

Form **990**

# Return of Organization Exempt From Income Tax

OMB No 1545-0047

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

# 2003

Department of the Treasury  
Internal Revenue Service

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

Open to Public Inspection

**A** For the 2003 calendar year, or tax year beginning **AUG 1, 2003** and ending **JUL 31, 2004**

<b>B</b> Check if applicable: <input type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial return <input type="checkbox"/> Final return <input type="checkbox"/> Amended return <input type="checkbox"/> Application pending	<b>C</b> Name of organization <b>NATIONAL INSTITUTE FOR DIRECT INSTRUCTION</b>	<b>D</b> Employer identification number <b>93-1241440</b>
	Number and street (or P O box if mail is not delivered to street address) Room/suite <b>PO BOX 11248</b>	<b>E</b> Telephone number <b>(541) 485-1163</b>
	City or town, state or country, and ZIP + 4 <b>EUGENE, OR 97440</b>	<b>F</b> Accounting method: <input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual <input type="checkbox"/> Other (specify)

Section 501(c)(3) organizations and 4947(a)(1) nonexempt charitable trusts must attach a completed Schedule A (Form 990 or 990-EZ).

H and I are not applicable to section 527 organizations

H(a) Is this a group return for affiliates?  Yes  No

H(b) If "Yes," enter number of affiliates

H(c) Are all affiliates included? N/A  Yes  No (If "No," attach a list)

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

I Group Exemption Number

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

**G** Website: **HTTP://WWW.NIFDI.ORG/**

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

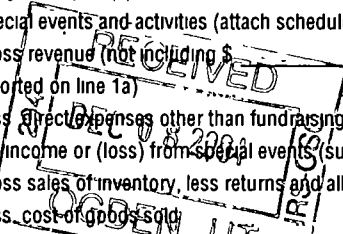
**K** Check here  if the organization's gross receipts are normally not more than \$25,000. The organization need not file a return with the IRS, but if the organization received a Form 990 Package in the mail, it should file a return without financial data. Some states require a complete return.

**L** Gross receipts Add lines 6b, 8b, 9b, and 10b to line 12 **2,014,924.**

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

Revenue	1	Contributions, gifts, grants, and similar amounts received.						
	a	Direct public support	1a	250.				
	b	Indirect public support	1b					
	c	Government contributions (grants)	1c					
	d	Total (add lines 1a through 1c) (cash \$ 250. noncash \$ )	1d	250.				
	2	Program service revenue including government fees and contracts (from Part VII, line 93)	2	1,987,577.				
	3	Membership dues and assessments	3					
	4	Interest on savings and temporary cash investments	4	8,340.				
	5	Dividends and interest from securities	5					
	6a	Gross rents	6a					
	b	Less rental expenses	6b					
	c	Net rental income or (loss) (subtract line 6b from line 6a)	6c					
7	Other investment income (describe )	7						
Revenue	8a	Gross amount from sales of assets other than inventory	(A) Securities	(B) Other	8d			
			8a					
			8b					
	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 \$ reported on line 1a) of contributions	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 of inventory, less returns and allowances	10a		10c			
b			Less cost of goods sold	10b				
c	Gross profit or (loss) from sales of inventory (attach schedule) (subtract line 10b from line 10a)							
11	Other revenue (from Part VII, line 103)	11	18,757.					
12	Total revenue (add lines 1d, 2, 3, 4, 5, 6c, 7, 8d, 9c, 10c, and 11)	12	2,014,924.					
Expenses	13	Program services (from line 44, column (B))	13	1,239,836.				
	14	Management and general (from line 44, column (C))	14	352,268.				
	15	Fundraising (from line 44, column (D))	15					
	16	Payments to affiliates (attach schedule)	16					
	17	Total expenses (add lines 13 and 14, column (A))	17	1,592,104.				
Net Assets	18	Excess or (deficit) for the year (subtract line 17 from line 12)	18	422,820.				
	19	Net assets or fund balances at beginning of year (from line 73, column (A))	19	1,318,041.				
	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	1,740,861.				

