary cash investments | | | | 6b | |
| 5 Dividends and interest from securities | | | | 6c | |
| 6a Gross rents | | | | 7 | |
| b Less: rental expenses | | | | | |
| c Net rental income or (loss) (subtract line 6b from line 6a) | | | | | |
| 7 Other investment income (describe ▶) | | | | | |
| 8a Gross amount from sales of assets other than inventory | (A) Securities | (B) Other | | | |
| b Less: cost or other basis and sales expenses | 8a | 8b | | 8d | |
| c Gain or (loss) (attach schedule) | 8c | | | | |
| d Net gain or (loss) (combine line 8c, columns (A) and (B)) | | | | | |
| 9 Special events and activities (attach schedule). If any amount is from gaming, check here <input type="checkbox"/> | | | | | |
| a Gross revenue (not including \$ of contributions reported on line 1a) | 9a | | | 9c | |
| b Less: direct expenses other than fundraising expenses | 9b | | | | |
| c Net income or (loss) from special events (subtract line 9b from line 9a) | | | | | |
| 10a Gross sales or (loss) from returns and allowances | 10a | | | 10c | |
| b Less: cost of goods sold | 10b | | | | |
| c Net gain or (loss) from sales of inventory (attach schedule) (subtract line 10b from line 10a) | | | | | |
| 11 Other revenue (from Part III, line 103) | | | | 11 | |
| 12 Total revenue (add lines 1d, 2, 3, 4, 5, 6c, 7, 8d, 9c, 10c, and 11) | | | | 12 | 2,165,875. |
| 13 Program services (from line 44, column (B)) | | | | 13 | 1,491,551. |
| 14 Management and general (from line 44, column (C)) | | | | 14 | 197,002. |
| 15 Fundraising (from line 44, column (D)) | | | | 15 | 102,932. |
| 16 Payments to affiliates (attach schedule) | | | | 16 | |
| 17 Total expenses (add lines 16 and 44, column (A)) | | | | 17 | 1,791,485. |
| 18 Excess or (deficit) for the year (subtract line 17 from line 12) | | | | 18 | 374,390. |
| 19 Net assets or fund balances at beginning of year (from line 73, column (A)) | | | | 19 | 365,683. |
| 20 Other changes in net assets or fund balances (attach explanation) | | | | 20 | 0. |
| 21 Net assets or fund balances at end of year (combine lines 18, 19, and 20) | | | | 21 | 740,073. |

423001
01-13-05

LHA For Privacy Act and Paperwork Reduction Act Notice, see the separate instructions

Form 990 (2004)

Revenue
SCANNED NOV 21 2005RECEIVED
NOV 03 2005
COTNI9/3
6

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.

Page 2

| 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) (each \$ _____ 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 71,795. | 35,897. | 17,949. | 17,949. |
| 26 Other salaries and wages | 26 315,127. | 223,335. | 77,320. | 14,472. |
| 27 Pension plan contributions | 27 | | | |
| 28 Other employee benefits | 28 | | | |
| 29 Payroll taxes | 29 9,094. | 1,030. | 8,064. | |
| 30 Professional fundraising fees | 30 | | | |
| 31 Accounting fees | 31 3,038. | | 3,038. | |
| 32 Legal fees | 32 | | | |
| 33 Supplies | 33 17,565. | | 17,565. | |
| 34 Telephone | 34 11,714. | 322. | 11,392. | |
| 35 Postage and shipping | 35 5,460. | | 5,460. | |
| 36 Occupancy | 36 36,330. | | 25,431. | 10,899. |
| 37 Equipment rental and maintenance | 37 | | | |
| 38 Printing and publications | 38 3,566. | | 3,566. | |
| 39 Travel | 39 2,809. | | 2,809. | |
| 40 Conferences, conventions, and meetings | 40 | | | |
| 41 Interest | 41 | | | |
| 42 Depreciation, depletion, etc. (attach schedule) | 42 3,388. | | 3,388. | |
| 43 Other expenses not covered above (itemize): | | | | |
| a _____ | 43a | | | |
| b _____ | 43b | | | |
| c _____ | 43c | | | |
| d _____ | 43d | | | |
| e SEE STATEMENT 1 | 43e 1,311,599. | 1,230,967. | 21,020. | 59,612. |
| 44 Total functional expenses (add lines 22 through 43). Organizations completing columns (B)-(D), carry these totals to lines 13-15. | 44 1,791,485. | 1,491,551. | 197,002. | 102,932. |

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? ▶

CARE FOR ORPHANS AND DESTITUTE CHILDREN AROUND THE WORLD.

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

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

| | |
|---|---|
| a DOMINICAN REPUBLIC: SCHOOLS AND ORPHANAGE. | |
| (Grants and allocations \$ _____) | 459,106. |
| b FEEDING PROGRAM: SERVING STARVING CHILDREN IN AFRICA, THE CARRIBEAN AND THE USA. | |
| (Grants and allocations \$ _____) | 82,178. |
| c MALAWI: ORPHANAGE AND FEEDING PROGRAM | |
| (Grants and allocations \$ _____) | 639,808. |
| d SIERRA LEONE: ORPHANAGE AND FEEDING PROGRAM. | |
| (Grants and allocations \$ _____) | 280,513. |
| e Other program services (attach schedule) STATEMENT 2 | (Grants and allocations \$ _____) 29,946. |
| f Total of Program Service Expenses (should equal line 44, column (B), Program services) | ▶ 1,491,551. |

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 | | 45 | | |
| | 46 Savings and temporary cash investments | 233,935. | 46 | 554,227. | |
| | 47 a Accounts receivable | 47a | | | |
| | b Less: allowance for doubtful accounts | 47b | 47c | | |
| | 48 a Pledges receivable | 48a | 193,178. | | |
| | b Less: allowance for doubtful accounts | 48b | 141,604. | 48c | 193,178. |
| | 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 | | |
| | 53 Prepaid expenses and deferred charges | | 53 | | |
| | 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 | | 56 | | | |
| 57 a Land, buildings, and equipment: basis | 57a | 17,289. | | | |
| b Less: accumulated depreciation STMT 3 | 57b | 7,191. | 57c | 10,098. | |
| 58 Other assets (describe <input type="checkbox"/>) | | 58 | | | |
| 59 Total assets (add lines 45 through 58) (must equal line 74) | 386,924. | 59 | 757,503. | | |
| Liabilities | 60 Accounts payable and accrued expenses | 21,241. | 60 | 17,430. | |
| | 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 <input type="checkbox"/>) | | 65 | | |
| 66 Total liabilities (add lines 60 through 65) | 21,241. | 66 | 17,430. | | |
| 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 | 93,136. | 67 | 323,385. | |
| | 68 Temporarily restricted | 272,547. | 68 | 416,688. | |
| | 69 Permanently restricted | | 69 | | |
| | Organizations that do not follow SFAS 117, check here <input type="checkbox"/> and complete lines 70 through 74. | | | | |
| | 70 Capital stock, trust principal, or current funds | | 70 | | |
| | 71 Paid-in or capital surplus, or land, building, and equipment fund | | 71 | | |
| | 72 Retained earnings, endowment, accumulated income, or other funds | | 72 | | |
| | 73 Total net assets or fund balances (add lines 67 through 69 or lines 70 through 72; column (A) must equal line 19; column (B) must equal line 21) | 365,683. | 73 | 740,073. | |
| 74 Total liabilities and net assets / fund balances (add lines 66 and 73) | 386,924. | 74 | 757,503. | | |

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 | 2,165,875. |
| 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 | 2,165,875. |
| 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 | 2,165,875. |

