

Return of Organization Exempt from Income Tax

2003

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

Open to Public Inspection

Department of the Treasury Internal Revenue Service

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

A For the 2003 calendar year, or tax year beginning 7/01, 2003, and ending 6/30, 2004

B Check if applicable: Address change, Name change, Initial return, Final return, Amended return, Application pending. Please use IRS label or print or type. See specific instructions. HAPPY VALLEY FOUNDATION, P O BOX 804, OJAI, CA 93024. D Employer Identification Number 95-0809370. E Telephone number. F Accounting method: Cash, Accrual (checked), 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 (checked). H (b) If Yes, enter number of affiliates. H (c) Are all affiliates included? Yes No. H (d) Is this a separate return filed by an organization covered by a group ruling? Yes No (checked).

G Web site: N/A

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

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

I Group Exemption Number. M Check if the organization is not required to attach Schedule B (Form 990, 990-EZ, or 990-PF).

L Gross receipts Add lines 6b, 8b, 9b, and 10b to line 12: 3,269,647.

Part I Revenue, Expenses, and Changes in Net Assets or Fund Balances (See Instructions)

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

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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

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 (att sch) (cash \$ _____ non cash \$ _____)	22			
23	Specific assistance to individuals (att sch)	23			
24	Benefits paid to or for members (att sch)	24			
25	Compensation of officers, directors, etc	25			
26	Other salaries and wages	26	1,389,271.	1,041,953.	138,927.
27	Pension plan contributions	27			
28	Other employee benefits	28			
29	Payroll taxes	29	110,813.	83,110.	11,081.
30	Professional fundraising fees	30			
31	Accounting fees	31			
32	Legal fees	32			
33	Supplies	33	37,984.	28,488.	9,496.
34	Telephone	34	22,774.	17,081.	5,693.
35	Postage and shipping	35	12,783.	9,587.	3,196.
36	Occupancy	36	18,000.	13,500.	4,500.
37	Equipment rental and maintenance	37			
38	Printing and publications	38	27,038.	20,279.	6,759.
39	Travel	39			
40	Conferences, conventions, and meetings	40			
41	Interest	41	11,886.	7,039.	4,847.
42	Depreciation, depletion, etc (attach schedule)	42	171,966.	137,023.	34,943.
43	Other expenses not covered above (itemize)				
a	SEE STATEMENT 4	43a	1,539,660.	1,123,544.	349,435.
b	-----	43b			
c	-----	43c			
d	-----	43d			
e	-----	43e			
44	Total functional expenses (add lines 22 - 43) Organizations completing columns (B) - (D), carry these totals to lines 13 - 15	44	3,342,175.	2,481,604.	216,689.

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? EDUCATION	Program Service Expenses (Required for 501(c)(3) and (4) organizations and 4947(a)(1) trusts, but optional for others)
a <u>THE FOUNDATION EDUCATES APPROXIMATELY SEVENTY-EIGHT STUDENTS FROM NINTH THROUGH TWELFTH GRADE EACH YEAR.</u> (Grants and allocations \$ _____)	2,481,604.
b ----- (Grants and allocations \$ _____)	
c ----- (Grants and allocations \$ _____)	
d ----- (Grants and allocations \$ _____)	
e Other program services (Grants and allocations \$ _____)	
f Total of Program Service Expenses (should equal line 44, column (B), Program services)	2,481,604.

Part IV Balance Sheets (See Instructions)