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NATIONAL INSTITUTE FOR DIRECT INSTRUCTION

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**Part II Statement of Functional Expenses** All organizations must complete column (A) Columns (B), (C), and (D) are required for section 501(c)(3) and (4) organizations and section 4947(a)(1) nonexempt charitable trusts but optional for others 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)				
	cash \$ _____ noncash \$ _____	22			
23	Specific assistance to individuals (attach schedule)	23			
24	Benefits paid to or for members (attach schedule)	24			
25	Compensation of officers, directors, etc	25	83,042.	25,000.	58,042.
26	Other salaries and wages	26	202,629.		202,629.
27	Pension plan contributions	27			
28	Other employee benefits	28			
29	Payroll taxes	29	24,887.	2,312.	22,575.
30	Professional fundraising fees	30			
31	Accounting fees	31	3,789.		3,789.
32	Legal fees	32	912.		912.
33	Supplies	33	12,652.		12,652.
34	Telephone	34	8,683.		8,683.
35	Postage and shipping	35	76.		76.
36	Occupancy	36	3,900.		3,900.
37	Equipment rental and maintenance	37			
38	Printing and publications	38			
39	Travel	39			
40	Conferences, conventions, and meetings	40	8,433.		8,433.
41	Interest	41			
42	Depreciation, depletion, etc (attach schedule)	42	207.	207.	
43	Other expenses not covered above (itemize)				
	a _____	43a			
	b _____	43b			
	c _____	43c			
	d _____	43d			
	e SEE STATEMENT 1	43e	1,242,894.	1,212,317.	30,577.
44	Total functional expenses (add lines 22 through 43) Organizations completing columns (B)-(D), carry these totals to lines 13-15	44	1,592,104.	1,239,836.	352,268.

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? <input type="checkbox"/>	Program Service Expenses (Required for 501(c)(3) and (4) orgs., and 4947(a)(1) trusts, but optional for others.)
<b>EDUCATIONAL TRAINING</b> 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.)	
a ORGANIZATION IS IMPLEMENTING DIRECT INSTRUCTION THROUGHOUT THE UNITED STATES AND GUAM, PROVIDING THE BENEFITS IN EDUCATING STUDENTS TO THE COMMUNITY. (Grants and allocations \$ _____)	1,239,836.
b _____ (Grants and allocations \$ _____)	
c _____ (Grants and allocations \$ _____)	
d _____ (Grants and allocations \$ _____)	
e Other program services (attach schedule) (Grants and allocations \$ _____)	
f Total of Program Service Expenses (should equal line 44, column (B), Program services)	1,239,836.

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**Part IV Balance Sheets**

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

		(A) Beginning of year		(B) End of year
Assets	45 Cash - non-interest-bearing	411,350.	45	782,315.
	46 Savings and temporary cash investments	801,240.	46	808,721.
	47 a Accounts receivable	47a 269,655.		
	b Less allowance for doubtful accounts	47b	47c	269,655.
	48 a Pledges receivable	48a		
	b Less allowance for doubtful accounts	48b	48c	
	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	95,666.	53	122,556.
	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			
b Less accumulated depreciation	57b	57c		
58 Other assets (describe <input type="checkbox"/> )		207.	58	
59 Total assets (add lines 45 through 58) (must equal line 74)		1,354,911.	59	1,983,247.
Liabilities	60 Accounts payable and accrued expenses	36,870.	60	47,086.
	61 Grants payable		61	
	62 Deferred revenue		62	195,300.
	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)		36,870.	66	242,386.
Net Assets or Fund Balances	Organizations that follow SFAS 117, check here <input checked="" type="checkbox"/> and complete lines 67 through 69 and lines 73 and 74			
	67 Unrestricted	1,318,041.	67	1,740,861.
	68 Temporarily restricted		68	
	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)		1,318,041.	73	1,740,861.
74 Total liabilities and net assets / fund balances (add lines 66 and 73)		1,354,911.	74	1,983,247.