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

| | | | |
|-----|--|---|------------|
| a | Total expenses and losses per audited financial statements | a | 1,791,485. |
| 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 | 1,791,485. |
| 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 | 1,791,485. |

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 |
|---|--|---|---|--|
| CHRISTOPHER W. CLARK 12804 LAKE AVE NW POULSBO, WA 98370 | PRESIDENT 40 | 71,795. | 0. | 0. |
| DR. DANIEL DIAMOND 2202 WEST RIDGE CT. SILVERDALE, WA 98383 | SECRETARY 2 | 0. | 0. | 0. |
| JAMES BLESSING 4055 4TH AVE NE SEATTLE, WA 98105 | TREASURER 2 | 0. | 0. | 0. |
| DEBRA CLARK 12804 LAKE AVE NW POULSBO, WA 98370 | DIRECTOR 2 | 0. | 0. | 0. |
| REV. AUGUSTINE DAVIES 1050 22ND STREET ORLANDO, FL 32805 | DIRECTOR 2 | 0. | 0. | 0. |
| MICHAEL CANNELL 221 TORACASO CT WINTER SPRINGS, FL 32708 | DIRECTOR 2 | 0. | 0. | 0. |
| DR. MIKE JONES 1114 W. 9TH STREET PORT ANGELES, WA 98363 | DIRECTOR 2 | 0. | 0. | 0. |
| DR. MIKE JUNGKEIT 18480 VIKING WAY POULSBO, WA 98370 | DIRECTOR 2 | 0. | 0. | 0. |
| DR. MARK DESAUTEL 5004 JAMSINE TR SIOUX FALLS, SD 57108 | DIRECTOR 2 | 0. | 0. | 0. |

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 | | Yes | No |
|---------------------------|--|-----|-----|
| 76 | Did the organization engage in any activity not previously reported to the IRS? If "Yes," attach a detailed description of each activity | 76 | X |
| 77 | Were any changes made in the organizing or governing documents but not reported to the IRS? If "Yes," attach a conformed copy of the changes. | 77 | X |
| 78 a | Did the organization have unrelated business gross income of \$1,000 or more during the year covered by this return? | 78a | X |
| b | If "Yes," has it filed a tax return on Form 990-T for this year? N/A | 78b | |
| 79 | Was there a liquidation, dissolution, termination, or substantial contraction during the year? If "Yes," attach a statement | 79 | X |
| 80 a | Is the organization related (other than by association with a statewide or nationwide organization) through common membership, governing bodies, trustees, officers, etc., to any other exempt or nonexempt organization? | 80a | X |
| b | If "Yes," enter the name of the organization and check whether it is <input type="checkbox"/> exempt or <input type="checkbox"/> nonexempt. | | |
| 81 a | Enter direct or indirect political expenditures. See line 81 instructions | 81a | 0. |
| b | Did the organization file Form 1120-POL for this year? | 81b | X |
| 82 a | Did the organization receive donated services or the use of materials, equipment, or facilities at no charge or at substantially less than fair rental value? | 82a | X |
| b | If "Yes," you may indicate the value of these items here. Do not include this amount as revenue in Part I or as an expense in Part II. (See instructions in Part III.) | 82b | N/A |
| 83 a | Did the organization comply with the public inspection requirements for returns and exemption applications? | 83a | X |
| b | Did the organization comply with the disclosure requirements relating to quid pro quo contributions? | 83b | X |
| 84 a | Did the organization solicit any contributions or gifts that were not tax deductible? | 84a | X |
| b | If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible? | 84b | N/A |
| 85 | 501(c)(4), (5), or (6) organizations. a Were substantially all dues nondeductible by members? | 85a | N/A |
| b | Did the organization make only in-house lobbying expenditures of \$2,000 or less? | 85b | 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 | 85c | N/A |
| d | Section 162(e) lobbying and political expenditures | 85d | N/A |
| e | Aggregate nondeductible amount of section 6033(e)(1)(A) dues notices | 85e | N/A |
| f | Taxable amount of lobbying and political expenditures (line 85d less 85e) | 85f | N/A |
| g | Does the organization elect to pay the section 6033(e) tax on the amount on line 85f? | 85g | 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? | 85h | N/A |
| 86 | 501(c)(7) organizations. Enter: a Initiation fees and capital contributions included on line 12 | 86a | N/A |
| b | Gross receipts, included on line 12, for public use of club facilities | 86b | N/A |
| 87 | 501(c)(12) organizations. Enter: a Gross income from members or shareholders | 87a | N/A |
| b | Gross income from other sources. (Do not net amounts due or paid to other sources against amounts due or received from them.) | 87b | N/A |
| 88 | At any time during the year, did the organization own a 50% or greater interest in a taxable corporation or partnership, or an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? If "Yes," complete Part IX | 88 | X |
| 89 a | 501(c)(3) organizations. Enter: Amount of tax imposed on the organization during the year under: section 4911 <u>0.</u> ; section 4912 <u>0.</u> ; section 4955 <u>0.</u> | | |
| 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 | 89b | X |
| c | Enter: Amount of tax imposed on the organization managers or disqualified persons during the year under sections 4912, 4955, and 4958 | | 0. |
| d | Enter: Amount of tax on line 89c, above, reimbursed by the organization | | 0. |
| 90 a | List the states with which a copy of this return is filed <u>WASHINGTON</u> | | |
| b | Number of employees employed in the pay period that includes March 12, 2004 | 90b | 7 |
| 91 | The books are in care of <u>CHRISTOPHER W. CLARK</u> Telephone no. <u>(360) 698-7227</u> | | |

Located at 11992 CLEAR CREEK RD, PO BOX 3970, SILVERDALE, W ZIP + 4 98383-3970

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

Part VII Analysis of Income-Producing Activities (See page 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 | | | | | |
| 95 Interest on savings and temporary cash investments | | | 14 | 404. | |
| 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. | | 404. | 0. |
| 105 Total (add line 104, columns (B), (D), and (E)) | | | | | 404. |

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). |
|----------|---|
| ▼ | |
| | |
| | |
| | |

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

0-22-05

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

2004

Name of the organization

CHILDREN OF THE NATIONS

Employer identification number

91 1702551

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.) | 1 | | X |
| 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.) SEE STATEMENT 4 | | | |
| a | Sale, exchange, or leasing of property? | 2a | | X |
| b | Lending of money or other extension of credit? | 2b | | X |
| c | Furnishing of goods, services, or facilities? | 2c | | X |
| d | Payment of compensation (or payment or reimbursement of expenses if more than \$1,000)? | 2d | X | |
| e | Transfer of any part of its income or assets? | 2e | | X |
| 3 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.) | 3a | | X |
| b | Do you have a section 403(b) annuity plan for your employees? | 3b | | X |
| 4 a | Did you maintain any separate account for participating donors where donors have the right to provide advice on the use or distribution of funds? | 4a | | X |
| b | Do you provide credit counseling, debt management, credit repair, or debt negotiation services? | 4b | | 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 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) 2003 | (b) 2002 | (c) 2001 | (d) 2000 | (e) Total |
|---|----------------|----------|----------|----------|----------------|
| 15 Gifts, grants, and contributions received. (Do not include unusual grants. See line 28.) | 1,266,042. | 945,226. | 721,755. | 634,200. | 3,567,223. |
| 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 | 143. | 183. | 234. | 165. | 725. |
| 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 | 1,266,185. | 945,409. | 721,989. | 634,365. | 3,567,948. |
| 24 Line 23 minus line 17 | 1,266,185. | 945,409. | 721,989. | 634,365. | 3,567,948. |
| 25 Enter 1% of line 23 | 12,662. | 9,454. | 7,220. | 6,344. | |
| 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 2000 through 2003 exceeded the amount shown in line 26a. Do not file this list with your return. Enter the total 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: (2003) 104,504. (2002) 92,647. (2001) 29,609. (2000) 53,470. | | | | | |
| 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: (2003) 0. (2002) 0. (2001) 0. (2000) 0. | | | | | |
| c Add: Amounts from column (e) for lines: 15 3,567,223. 16 _____ 17 _____ 20 _____ 21 _____ | | | | | 27c 3,567,223. |
| d Add: Line 27a total 280,230. and line 27b total 0. | | | | | 27d 280,230. |
| e Public support (line 27c total minus line 27d total) | | | | | 27e 3,286,993. |
| f Total support for section 509(a)(2) test: Enter amount on line 23, column (e) | 27f 3,567,948. | | | | |
| g Public support percentage (line 27e (numerator) divided by line 27f (denominator)) | | | | | 27g 92.1256% |
| h Investment income percentage (line 18, column (e) (numerator) divided by line 27f (denominator)) | | | | | 27h .0203% |

28 Unusual Grants: For an organization described in line 10, 11, or 12 that received any unusual grants during 2000 through 2003, 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? | 29 | |
| 30 Does the organization include a statement of its racially nondiscriminatory policy toward students in all its brochures, catalogues, and other written communications with the public dealing with student admissions, programs, and scholarships? | 30 | |
| 31 Has the organization publicized its racially nondiscriminatory policy through newspaper or broadcast media during the period of solicitation for students, or during the registration period if it has no solicitation program, in a way that makes the policy known to all parts of the general community it serves? | 31 | |
| If "Yes," please describe; if "No," please explain. (If you need more space, attach a separate statement.) | | |
| | | |
| | | |
| 32 Does the organization maintain the following: | | |
| a Records indicating the racial composition of the student body, faculty, and administrative staff? | 32a | |
| b Records documenting that scholarships and other financial assistance are awarded on a racially nondiscriminatory basis? | 32b | |
| c Copies of all catalogues, brochures, announcements, and other written communications to the public dealing with student admissions, programs, and scholarships? | 32c | |
| d Copies of all material used by the organization or on its behalf to solicit contributions? | 32d | |
| If you answered "No" to any of the above, please explain. (If you need more space, attach a separate statement.) | | |
| | | |
| 33 Does the organization discriminate by race in any way with respect to: | | |
| a Students' rights or privileges? | 33a | |
| b Admissions policies? | 33b | |
| c Employment of faculty or administrative staff? | 33c | |
| d Scholarships or other financial assistance? | 33d | |
| e Educational policies? | 33e | |
| f Use of facilities? | 33f | |
| g Athletic programs? | 33g | |
| h Other extracurricular activities? | 33h | |
| If you answered "Yes" to any of the above, please explain. (If you need more space, attach a separate statement.) | | |
| | | |
| | | |
| 34 a Does the organization receive any financial aid or assistance from a governmental agency? | 34a | |
| b Has the organization's right to such aid ever been revoked or suspended? | 34b | |
| If you answered "Yes" to either 34a or b, please explain using an attached statement. | | |
| 35 Does the organization certify that it has complied with the applicable requirements of sections 4.01 through 4.05 of Rev. Proc. 75-50, 1975-2 C.B. 587, covering racial nondiscrimination? If "No," attach an explanation | 35 | |

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

N/A

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

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

| Limits on Lobbying Expenditures (The term "expenditures" means amounts paid or incurred.) | | (a) Affiliated group totals | (b) To be completed for ALL electing organizations |
|--|---|-----------------------------------|--|
| | | N/A | |
| 36 Total lobbying expenditures to influence public opinion (grassroots lobbying) | 36 | | |
| 37 Total lobbying expenditures to influence a legislative body (direct lobbying) | 37 | | |
| 38 Total lobbying expenditures (add lines 36 and 37) | 38 | | |
| 39 Other exempt purpose expenditures | 39 | | |
| 40 Total exempt purpose expenditures (add lines 38 and 39) | 40 | | |
| 41 Lobbying nontaxable amount. Enter the amount from the following table - | | | |
| If the amount on line 40 is - | The lobbying nontaxable amount is - | | |
| Not over \$500,000 | 20% of the amount on line 40 | | |
| Over \$500,000 but not over \$1,000,000 | \$100,000 plus 15% of the excess over \$500,000 | | |
| Over \$1,000,000 but not over \$1,500,000 | \$175,000 plus 10% of the excess over \$1,000,000 | | |
| Over \$1,500,000 but not over \$17,000,000 | \$225,000 plus 5% of the excess over \$1,500,000 | | |
| Over \$17,000,000 | \$1,000,000 | | |
| 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) 2004 | (b) 2003 | (c) 2002 | (d) 2001 | (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.)

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:

- 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)

| Yes | No | Amount |
|-----|----|--------|
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | 0. |

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

Schedule A (Form 990 or 990-EZ) 2004

| 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 |
|--------------------|---------------|---------------|--------|------|---------|--------------------------|------------|--------------------|------------------------|--------------------------|-----------------|------------------------|
| 11987 | CHEVROLET VAN | 091702SL | | 5.00 | 17 | 2,423. | | | 2,423. | 727. | | 485. |
| 2GREEN | TRUCK | 010100SL | | 5.00 | 17 | 3,000. | | | 3,000. | 2,100. | | 600. |
| 31996 | ISUZU VAN | 123003SL | | 5.00 | 17 | 9,765. | | | 9,765. | 976. | | 1,953. |
| 4TOSHIBA | LAPTOP | 060104SL | | 3.00 | 19A | 2,101. | | | 2,101. | | | 350. |
| * TOTAL 990 PAGE 2 | | | | | | 17,289. | | 0. | 17,289. | 3,803. | 0. | 3,388. |
| DEPR | | | | | | | | | | | | |

| FORM 990 | OTHER EXPENSES | | | STATEMENT | 1 |
|------------------------|----------------|----------------------------|----------------------------------|--------------------|---|
| DESCRIPTION | (A) TOTAL | (B) PROGRAM SERVICES | (C) MANAGEMENT AND GENERAL | (D) FUNDRAISING | |
| SHORT-TERM TEAMS | 325,121. | 325,121. | | | |
| CHILDRENS FUND | 245,934. | 245,934. | | | |
| EQUIPMENT | 257,607. | 245,555. | 6,026. | 6,026. | |
| INTERNS | 110,671. | 110,671. | | | |
| OTHER PROJECTS | 79,996. | 79,996. | | | |
| NJEW A CENTER | 54,835. | 54,835. | | | |
| CLINIC | 37,291. | 37,291. | | | |
| FEEDING | 34,537. | 34,537. | | | |
| FARM | 28,503. | 28,503. | | | |
| VILLAGE | 24,059. | 24,059. | | | |
| SKILLS CENTER | 13,945. | 13,945. | | | |
| VEHICLES | 13,012. | 13,012. | | | |
| ORPHANAGE | 9,140. | 9,140. | | | |
| BUILDING PROJECTS | 8,368. | 8,368. | | | |
| OTHER EXPENSES | 14,994. | | 14,994. | | |
| FUNDRAISING | 53,586. | | | 53,586. | |
| TOTAL TO FM 990, LN 43 | 1,311,599. | 1,230,967. | 21,020. | 59,612. | |

| FORM 990 | OTHER PROGRAM SERVICES | | STATEMENT | 2 |
|-------------------------------------|---------------------------|--|-----------|---|
| DESCRIPTION | GRANTS AND ALLOCATIONS | | EXPENSES | |
| AFRICAN STUDENTS | | | 11,566. | |
| INTERNS | | | 18,380. | |
| TOTAL TO FORM 990, PART III, LINE E | | | 29,946. | |

| FORM 990 | DEPRECIATION OF ASSETS NOT HELD FOR INVESTMENT | | | STATEMENT | 3 |
|-----------------------------------|--|-----------------------------|------------|-----------|---|
| DESCRIPTION | COST OR OTHER BASIS | ACCUMULATED DEPRECIATION | BOOK VALUE | | |
| 1987 CHEVROLET VAN | 2,423. | 1,212. | 1,211. | | |
| GREEN TRUCK | 3,000. | 2,700. | 300. | | |
| 1996 ISUZU VAN | 9,765. | 2,929. | 6,836. | | |
| TOSHIBA LAPTOP | 2,101. | 350. | 1,751. | | |
| TOTAL TO FORM 990, PART IV, LN 57 | 17,289. | 7,191. | 10,098. | | |

| | | |
|------------|---|-------------|
| SCHEDULE A | STATEMENT REGARDING ACTIVITIES WITH SUBSTANTIAL CONTRIBUTORS, TRUSTEES, DIRECTORS, CREATORS, KEY EMPLOYEES, ETC., PART III, LINE 2 | STATEMENT 4 |
|------------|---|-------------|