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.

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<b>Part IV-A</b> Reconciliation of Revenue per Audited Financial Statements with Revenue per Return	<b>Part IV-B</b> Reconciliation of Expenses per Audited Financial Statements with Expenses per Return
<b>a</b> Total revenue, gains, and other support per audited financial statements <span style="float: right;">▶</span> <b>a</b> <u>N/A</u>	<b>a</b> Total expenses and losses per audited financial statements <span style="float: right;">▶</span> <b>a</b> <u>N/A</u>
<b>b</b> Amounts included on line <b>a</b> but not on line 12, Form 990 <ul style="list-style-type: none"> <li>(1) Net unrealized gains on investments \$ _____</li> <li>(2) Donated services and use of facilities \$ _____</li> <li>(3) Recoveries of prior year grants \$ _____</li> <li>(4) Other (specify) _____</li> </ul> Add amounts on lines (1) through (4) <span style="float: right;">▶</span> <b>b</b> _____	<b>b</b> Amounts included on line <b>a</b> but not on line 17, Form 990 <ul style="list-style-type: none"> <li>(1) Donated services and use of facilities \$ _____</li> <li>(2) Prior year adjustments reported on line 20, Form 990 \$ _____</li> <li>(3) Losses reported on line 20, Form 990 \$ _____</li> <li>(4) Other (specify) _____</li> </ul> Add amounts on lines (1) through (4) <span style="float: right;">▶</span> <b>b</b> _____
<b>c</b> Line <b>a</b> minus line <b>b</b> <span style="float: right;">▶</span> <b>c</b> _____	<b>c</b> Line <b>a</b> minus line <b>b</b> <span style="float: right;">▶</span> <b>c</b> _____
<b>d</b> Amounts included on line 12, Form 990 but not on line <b>a</b> : <ul style="list-style-type: none"> <li>(1) Investment expenses not included on line 6b, Form 990 \$ _____</li> <li>(2) Other (specify) _____</li> </ul> Add amounts on lines (1) and (2) <span style="float: right;">▶</span> <b>d</b> _____	<b>d</b> Amounts included on line 17, Form 990 but not on line <b>a</b> : <ul style="list-style-type: none"> <li>(1) Investment expenses not included on line 6b, Form 990 \$ _____</li> <li>(2) Other (specify) _____</li> </ul> Add amounts on lines (1) and (2) <span style="float: right;">▶</span> <b>d</b> _____
<b>e</b> Total revenue per line 12, Form 990 (line <b>c</b> plus line <b>d</b> ) <span style="float: right;">▶</span> <b>e</b> _____	<b>e</b> Total expenses per line 17, Form 990 (line <b>c</b> plus line <b>d</b> ) <span style="float: right;">▶</span> <b>e</b> _____

<b>Part V</b> 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
KURT ENGELMANN 650 KINGSWOOD AVENUE EUGENE, OR 97405	PRESIDENT 30	53,042.	0.	0.
JEANNIE GAYLORD 363 LINDALE I-1 SPRINGFIELD, OR 97440	SECRETARY-TREASURER 15	25,000.	0.	0.
SIEGFRIED ENGELMANN PO BOX 448 EUGENE, OR 97440	DIRECTOR 5	0.	0.	0.
OWEN ENGELMANN 3966 MONROE STREET EUGENE, OR 97405	DIRECTOR 10	5,000.	0.	0.
ROBERT FOX 80 NW 99TH AVENUE PORTLAND, OR 97229	DIRECTOR 0	0.	0.	0.
BONNIE GROSSEN 2450 JEFFERSON EUGENE, OR 97405	DIRECTOR 20	0.	0.	0.
JERRY SILBERT 711 W 22ND EUGENE, OR 97405	DIRECTOR 20	0.	0.	0.
MURIEL BERKELEY 711 W 40TH BALTIMORE, MD 21211	DIRECTOR 20	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