SALARY PAID TO CHRISTOPHER W. CLARK, PRESIDENT. NO OTHER COMPENSATION PAID
TO ANY OTHER OFFICERS OR DIRECTORS.

Depreciation and Amortization 990
(Including Information on Listed Property)

▶ See separate instructions. ▶ Attach to your tax return.

OMB No. 1545-0172

2004

Attachment
Sequence No. 67

Name(s) shown on return

Business or activity to which this form relates

Identifying number

CHILDREN OF THE NATIONS

FORM 990 PAGE 2

91-1702551

Part I Election To Expense Certain 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 | 102,000. |
| 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 | 410,000. |
| 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 the 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 2003 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 2005. 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 | |

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 2004 | 17 | 3,038. |
| 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 2004 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 | | 2,101. | 3 YRS. | HY | SL | 350. |
| 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 2004 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 | 3,388. |
| 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 |
|---|----------------|----------------|----------------|----------------|----------------|----------------|
| 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? | Yes | No | Yes | No | Yes | No |
| 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 2004 tax year | | | | | |
| | | | | | |
| 43 Amortization of costs that began before your 2004 tax year | | | | | 43 |
| 44 Total. Add amounts in column (f). See instructions for where to report | | | | | 44 |

• If you are filing for an Additional (not automatic) 3-Month Extension, complete only Part II and check this box ☒

Note: Only complete Part II if you have already been granted an automatic 3 month extension on a previously filed Form 8868

• If you are filing for an Automatic 3-Month Extension, complete only Part I (on page 1).

Part II Additional (not automatic) 3-Month Extension of Time - Must file Original and One Copy.

| | | |
|--|---|---|
| Type or print. | Name of Exempt Organization CHILDREN OF THE NATIONS | Employer identification number 91-1702551 |
| File by the extended due date for filing the return. See instructions. | Number, street, and room or suite no. If a P.O. box, see instructions PO BOX 3970 | For IRS use only |
| | City, town or post office, state, and ZIP code. For a foreign address, see instructions. SILVERDALE, WA 98383 | |

Check type of return to be filed (File a separate application for each return):

| | | | | | |
|--|--------------------------------------|--|--------------------------------------|------------------------------------|------------------------------------|
| <input checked="" type="checkbox"/> Form 990 | <input type="checkbox"/> Form 990-EZ | <input type="checkbox"/> Form 990-T (sec 401(a) or 408(a) trust) | <input type="checkbox"/> Form 1041 A | <input type="checkbox"/> Form 5227 | <input type="checkbox"/> Form 8870 |
| <input type="checkbox"/> Form 990-BL | <input type="checkbox"/> Form 990-PF | <input type="checkbox"/> Form 990-T (trust other than above) | <input type="checkbox"/> Form 4720 | <input type="checkbox"/> Form 6069 | |

STOP: Do not complete Part II if you were not already granted an automatic 3-month extension on a previously filed Form 8868.

- The books are in the care of **CHRISTOPHER W. CLARK**
Telephone No **(360) 698-7227** FAX No _____
- If the organization does not have an office or place of business in the United States, check this box ☐
- If this is for a Group Return, enter the organization's four digit Group Exemption Number (GEN) _____ If this is for the whole group, check this box ☐. If it is for part of the group, check this box ☐ and attach a list with the names and EINs of all members the extension is for

- I request an additional 3-month extension of time until **NOVEMBER 15, 2005**
- For calendar year **2004**, or other tax year beginning _____ and ending _____
- If this tax year is for less than 12 months, check reason ☐ Initial return ☐ Final return ☐ Change in accounting period
- State in detail why you need the extension

TAXPAYER IS WAITING FOR INFORMATION FROM THIRD PARTIES AND NEEDS ADDITIONAL TIME IN ORDER TO FILE A COMPLETE AND ACCURATE TAX RETURN.

- If this application is for Form 990-BL, 990-PF, 990-T, 4720, or 6069, enter the tentative tax, less any nonrefundable credits. See instructions. \$ _____
- If this application is for Form 990-PF, 990-T, 4720, or 6069, enter any refundable credits and estimated tax payments made. Include any prior year overpayment allowed as a credit and any amount paid previously with Form 8868. \$ _____
- Balance Due. Subtract line 8b from line 8a. Include your payment with this form, or, if required, deposit with FTD coupon or, if required, by using EFTPS (Electronic Federal Tax Payment System). See instructions. \$ **N/A**

Signature and Verification

Under penalties of perjury, I declare that I have examined this form, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete, and that I am authorized to prepare this form.

Signature  Title **CPA** Date **8/15/05**

Notice to Applicant - To Be Completed by the IRS

- ☒ We have approved this application. Please attach this form to the organization's return.
- ☐ We have not approved this application. However, we have granted a 10-day grace period from the later of the date shown below or the due date of the organization's return (including any prior extensions). This grace period is considered to be a valid extension of time for elections otherwise required to be made on a timely return. Please attach this form to the organization's return.
- ☐ We have not approved this application. After considering the reasons stated in item 7, we cannot grant a 10-day grace period.
- ☐ We cannot consider this application because it was filed after the extended due date of the return for

EXTENSION APPROVED

SEP 12 2005

**FIELD DIRECTOR
MISSION PROCESSING, OGD**

Director

By: _____

Alternate Mailing Address - Enter the address if you want the copy of this application for an additional 3 months different than the one entered above

| | |
|---------------|--|
| Type or print | Name HURLEY, WHITE & HUISE, PS |
| | Number and street (include suite, room, or apt. no.) or a P.O. box number 4312 KITSAP WAY, SUITE 102 |
| | City or town, province or state, and country (including postal or ZIP code) BREMERTON, WA 98312 |

Application for Change in Accounting Method

OMB No. 1545-0152

| | | | |
|--|--|--|--|
| Name of filer (name of parent corporation if a consolidated group) (see instructions) | | Identification number (see instructions) 91-1702551 | |
| | | Principal business activity code number (see instructions) | |
| CHILDREN OF THE NATIONS Number, street, and room or suite no. If a P.O. box, see the instructions PO BOX 3970 | | Tax year of change begins (MM/DD/YYYY) 01/01/2004 Tax year of change ends (MM/DD/YYYY) 12/31/2004 | |
| City or town, state, and ZIP code SILVERDALE, WA 98383 | | Name of contact person (see instructions) CHRIS CLARK | |
| Name of applicant(s) (if different than filer) and identification number(s) (see instructions) | | Contact person's telephone number (360) 698-7227 | |

If the applicant is a member of a consolidated group, check this box ☐

If Form 2848, Power of Attorney and Declaration of Representative, is attached, check this box ☐

Check the box to indicate the applicant.