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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 <input type="checkbox"/> 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 <input type="checkbox"/> 81a <input type="checkbox"/> 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) <input type="checkbox"/> 82b <input type="checkbox"/> 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? N/A	83b	
84 a	Did the organization solicit any contributions or gifts that were not tax deductible?	84a	X
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible? N/A	84b	
85	501(c)(4), (5), or (6) organizations a Were substantially all dues nondeductible by members? N/A	85a	
b	Did the organization make only in-house lobbying expenditures of \$2,000 or less? N/A	85b	
	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 <input type="checkbox"/> 85c <input type="checkbox"/> N/A		
d	Section 162(e) lobbying and political expenditures <input type="checkbox"/> 85d <input type="checkbox"/> N/A		
e	Aggregate nondeductible amount of section 6033(e)(1)(A) dues notices <input type="checkbox"/> 85e <input type="checkbox"/> N/A		
f	Taxable amount of lobbying and political expenditures (line 85d less 85e) <input type="checkbox"/> 85f <input type="checkbox"/> N/A		
g	Does the organization elect to pay the section 6033(e) tax on the amount on line 85f? N/A	85g	
h	If section 6033(e)(1)(A) dues notices were sent, does the organization agree to add the amount on line 85f to its reasonable estimate of dues allocable to nondeductible lobbying and political expenditures for the following tax year? N/A	85h	
86	501(c)(7) organizations. Enter a Initiation fees and capital contributions included on line 12 <input type="checkbox"/> 86a <input type="checkbox"/> N/A		
b	Gross receipts, included on line 12, for public use of club facilities <input type="checkbox"/> 86b <input type="checkbox"/> N/A		
87	501(c)(12) organizations. Enter a Gross income from members or shareholders <input type="checkbox"/> 87a <input type="checkbox"/> 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) <input type="checkbox"/> 87b <input type="checkbox"/> 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 <input type="checkbox"/> 0., section 4912 <input type="checkbox"/> 0., section 4955 <input type="checkbox"/> 0.		
b	501(c)(3) and 501(c)(4) organizations. Did the organization engage in any section 4958 excess benefit transaction during the year or did it become aware of an excess benefit transaction from a prior year? If "Yes," attach a statement explaining each transaction	89b	X
c	Enter Amount of tax imposed on the organization managers or disqualified persons during the year under sections 4912, 4955, and 4958 <input type="checkbox"/> 0.		
d	Enter Amount of tax on line 89c, above, reimbursed by the organization <input type="checkbox"/> 0.		
90 a	List the states with which a copy of this return is filed <input type="checkbox"/> OREGON		
b	Number of employees employed in the pay period that includes March 12, 2003 <input type="checkbox"/> 90b <input type="checkbox"/> 7		
91	The books are in care of <input type="checkbox"/> JEANNIE GAYLORD Telephone no <input type="checkbox"/> (541) 485-1163		
	Located at <input type="checkbox"/> 805 LINCOLN STREET EUGENE, OR ZIP + 4 <input type="checkbox"/> 97401		
92	Section 4947(a)(1) nonexempt charitable trusts filing Form 990 in lieu of Form 1041- Check here <input type="checkbox"/> and enter the amount of tax-exempt interest received or accrued during the tax year <input type="checkbox"/> 92 <input type="checkbox"/> N/A		

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**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>DIRECT INSTRUCTION</b>					1,987,577.
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	8,340.	
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>REIMBURSABLE SUPPLIES</b>					18,757.
b					
c					
d					
e					
104 Subtotal (add columns (B), (D), and (E))		0.		8,340.	2,006,334.
105 Total (add line 104, columns (B), (D), and (E))					2,014,674.