- | | |
|--|--|
| <input type="checkbox"/> Individual | <input type="checkbox"/> Cooperative (Sec. 1381) |
| <input type="checkbox"/> Corporation | <input type="checkbox"/> Partnership |
| <input type="checkbox"/> Controlled foreign corporation (Sec. 957) | <input type="checkbox"/> S corporation |
| <input type="checkbox"/> 10/50 corporation (Sec. 904(d)(2)(E)) | <input type="checkbox"/> Insurance co. (Sec. 816(a)) |
| <input type="checkbox"/> Qualified personal service corporation (Sec. 448(d)(2)) | <input type="checkbox"/> Insurance co. (Sec. 831) |
| <input checked="" type="checkbox"/> Exempt organization. Enter Code section 501(c)(3) | <input type="checkbox"/> Other (specify) _____ |

Check the appropriate box to indicate the type of accounting method change being requested. (see instructions)

- | |
|---|
| <input type="checkbox"/> Depreciation or Amortization |
| <input type="checkbox"/> Financial Products and/or Financial Activities of Financial Institutions |
| <input type="checkbox"/> Other (specify) _____ |

Caution: The applicant must provide the requested information to be eligible for approval of the requested accounting method change. The applicant may be required to provide information specific to the accounting method change such as an attached statement. The applicant must provide all information relevant to the requested accounting method change, even if not specifically requested by the Form 3115.

Part I Information For Automatic Change Request

- | | Yes | No |
|---|-----|----|
| 1 Enter the requested designated accounting method change number from the List of Automatic Accounting Method Changes (see instructions). Enter only one method change number, except as provided for in the instructions. If the requested change is not included in that list, check "Other," and provide a description ▶ (a) Change No. <u>30</u> (b) Other <input type="checkbox"/> Description ▶ <u>CASH TO ACCRUAL</u> | | |
| 2 Is the accounting method change being requested one for which the scope limitations of section 4.02 of Rev. Proc. 2002-9 (or its successor) do not apply? If "Yes," go to Part II. | X | |
| 3 Is the tax year of change the final tax year of a trade or business for which the taxpayer would be required to take the entire amount of the section 481(a) adjustment into account in computing taxable income? If "Yes," the applicant is not eligible to make the change under automatic change request procedures. | | |


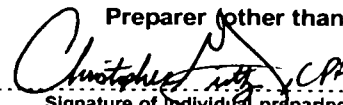
Note: Complete Part II below and then Part IV, and also Schedules A through E of this form (if applicable)

Part II Information For All Requests

- | | Yes | No |
|---|-----|----|
| 4a Does the applicant (or any present or former consolidated group in which the applicant was a member during the applicable tax year(s)) have any Federal income tax return(s) under examination (see instructions)? If you answered "No," go to line 5. | | X |
| b Is the method of accounting the applicant is requesting to change an issue (with respect to either the applicant or any present or former consolidated group in which the applicant was a member during the applicable tax year(s)) either (i) under consideration or (ii) placed in suspense (see instructions)? | | |

Signature (see instructions)

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

| | |
|--|---|
|  Filer Signature and date |  Preparer (other than filer/applicant) Signature of individual preparing the application and date |
|--|---|

CHRIS CLARK, PRESIDENT
Name and title (print or type)

CHRISTOPHER GINTZ, CPA
Name of individual preparing the application (print or type)

HURLEY, WHITE & HUISE, PS
Name of firm preparing the application

Part II Information For All Requests (continued)

| | Yes | No |
|--|-----|----|
| 4c Is the method of accounting the applicant is requesting to change an issue pending (with respect to either the applicant or any present or former consolidated group in which the applicant was a member during the applicable tax year(s)) for any tax year under examination (see instructions)? | | |
| d Is the request to change the method of accounting being filed under the procedures requiring that the operating division director consent to the filing of the request (see instructions)? If "Yes," attach the consent statement from the director. | | |
| e Is the request to change the method of accounting being filed under the 90-day or 120-day window period? . . . If "Yes," check the box for the applicable window period and attach the required statement (see instructions). <input type="checkbox"/> 90 day <input type="checkbox"/> 120 day | | |
| f If you answered "Yes" to line 4a, enter the name and telephone number of the examining agent and the tax year(s) under examination. Name ▶ _____ Telephone number ▶ _____ Tax year(s) ▶ _____ | | |
| g Has a copy of this Form 3115 been provided to the examining agent identified on line 4f? | | |
| 5a Does the applicant (or any present or former consolidated group in which the applicant was a member during the applicable tax year(s)) have any Federal income tax return(s) before Appeals and/or a Federal court? If "Yes," enter the name of the (check the box) <input type="checkbox"/> Appeals officer and/or <input type="checkbox"/> counsel for the government, and the tax year(s) before Appeals and/or a Federal court. Name ▶ _____ Telephone number ▶ _____ Tax year(s) ▶ _____ | | X |
| b Has a copy of this Form 3115 been provided to the Appeals officer and/or counsel for the government identified on line 5a? | | |
| c Is the method of accounting the applicant is requesting to change an issue under consideration by Appeals and/or a Federal court (for either the applicant or any present or former consolidated group in which the applicant was a member for the tax year(s) the applicant was a member)? If "Yes," attach an explanation. | | |
| 6 If the applicant answered "Yes" to line 4a and/or 5a with respect to any present or former consolidated group, provide each parent corporation's (a) name, (b) identification number, (c) address, and (d) tax year(s) during which the applicant was a member that is under examination, before an Appeals office, and/or before a Federal court. | | |
| 7 If the applicant is an entity (including a limited liability company) treated as a partnership or S corporation for Federal income tax purposes, is it requesting a change from a method of accounting that is an issue under consideration in an examination, before Appeals, or before a Federal court, with respect to a Federal income tax return of a partner, member, or shareholder of that entity? If "Yes," the applicant is not eligible to make the change. | | X |
| 8 Is the applicant making a change to which audit protection does not apply (see instructions)? | | X |
| 9a Has the applicant, its predecessor, or a related party requested or made (under either an automatic change procedure or a procedure requiring advance consent) a change in accounting method within the past 5 years (including the year of the requested change)? | | X |
| b If "Yes," attach a description of each change and the year of change for each separate trade or business and whether consent was obtained. | | |
| c If any application was withdrawn, not perfected, or denied, or if a Consent Agreement was sent to the taxpayer but was not signed and returned to the IRS, or if the change was not made or not made in the requested year of change, include an explanation. | | |
| 10a Does the applicant, its predecessor, or a related party currently have pending any request (including any concurrently filed request) for a private letter ruling, change in accounting method, or technical advice? | | X |
| b If "Yes," for each request attach a statement providing the name(s) of the taxpayer, identification number(s), the type of request (private letter ruling, change in accounting method, or technical advice), and the specific issue(s) in the request(s). | | |
| 11 Is the applicant requesting to change its overall method of accounting? If "Yes," check the appropriate boxes below to indicate the applicant's present and proposed methods of accounting. Also, complete Schedule A on page 4 of the form. Present method: <input checked="" type="checkbox"/> Cash <input type="checkbox"/> Accrual <input type="checkbox"/> Hybrid (attach description) Proposed method: <input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual <input type="checkbox"/> Hybrid (attach description) | X | |
| 12 If the applicant is not changing its overall method of accounting, attach a detailed and complete description for each of the following. a The item(s) being changed. b The applicant's present method for the item(s) being changed. c The applicant's proposed method for the item(s) being changed. d The applicant's present overall method of accounting (cash, accrual, or hybrid) | | |

| Part II Information For All Requests (continued) | | | | Yes | No | | | | |
|--|--|-------|-----------|--------------------------------|-------|---------|--------------------------------|-------|---------|
| 13 | Attach a detailed and complete description of the applicant's trade(s) or business(es), and the principal business activity code for each. If the applicant has more than one trade or business as defined in Regulations section 1.446-1(d), describe: whether each trade or business is accounted for separately; the goods and services provided by each trade or business and any other types of activities engaged in that generate gross income; the overall method of accounting for each trade or business; and which trade or business is requesting to change its accounting method as part of this application or a separate application. | | | | | | | | |
| 14 | Will the proposed method of accounting be used for the applicant's books and records and financial statements? For insurance companies, see the instructions If "No," attach an explanation. | | | X | | | | | |
| 15a | Has the applicant engaged, or will it engage, in a transaction to which section 381(a) applies (e.g., a reorganization, merger, or liquidation) during the proposed tax year of change determined without regard to any potential closing of the year under section 381(b)(1)? | | | | X | | | | |
| b | If "Yes," for the items of income and expense that are the subject of this application, attach a statement identifying the methods of accounting used by the parties to the section 381(a) transaction immediately before the date of distribution or transfer and the method(s) that would be required by section 381(c)(4) or (c)(5) absent consent to the change(s) requested in this application. | | | | | | | | |
| 16 | Does the applicant request a conference of right with the IRS National Office if the IRS proposes an adverse response? | | | | X | | | | |
| 17 | If the applicant is changing to or from the cash method or changing its method of accounting under sections 263A, 448, 460, or 471, enter the gross receipts of the 3 tax years preceding the year of change. | | | | | | | | |
| | 1st preceding year ended mo | 12 yr | 2003 | 2nd preceding year ended mo | 12 yr | 2002 | 3rd preceding year ended mo | 12 yr | 2001 |
| | \$ | | 1,266,185 | \$ | | 945,409 | \$ | | 721,989 |

| Part III Information For Advance Consent Request | | | | Yes | No |
|--|--|--|--|-----|----|
| 18 | Is the applicant's requested change described in any revenue procedure, revenue ruling, notice, regulation, or other published guidance as an automatic change request? If "Yes," attach an explanation describing why the applicant is submitting its request under advance consent request procedures. | | | | |
| 19 | Attach a full explanation of the legal basis supporting the proposed method for the item being changed. Include a detailed and complete description of the facts that explains how the law specifically applies to the applicant's situation and that demonstrates that the applicant is authorized to use the proposed method. Include all authority (statutes, regulations, published rulings, court cases, etc.) supporting the proposed method. The applicant should include a discussion of any authorities that may be contrary to its use of the proposed method. | | | | |
| 20 | Attach a copy of all documents related to the proposed change (see instructions). | | | | |
| 21 | Attach a statement of the applicant's reasons for the proposed change. | | | | |
| 22 | If the applicant is a member of a consolidated group for the year of change, do all other members of the consolidated group use the proposed method of accounting for the item being changed? If "No," attach an explanation. | | | | |
| 23a | Enter the amount of user fee attached to this application (see instructions). ► \$ _____ | | | | |
| b | If the applicant qualifies for a reduced user fee, attach the necessary information or certification required by Rev. Proc. 2003-1 (or its successor) (see instructions). | | | | |

| Part IV Section 481(a) Adjustment | | | | Yes | No |
|-----------------------------------|--|--|--|-----|----|
| 24 | Do the procedures for the accounting method change being requested require the use of the cut-off method? If "Yes," do not complete lines 25, 26, and 27 below. | | | | |
| 25 | Enter the section 481(a) adjustment. Indicate whether the adjustment is an increase (+) or a decrease (-) in income. ► \$ <u>141,600</u> Attach a summary of the computation and an explanation of the methodology used to determine the section 481(a) adjustment. If it is based on more than one component, show the computation for each component. If more than one applicant is applying for the method change on the same application, attach a list of the name, identification number, principal business activity code (see instructions), and the amount of the section 481(a) adjustment attributable to each applicant. | | | | |
| 26 | If the section 481(a) adjustment is an increase to income of less than \$25,000, does the applicant elect to take the entire amount of the adjustment into account in the year of change? | | | | |
| 27 | Is any part of the section 481(a) adjustment attributable to transactions between members of an affiliated group, a consolidated group, a controlled group, or other related parties? If "Yes," attach an explanation. | | | | X |

Schedule A — Change in Overall Method of Accounting (If Schedule A applies, Part I below must be completed.)**Part I Change in Overall Method** (see instructions)

- 1 Enter the following amounts as of the close of the tax year preceding the year of change. If none, state "None." Also, attach a statement providing a breakdown of the amounts entered on lines 1a through 1g.

| | Amount |
|--|------------|
| a Income accrued but not received | \$ 141,604 |
| b Income received or reported before it was earned. Attach a description of the income and the legal basis for the proposed method | |
| c Expenses accrued but not paid | (21,241) |
| d Prepaid expenses previously deducted | |
| e Supplies on hand previously deducted and/or not previously reported | |
| f Inventory on hand previously deducted and/or not previously reported. Complete Schedule D, Part II | |
| g Other amounts (specify) ► ACCRUED EXPENSES DEDUCTED ON 2003 RETURN | 21,237 |
| h Net section 481(a) adjustment (Combine lines 1a – 1g.) | \$ 141,600 |

- 2 Is the applicant also requesting the recurring item exception under section 461(h)(3)? ☐ Yes ☒ No
- 3 Attach copies of the profit and loss statement (Schedule F (Form 1040) for farmers) and the balance sheet, if applicable, as of the close of the tax year preceding the year of change. On a separate sheet, state the accounting method used when preparing the balance sheet. If books of account are not kept, attach a copy of the business schedules submitted with the Federal income tax return or other return (e.g., tax-exempt organization returns) for that period. If the amounts in Part I, lines 1a through 1g, do not agree with those shown on both the profit and loss statement and the balance sheet, explain the differences on a separate sheet.

Part II Change to the Cash Method For Advance Consent Request (see instructions)

Applicants requesting a change to the cash method must attach the following information:

- 1 A description of inventory items (items whose production, purchase, or sale is an income-producing factor) and materials and supplies used in carrying out the business.
- 2 An explanation as to whether the applicant is required to use the accrual method under any section of the Code or regulations.

Schedule B — Change in Reporting Advance Payments (see instructions)

- 1 If the applicant is requesting to defer advance payment for services under Rev. Proc. 71-21, 1971-2 C.B. 549, attach the following information:
 - a Sample copies of all service agreements used by the applicant that are subject to the requested change in accounting method. Indicate the particular parts of the service agreement that require the taxpayer to perform services.
 - b If any parts or materials are provided, explain whether the obligation to provide parts or materials is incidental (of minor or secondary importance) to an agreement providing for the performance of personal services.
 - c If the change relates to contingent service contracts, explain how the contracts relate to merchandise that is sold, leased, installed, or constructed by the applicant and whether the applicant offers to sell, lease, install, or construct without the service agreement.
 - d A description of the method the applicant will use to determine the amount of income earned each year on service contracts and why that method clearly reflects income earned and related expenses in each year.
 - e An explanation of how the method the applicant will use to determine the amount of gross receipts each year will be no less than the amount included in gross receipts for purposes of its books and records. See section 3.11 of Rev. Proc. 71-21.
- 2 If the applicant is requesting a deferral of advance payments for goods under Regulations section 1.451-5, attach the following information:
 - a Sample copies of all agreements for goods or items requiring advance payments used by the applicant that are subject to the requested change in accounting method. Indicate the particular parts of the agreement that require the applicant to provide goods or items.
 - b A statement providing that the entire advance payment is for goods or items. If not entirely for goods or items, a statement that an amount equal to 95% of the total contract price is properly allocable to the obligation to provide activities described in Regulations section 1.451-5(a)(1)(i) or (ii) (including services as an integral part of those activities).
 - c An explanation of how the method the applicant will use to determine the amount of gross receipts each year will be no less than the amount included in gross receipts for purposes of its books and records. See Regulations section 1.451-5(b)(1).