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)
93A	INCOME FROM IMPLEMENTING DIRECT INSTRUCTION
103A	REIMBURSIBLE SUPPLIES

**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

2-2-04 Date **Jeanie Gaylord CFO** Type or print name and title

Check if self- Preparer's SSN or PTIN

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

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

OMB No 1545-0047

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

**2003**

Department of the Treasury  
Internal Revenue Service

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

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

Name of the organization **NATIONAL INSTITUTE FOR DIRECT  
INSTRUCTION**

Employer identification number  
**93 1241440**

**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
GARY DAVIS ----- 3291 INSPIRATION POINT DR, EUGENE, OR 40		75,479.		
DONNA DWIGGINS ----- 1894 BRENDA AVE, PENSACOLA, FL 32506 40		71,496.		
-----				
-----				
-----				
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
DEBORAH LOSCHIAVO ----- 1945 SUNRISE BLVD, EUGENE, OR 97405	DIRECT INSTRUCTION IMPLE	69,577.
LINDA FROST ----- 811 STAGS HEAD ROAD TOWSON, MD 21286	DIRECT INSTRUCTION IMPLE	127,081.
TAMI MCGRATTAN ----- 794 HWY MM OREGON, WISCONSIN 53575	DIRECT INSTRUCTION IMPLE	63,303.
VICKY VACHON ----- 4721 WOODSIDE PL WEST VANCOUVER, BC V75 2X5	DIRECT INSTRUCTION IMPLE	89,736.
MARIA VANONI ----- 32 LUBBER ST, STONEY BROOK, NY 11790	DIRECT INSTRUCTION IMPLE	87,587.
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
<p><b>1</b> During the year, has the organization attempted to influence national, state, or local legislation, including any attempt to influence public opinion on a legislative matter or referendum? If "Yes," enter the total expenses paid or incurred in connection with the lobbying activities ► \$ _____ \$ <u>2,000.</u> (Must equal amounts on line 38, Part VI-A, or line i of Part VI-B.)</p> <p>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</p>	1	X
<p><b>2</b> During the year, has the organization, either directly or indirectly, engaged in any of the following acts with any substantial contributors, trustees, directors, officers, creators, key employees, or members of their families, or with any taxable organization with which any such person is affiliated as an officer, director, trustee, majority owner, or principal beneficiary? (If the answer to any question is "Yes," attach a detailed statement explaining the transactions.)</p> <p><b>a</b> Sale, exchange, or leasing of property?</p>	2a	X
<p><b>b</b> Lending of money or other extension of credit?</p>	2b	X
<p><b>c</b> Furnishing of goods, services, or facilities?</p>	2c	X
<p><b>d</b> Payment of compensation (or payment or reimbursement of expenses if more than \$1,000)?</p>	2d	X
<p><b>e</b> Transfer of any part of its income or assets?</p>	2e	X
<p><b>3 a</b> 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 )</p>	3a	X
<p><b>b</b> Do you have a section 403(b) annuity plan for your employees?</p>	3b	X
<p><b>4</b> Did you maintain any separate account for participating donors where donors have the right to provide advice on the use or distribution of funds?</p>	4	X

**Part IV** Reason for Non-Private Foundation Status (See pages 3 through 6 of the instructions )

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

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

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

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

- 14**  An organization organized and operated to test for public safety Section 509(a)(4) (See page 6 of the instructions )

NATIONAL INSTITUTE FOR DIRECT

**Part IV-A Support Schedule** (Complete only if you checked a box on line 10, 11, or 12.) **Use cash method of accounting.**  
**Note:** You may use the worksheet in the instructions for converting from the accrual to the cash method of accounting.

Calendar year (or fiscal year beginning in)	(a) 2002	(b) 2001	(c) 2000	(d) 1999	(e) Total
15 Gifts, grants, and contributions received (Do not include unusual grants. See line 28.)	250.	100,000.	1,970.	126,090.	228,310.
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	1,118,790.	1,144,606.	1,570,210.	1,919,527.	5,753,133.
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	11,257.	14,022.	11,317.	7,391.	43,987.
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.	4,958.	3,250.	SEE STATEMENT 2 6,836.	1,302.	16,346.
23 Total of lines 15 through 22	1,135,255.	1,261,878.	1,590,333.	2,054,310.	6,041,776.
24 Line 23 minus line 17	16,465.	117,272.	20,123.	134,783.	288,643.
25 Enter 1% of line 23	11,353.	12,619.	15,903.	20,543.	
26 Organizations described on lines 10 or 11: a Enter 2% of amount in column (e), line 24					26a 5,773.
b Prepare a list for your records to show the name of and amount contributed by each person (other than a governmental unit or publicly supported organization) whose total gifts for 1999 through 2002 exceeded the amount shown in line 26a. Do not file this list with your return. Enter the total of all these excess amounts					26b 113,454.
c Total support for section 509(a)(1) test: Enter line 24, column (e)					26c 288,643.
d Add: Amounts from column (e) for lines 18 43,987. 19 _____ 22 16,346. 26b 113,454.					26d 173,787.
e Public support (line 26c minus line 26d total)					26e 114,856.
f Public support percentage (line 26e (numerator) divided by line 26c (denominator))					26f 39.7917%
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	(2002) N/A	(2001) N/A	(2000) N/A	(1999) N/A	
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	(2002) N/A	(2001) N/A	(2000) N/A	(1999) N/A	
c Add: Amounts from column (e) for lines 15 _____ 16 _____ 17 _____ 20 _____ 21 _____					27c N/A
d Add: Line 27a total _____ and line 27b total _____					27d N/A
e Public support (line 27c total minus line 27d total)					27e N/A
f Total support for section 509(a)(2) test: Enter amount on line 23, column (e)			27f N/A		
g Public support percentage (line 27e (numerator) divided by line 27f (denominator))					27g N/A %
h Investment income percentage (line 18, column (e) (numerator) divided by line 27f (denominator))					27h N/A %

28 Unusual Grants: For an organization described in line 10, 11, or 12 that received any unusual grants during 1999 through 2002, prepare a list for your records to show, for each year, the name of the contributor, the date and amount of the grant, and a brief description of the nature of the grant. Do not file this list with your return. Do not include these grants in line 15

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

N/A

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

		Yes	No
29	Does the organization have a racially nondiscriminatory policy toward students by statement in its charter, bylaws, other governing instrument, or in a resolution of its governing body?		
30	Does the organization include a statement of its racially nondiscriminatory policy toward students in all its brochures, catalogues, and other written communications with the public dealing with student admissions, programs, and scholarships?		
31	Has the organization publicized its racially nondiscriminatory policy through newspaper or broadcast media during the period of solicitation for students, or during the registration period if it has no solicitation program, in a way that makes the policy known to all parts of the general community it serves? If "Yes," please describe, if "No," please explain (If you need more space, attach a separate statement )		
<hr/>			
<hr/>			
32	Does the organization maintain the following:		
a	Records indicating the racial composition of the student body, faculty, and administrative staff?	32a	
b	Records documenting that scholarships and other financial assistance are awarded on a racially nondiscriminatory basis?	32b	
c	Copies of all catalogues, brochures, announcements, and other written communications to the public dealing with student admissions, programs, and scholarships?	32c	
d	Copies of all material used by the organization or on its behalf to solicit contributions? If you answered "No" to any of the above, please explain (If you need more space, attach a separate statement )	32d	
<hr/>			
33	Does the organization discriminate by race in any way with respect to:		
a	Students' rights or privileges?	33a	
b	Admissions policies?	33b	
c	Employment of faculty or administrative staff?	33c	
d	Scholarships or other financial assistance?	33d	
e	Educational policies?	33e	
f	Use of facilities?	33f	
g	Athletic programs?	33g	
h	Other extracurricular activities? If you answered "Yes" to any of the above, please explain (If you need more space, attach a separate statement )	33h	
<hr/>			
<hr/>			
34 a	Does the organization receive any financial aid or assistance from a governmental agency?	34a	
b	Has the organization's right to such aid ever been revoked or suspended? If you answered "Yes" to either 34a or b, please explain using an attached statement	34b	
35	Does the organization certify that it has complied with the applicable requirements of sections 4 01 through 4.05 of Rev. Proc 75-50, 1975-2 C B 587, covering racial nondiscrimination? If "No," attach an explanation	35	