Schedule C — Changes Within the LIFO Inventory Method (see instructions)**Part I General LIFO Information**

Complete this section if the requested change involves changes within the LIFO inventory method. Also, attach a copy of all **Forms 970, Application To Use LIFO Inventory Method**, filed to adopt or expand the use of the LIFO method.

- 1 Attach a description of the applicant's present and proposed LIFO methods and submethods for each of the following items:
 - a Valuing inventory (e.g., unit method or dollar-value method).
 - b Pooling (e.g., by line or type or class of goods, natural business unit, multiple pools, raw material content, simplified dollar-value method, inventory price index computation (IPIC) pools, etc.).
 - c Pricing dollar-value pools (e.g., double-extension, index, link-chain, link-chain index, IPIC method, etc.).
 - d Determining the current year cost of goods in the ending inventory (e.g., most recent purchases, earliest acquisitions during the year, average cost of purchases during the year, etc.).
- 2 If any present method or submethod used by the applicant is not the same as indicated on Form(s) 970 filed to adopt or expand the use of the method, attach an explanation.
- 3 If the proposed change is not requested for all the LIFO inventory, specify the inventory to which the change is and is not applicable.
- 4 If the proposed change is not requested for all of the LIFO pools, specify the LIFO pool(s) to which the change is applicable.
- 5 Attach a statement addressing whether the applicant values any of its LIFO inventory on a method other than cost. For example, if the applicant values some of its LIFO inventory at retail and the remainder at cost, the applicant should identify which inventory items are valued under each method.
- 6 If changing to the IPIC method, attach a completed Form 970 and a statement indicating the indexes, tables, and categories the applicant proposes to use.

Part II Change in Pooling Inventories

- 1 If the applicant is proposing to change its pooling method or the number of pools, attach a description of the contents of, and state the base year for, each dollar-value pool the applicant presently uses and proposes to use.
- 2 If the applicant is proposing to use natural business unit (NBU) pools or requesting to change the number of NBU pools, attach the following information (to the extent not already provided) in sufficient detail to show that each proposed NBU was determined under Regulations section 1.472-8(b)(1) and (2).
 - a A description of the types of products produced by the applicant. If possible, attach a brochure
 - b A description of the types of processes and raw materials used to produce the products in each proposed pool
 - c If all of the products to be included in the proposed NBU pool(s) are not produced at one facility, the applicant should explain the reasons for the separate facilities, indicate the location of each facility, and provide a description of the products each facility produces.
 - d A description of the natural business divisions adopted by the taxpayer. State whether separate cost centers are maintained and if separate profit and loss statements are prepared.
 - e A statement addressing whether the applicant has inventories of items purchased and held for resale that are not further processed by the applicant, including whether such items, if any, will be included in any proposed NBU pool.
 - f A statement addressing whether all items including raw materials, goods-in-process, and finished goods entering into the entire inventory investment for each proposed NBU pool are presently valued under the LIFO method. Describe any items that are not presently valued under the LIFO method that are to be included in each proposed pool.
 - g A statement addressing whether, within the proposed NBU pool(s), there are items both sold to unrelated parties and transferred to a different unit of the applicant to be used as a component part of another product prior to final processing.
- 3 If the applicant is engaged in manufacturing and is proposing to use the multiple pooling method or raw material content pools, attach information to show that each proposed pool will consist of a group of items that are substantially similar. See Regulations section 1.472-8(b)(3).
- 4 If the applicant is engaged in the wholesaling or retailing of goods and is requesting to change the number of pools used, attach information to show that each of the proposed pools is based on customary business classifications of the applicant's trade or business. See Regulations section 1.472-8(c).

Part III Method of Cost Allocation (Complete this part if the requested change involves either property subject to section 263A or long-term contracts as described in section 460 (see instructions).)**Section A — Allocation and Capitalization Methods**

Attach a description (including sample computations) of the present and proposed method(s) the applicant uses to capitalize direct and indirect costs properly allocable to real or tangible personal property produced and property acquired for resale, or to allocate and, where appropriate, capitalize direct and indirect costs properly allocable to long-term contracts. Include a description of the method(s) used for allocating indirect costs to intermediate cost objectives such as departments or activities prior to the allocation of such costs to long-term contracts, real or tangible personal property produced, and property acquired for resale. The description must include the following:

- 1 The method of allocating direct and indirect costs (i.e., specific identification, burden rate, standard cost, or other reasonable allocation method).
- 2 The method of allocating mixed service costs (i.e., direct reallocation, step-allocation, simplified service cost using the labor-based allocation ratio, simplified service cost using the production cost allocation ratio, or other reasonable allocation method).
- 3 The method of capitalizing additional section 263A costs (i.e., simplified production with or without the historic absorption ratio election, simplified resale with or without the historic absorption ratio election including permissible variations, the U.S. ratio, or other reasonable allocation method).

Section B — Direct and Indirect Costs Required To Be Allocated (Check the appropriate boxes in Section B showing the costs that are or will be fully included, to the extent required, in the cost of real or tangible personal property produced or property acquired for resale under section 263A or allocated to long-term contracts under section 460. Mark "N/A" in a box if those costs are not incurred by the applicant. If a box is not checked, it is assumed that those costs are not fully included to the extent required. Attach an explanation for boxes that are not checked.)

| | Present method | Proposed method |
|--|----------------|-----------------|
| 1 Direct material | | |
| 2 Direct labor | | |
| 3 Indirect labor | | |
| 4 Officers' compensation (not including selling activities) | | |
| 5 Pension and other related costs | | |
| 6 Employee benefits | | |
| 7 Indirect materials and supplies | | |
| 8 Purchasing costs | | |
| 9 Handling, processing, assembly, and repackaging costs | | |
| 10 Offsite storage and warehousing costs | | |
| 11 Depreciation, amortization, and cost recovery allowance for equipment and facilities placed in service and not temporarily idle | | |
| 12 Depletion | | |
| 13 Rent | | |
| 14 Taxes other than state, local, and foreign income taxes | | |
| 15 Insurance | | |
| 16 Utilities | | |
| 17 Maintenance and repairs that relate to a production, resale, or long-term contract activity | | |
| 18 Engineering and design costs (not including section 174 research and experimental expenses) | | |
| 19 Rework labor, scrap, and spoilage | | |
| 20 Tools and equipment | | |
| 21 Quality control and inspection | | |
| 22 Bidding expenses incurred in the solicitation of contracts awarded to the applicant | | |
| 23 Licensing and franchise costs | | |
| 24 Capitalizable service costs (including mixed service costs) | | |
| 25 Administrative costs (not including any costs of selling or any return on capital) | | |
| 26 Research and experimental expenses attributable to long-term contracts | | |
| 27 Interest | | |
| 28 Other costs (Attach a list of these costs) | | |

Part III Method of Cost Allocation (see instructions) (continued)

Section C — Other Costs Not Required To Be Allocated (Complete Section C only if the applicant is requesting to change its method for these costs.)

| | Present method | Proposed method |
|--|----------------|-----------------|
| 1 Marketing, selling, advertising, and distribution expenses | | |
| 2 Research and experimental expenses not included on line 26 above | | |
| 3 Bidding expenses not included on line 22 above | | |
| 4 General and administrative costs not included in Section B above | | |
| 5 Income taxes | | |
| 6 Cost of strikes | | |
| 7 Warranty and product liability costs | | |
| 8 Section 179 costs | | |
| 9 On-site storage | | |
| 10 Depreciation, amortization, and cost recovery allowance not included on line 11 above | | |
| 11 Other costs (Attach a list of these costs.) | | |

Schedule E — Change in Depreciation or Amortization (see instructions)

Applicants requesting approval to change their method of accounting for depreciation or amortization complete this section. Applicants must provide this information for each item or class of property for which a change is requested.