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

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

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

Limits on Lobbying Expenditures		(a) Affiliated group totals	(b) To be completed for ALL electing organizations
(The term "expenditures" means amounts paid or incurred )			
		N/A	
36	Total lobbying expenditures to influence public opinion (grassroots lobbying)		0.
37	Total lobbying expenditures to influence a legislative body (direct lobbying)		2,000.
38	Total lobbying expenditures (add lines 36 and 37)		2,000.
39	Other exempt purpose expenditures		1,590,104.
40	Total exempt purpose expenditures (add lines 38 and 39)		1,592,104.
41	Lobbying nontaxable amount Enter the amount from the following table -		
	<b>If the amount on line 40 is -</b>		
	Not over \$500,000		
	Over \$500,000 but not over \$1,000,000		
	Over \$1,000,000 but not over \$1,500,000		
	Over \$1,500,000 but not over \$17,000,000		
	Over \$17,000,000		
	<b>The lobbying nontaxable amount is -</b>		
	20% of the amount on line 40		
	\$100,000 plus 15% of the excess over \$500,000		
	\$175,000 plus 10% of the excess over \$1,000,000		
	\$225,000 plus 5% of the excess over \$1,500,000		
	\$1,000,000		
41			229,605.
42	Grassroots nontaxable amount (enter 25% of line 41)		57,401.
43	Subtract line 42 from line 36. Enter -0- if line 42 is more than line 36		0.
44	Subtract line 41 from line 38. Enter -0- if line 41 is more than line 38		0.

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

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

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

Calendar year (or fiscal year beginning in)	Lobbying Expenditures During 4-Year Averaging Period				
	(a) 2003	(b) 2002	(c) 2001	(d) 2000	(e) Total
45	229,605.	0.	186,236.	207,676.	623,517.
46					935,276.
47	2,000.	0.	82,063.	31,410.	115,473.
48	57,401.	0.	46,559.	51,919.	155,879.
49					233,819.
50		0.	0.	0.	0.

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

(For reporting only by organizations that did not complete Part VI-A) (See page 12 of the instructions )

N/A

During the year, did the organization attempt to influence national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of.	Yes	No	Amount
a Volunteers			
b Paid staff or management (Include compensation in expenses reported on lines c through h.)			
c Media advertisements			
d Mailings to members, legislators, or the public			
e Publications, or published or broadcast statements			
f Grants to other organizations for lobbying purposes			
g Direct contact with legislators, their staffs, government officials, or a legislative body			
h Rallies, demonstrations, seminars, conventions, speeches, lectures, or any other means			
i Total lobbying expenditures (Add lines c through h.)			0.

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





FORM 990	OTHER EXPENSES			STATEMENT 1
DESCRIPTION	(A) TOTAL	(B) PROGRAM SERVICES	(C) MANAGEMENT AND GENERAL	(D) FUNDRAISING
PROJECT DIRECTOR EXPENSE	3,383.	3,383.		
CONSULTING FEES	1,208,934.	1,208,934.		
BANK CHARGES	356.		356.	
PROFESSIONAL FEES	2,000.		2,000.	
FEEES	50.		50.	
INSURANCE	3,675.		3,675.	
EXCISE TAXES	332.		332.	
RESEARCH AND DEVELOPMENT	64.		64.	
ADMINISTRATION EXPENSE	24,100.		24,100.	
TOTAL TO FM 990, LN 43	1,242,894.	1,212,317.	30,577.	

SCHEDULE A	OTHER INCOME			STATEMENT 2
DESCRIPTION	2002 AMOUNT	2001 AMOUNT	2000 AMOUNT	1999 AMOUNT
MISCELLANEOUS	4,958.	3,250.	6,836.	1,302.
TOTAL TO SCHEDULE A, LINE 22	4,958.	3,250.	6,836.	1,302.

Depreciation and Amortization (Including Information on Listed Property) 990

See separate instructions. Attach to your tax return.

Name(s) shown on return: NATIONAL INSTITUTE FOR DIRECT INSTRUCTION. Business or activity to which this form relates: FORM 990 PAGE 2. Identifying number: 93-1241440

Part I Election To Expense Certain Tangible Property Under Section 179 Note: If you have any listed property, complete Part V before you complete Part I.

1 Maximum amount. See instructions for a higher limit for certain businesses 100,000. 2 Total cost of section 179 property placed in service (see instructions) 3 Threshold cost of section 179 property before reduction in limitation 400,000. 4 Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0- 5 Dollar limitation for tax year Subtract line 4 from line 1. If zero or less, enter -0- If married filing separately, see instructions 6 (a) Description of property (b) Cost (business use only) (c) Elected cost 7 Listed property. Enter the amount from line 29 8 Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7 9 Tentative deduction. Enter the smaller of line 5 or line 8 10 Carryover of disallowed deduction from line 13 of your 2002 Form 4562 11 Business income limitation. Enter the smaller of business income (not less than zero) or line 5 12 Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11 13 Carryover of disallowed deduction to 2004. Add lines 9 and 10, less line 12

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) 15 Property subject to section 168(f)(1) election (see instructions) 16 Other depreciation (including ACRS) (see instructions)

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 2003 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

Section B - Assets Placed in Service During 2003 Tax Year Using the General Depreciation System

Table with 7 columns: (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. Rows include 19a-g (3-year to 25-year property), h (Residential rental property), and i (Nonresidential real property).

Section C - Assets Placed in Service During 2003 Tax Year Using the Alternative Depreciation System

Table with 7 columns: (a) Class life, (b) Month and year placed in service, (c) Basis for depreciation, (d) Recovery period, (e) Convention, (f) Method, (g) Depreciation deduction. Rows include 20a (Class life), b (12-year), and c (40-year).

Part IV Summary (See instructions.)

21 Listed property. Enter amount from line 28 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. 23 For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs

**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
<b>25</b> Special depreciation allowance for qualified listed property placed in service during the tax year and used more than 50% in a qualified business use							<b>25</b>	
<b>26</b> Property used more than 50% in a qualified business use:								
		%						
		%						
		%						
<b>27</b> Property used 50% or less in a qualified business use:								
		%				S/L -		
		%				S/L -		
		%				S/L -		
<b>28</b> Add amounts in column (h), lines 25 through 27. Enter here and on line 21, page 1							<b>28</b>	
<b>29</b> Add amounts in column (i), line 26. Enter here and on line 7, page 1								<b>29</b>

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

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

	(a) Vehicle		(b) Vehicle		(c) Vehicle		(d) Vehicle		(e) Vehicle		(f) Vehicle	
	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
<b>30</b> Total business/investment miles driven during the year (do not include commuting miles)												
<b>31</b> Total commuting miles driven during the year												
<b>32</b> Total other personal (noncommuting) miles driven												
<b>33</b> Total miles driven during the year. Add lines 30 through 32												
<b>34</b> Was the vehicle available for personal use during off-duty hours?												
<b>35</b> Was the vehicle used primarily by a more than 5% owner or related person?												
<b>36</b> 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
<b>37</b> Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees?		
<b>38</b> 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		
<b>39</b> Do you treat all use of vehicles by employees as personal use?		
<b>40</b> 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?		
<b>41</b> Do you meet the requirements concerning qualified automobile demonstration use? <b>Note:</b> If your answer to 37, 38, 39, 40, or 41 is "Yes," do not complete Section B for the covered vehicles.		

**Part VI Amortization**

(a) Description of costs	(b) Date amortization begins	(c) Amortizable amount	(d) Code section	(e) Amortization period or percentage	(f) Amortization for this year
<b>42</b> Amortization of costs that begins during your 2003 tax year:					
<b>43</b> Amortization of costs that began before your 2003 tax year				<b>43</b>	207.
<b>44</b> Total. Add amounts in column (f). See instructions for where to report				<b>44</b>	207.