Note: See the *List of Automatic Accounting Method Changes* in the instructions for information regarding automatic changes under sections 56, 167, 168, 197, 1400I, 1400L, or former section 168. Do not file Form 3115 with respect to certain late elections and election revocations (see instructions).

- 1 Is depreciation for the property determined under Regulations section 1.167(a)-11 (CLADR)? ☐ Yes ☐ No
If "Yes," the only changes permitted are under Regulations section 1.167(a)-11(c)(1)(iii).
- 2 Is any of the depreciation or amortization required to be capitalized under any Code section (e.g., section 263A)? ☐ Yes ☐ No
If "Yes," enter the applicable section ►
- 3 Has a depreciation or amortization election been made for the property (e.g., the election under section 168(f)(1))?. ☐ Yes ☐ No
If "Yes," state the election made ►
- 4a To the extent not already provided, attach a statement describing the property being changed. Include in the description the type of property, the year the property was placed in service, and the property's use in the applicant's trade or business or income-producing activity.
- b If the property is residential rental property, did the applicant live in the property before renting it? ☐ Yes ☐ No
- c Is the property public utility property? ☐ Yes ☐ No
- 5 To the extent not already provided in the applicant's description of its present method, explain how the property is treated under the applicant's present method (e.g., depreciable property, inventory property, supplies under Regulations section 1.162-3, nondepreciable section 263(a) property, property deductible as a current expense, etc.).
- 6 If the property is not currently treated as depreciable or amortizable property, provide the facts supporting the proposed change to depreciate or amortize the property.
- 7 If the property is currently treated and/or will be treated as depreciable or amortizable property, provide the following information under both the present (if applicable) and proposed methods:
 - a The Code section under which the property is or will be depreciated or amortized (e.g., section 168(g)).
 - b The applicable asset class from Rev. Proc. 87-56, 1987-2 C.B. 674, for each asset depreciated under section 168 (MACRS) or under section 1400L; the applicable asset class from Rev. Proc. 83-35, 1983-1 C.B. 745, for each asset depreciated under former section 168 (ACRS); an explanation why no asset class is identified for each asset for which an asset class has not been identified by the applicant.
 - c The facts to support the asset class for the proposed method.
 - d The depreciation or amortization method of the property, including the applicable Code section (e.g., 200% declining balance method under section 168(b)(1)).
 - e The useful life, recovery period, or amortization period of the property.
 - f The applicable convention of the property.

CHILDREN OF THE NATIONS
91-1702551

FORM 3115 ATTACHMENT

Part II, Question 13

The applicant is a not-for-profit organization exempt under code section 501(c)(3) and provides support to orphans and destitute children around the world.

Schedule A, Part I, Question 3

The modified cash method was used to prepare the 2003 financial statements when the 2003 tax return was filed. The 2003 balance sheet and profit & loss statement attached has been restated to conform to the accrual method of accounting, which was subsequent to the filing of the 2003 tax return.

CHILDREN OF THE NATIONS
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2004 AND 2003

| | <u>(Audited)</u> <u>December 31,</u> <u>2004</u> | <u>(Unaudited)</u> <u>December 31,</u> <u>2003</u> |
|---|--|--|
| ASSETS | | |
| CURRENT ASSETS | | |
| Cash | \$ 554,227 | \$ 233,935 |
| Pledges receivable (Note 3) | <u>193,178</u> | <u>141,604</u> |
| TOTAL CURRENT ASSETS | <u>747,405</u> | <u>375,539</u> |
| PROPERTY AND EQUIPMENT | | |
| Equipment | 2,101 | - |
| Vehicles | <u>15,188</u> | <u>15,188</u> |
| | 17,289 | 15,188 |
| Less accumulated depreciation | <u>(7,191)</u> | <u>(3,803)</u> |
| NET PROPERTY & EQUIPMENT | <u>10,098</u> | <u>11,385</u> |
| TOTAL ASSETS | <u><u>\$ 757,503</u></u> | <u><u>\$ 386,924</u></u> |
| LIABILITIES AND NET ASSETS | | |
| CURRENT LIABILITIES | | |
| Accounts payable | \$ 14,508 | \$ 19,121 |
| Accrued payroll taxes | <u>2,922</u> | <u>2,120</u> |
| TOTAL CURRENT LIABILITIES | <u>17,430</u> | <u>21,241</u> |
| NET ASSETS | | |
| Unrestricted | 323,385 | 93,136 |
| Temporarily restricted (Note 5) | <u>416,688</u> | <u>272,547</u> |
| TOTAL NET ASSETS | <u>740,073</u> | <u>365,683</u> |
| TOTAL LIABILITIES AND NET ASSETS | <u><u>\$ 757,503</u></u> | <u><u>\$ 386,924</u></u> |

See Independent Auditor's Report and Notes to Financial Statements

CHILDREN OF THE NATIONS
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003

| | Years Ended December 31, | | | |
|---|--------------------------|------------------------|-------------------|-------------------|
| | (Audited) | | | (Unaudited) |
| | 2004 | | | 2003 |
| | Unrestricted | Temporarily Restricted | Total | Total |
| CONTRIBUTIONS AND OTHER REVENUES | | | | |
| Contributions | | | | |
| General administration | \$ 440,509 | \$ 165,399 | \$ 605,908 | \$ 307,163 |
| Malawi | | 552,628 | 552,628 | 285,957 |
| Dominican Republic | | 447,441 | 447,441 | 404,060 |
| Sierra Leone | | 279,066 | 279,066 | 164,248 |
| In-kind equipment and supplies | | 176,483 | 176,483 | - |
| Feeding COTN | | 89,530 | 89,530 | 83,276 |
| Interns | | 9,300 | 9,300 | 10,622 |
| African students | | 5,115 | 5,115 | 10,716 |
| Interest | 404 | | 404 | 143 |
| Reclassifications | | | | |
| Satisfaction of purpose restrictions (Note 4) | 1,580,821 | (1,580,821) | | |
| TOTAL CONTRIBUTIONS AND OTHER REVENUES | 2,021,734 | 144,141 | 2,165,875 | 1,266,185 |
| EXPENSES | | | | |
| Program services | | | | |
| Malawi | 639,808 | | 639,808 | 264,821 |
| Dominican Republic | 459,106 | | 459,106 | 384,000 |
| Sierra Leone | 280,513 | | 280,513 | 129,059 |
| Other projects | 112,123 | | 112,123 | 91,272 |
| Supporting services | | | | |
| Management and general | 197,003 | | 197,003 | 250,092 |
| Fundraising | 102,932 | | 102,932 | 31,401 |
| TOTAL EXPENSES | 1,791,485 | - | 1,791,485 | 1,150,645 |
| CHANGE IN NET ASSETS | 230,249 | 144,141 | 374,390 | 115,540 |
| NET ASSETS AT BEGINNING OF YEAR | 93,136 | 272,547 | 365,683 | 81,173 |
| PRIOR PERIOD ADJUSTMENT (Note 7) | | | | 168,970 |
| NET ASSETS AT END OF YEAR | \$ 323,385 | \$ 416,688 | \$ 740,073 | \$ 365,683 |