				(A)		(B)	
				Beginning of year		End of year	
ASSETS	45	Cash – non-interest-bearing		111,166.	45	103,545.	
	46	Savings and temporary cash investments		443,116.	46	213,616.	
	47 a	47 a	48,101.				
		b	Less allowance for doubtful accounts	19,441.	47,598.	47 c	28,660.
	48 a	48 a					
		b	Less allowance for doubtful accounts			48 c	
	49	Grants receivable			49		
	50	Receivables from officers, directors, trustees, and key employees (attach schedule)			50		
	51 a	51 a					
		b	Less allowance for doubtful accounts			51 c	
	52	Inventories for sale or use		1,355,332.	52	1,234,091.	
	53	Prepaid expenses and deferred charges		10,800.	53	44,759.	
	54	Investments – securities (attach schedule) SEE ST 5 <input checked="" type="checkbox"/> Cost <input type="checkbox"/> FMV		403,402.	54	415,498.	
	55 a	55 a					
		b	Less accumulated depreciation (attach schedule)			55 c	
	56	Investments – other (attach schedule)			56		
	57 a	57 a	6,148,703.				
	b	Less accumulated depreciation (attach schedule) STATEMENT 6	2,809,283.	3,483,762.	57 c	3,339,420.	
58	Other assets (describe <input checked="" type="checkbox"/> SEE STATEMENT 7)		404,497.	58	422,626.		
59	Total assets (add lines 45 through 58) (must equal line 74)		6,259,673.	59	5,802,215.		
LIABILITIES	60	Accounts payable and accrued expenses		93,767.	60	183,257.	
	61	Grants payable			61		
	62	Deferred revenue		39,999.	62	27,000.	
	63	Loans from officers, directors, trustees, and key employees (attach schedule)			63		
	64 a	Tax-exempt bond liabilities (attach schedule)			64 a		
		b	Mortgages and other notes payable (attach schedule)	226,419.	64 b	115,002.	
	65	Other liabilities (describe <input checked="" type="checkbox"/> SEE STATEMENT 8)		146,961.	65	172,580.	
66	Total liabilities (add lines 60 through 65)		507,146.	66	497,839.		
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		5,311,852.	67	5,138,701.	
	68	Temporarily restricted		275,000.	68		
	69	Permanently restricted		165,675.	69	165,675.	
	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)		5,752,527.	73	5,304,376.	
	74	Total liabilities and net assets/fund balances (add lines 66 and 73)		6,259,673.	74	5,802,215.	

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.

BAA

Part IV-A Reconciliation of Revenue per Audited Financial Statements with Revenue per Return (See instructions.)

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

a	Total revenue, gains, and other support per audited financial statements	a	2,894,024.
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	
c	Line a minus line b	c	2,894,024.
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	
e	Total revenue per line 12, Form 990 (line c plus line d)	e	2,894,024.

a	Total expenses and losses per audited financial statements	a	3,342,175.
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	
c	Line a minus line b	c	3,342,175.
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	
e	Total expenses per line 17, Form 990 (line c plus line d)	e	3,342,175.

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

(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 and deferred compensation	(E) Expense account and other allowances
SEE STATEMENT 9				
-----		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? Yes No

If 'Yes,' attach schedule - see instructions

Part VI Other Information (See instructions)

		Yes	No
76	Did the organization engage in any activity not previously reported to the IRS? If 'Yes,' attach a detailed description of each activity		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		X
78a	Did the organization have unrelated business gross income of \$1,000 or more during the year covered by this return?		X
78b	b If 'Yes,' has it filed a tax return on Form 990-T for this year?	N/A	
79	Was there a liquidation, dissolution, termination, or substantial contraction during the year? If 'Yes,' attach a statement		X
80a	Is the organization related (other than by association with a statewide or nationwide organization) through common membership, governing bodies, trustees, officers, etc., to any other exempt or nonexempt organization?		X
81a	b If 'Yes,' enter the name of the organization <u>N/A</u> and check whether it is <input type="checkbox"/> exempt or <input type="checkbox"/> nonexempt		
81a	Enter direct and indirect political expenditures See line 81 instructions	81a	0.
81b	b Did the organization file Form 1120-POL for this year?		X
82a	Did the organization receive donated services or the use of materials, equipment, or facilities at no charge or at substantially less than fair rental value?		X
82b	b If 'Yes,' you may indicate the value of these items here Do not include this amount as revenue in Part I or as an expense in Part II (See instructions in Part III)	82b	N/A
83a	Did the organization comply with the public inspection requirements for returns and exemption applications?	X	
83b	b Did the organization comply with the disclosure requirements relating to quid pro quo contributions?	X	
84a	Did the organization solicit any contributions or gifts that were not tax deductible?		X
84b	b If 'Yes,' did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?		N/A
85a	501(c)(4), (5), or (6) organizations a Were substantially all dues nondeductible by members?		N/A
85b	b Did the organization make only in-house lobbying expenditures of \$2,000 or less? 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		N/A
85c	c Dues, assessments, and similar amounts from members	85c	N/A
85d	d Section 162(e) lobbying and political expenditures	85d	N/A
85e	e Aggregate nondeductible amount of section 6033(e)(1)(A) dues notices	85e	N/A
85f	f Taxable amount of lobbying and political expenditures (line 85d less 85e)	85f	N/A
85g	g Does the organization elect to pay the section 6033(e) tax on the amount on line 85f?		N/A
85h	h If section 6033(e)(1)(A) dues notices were sent, does the organization agree to add the amount on line 85f to its reasonable estimate of dues allocable to nondeductible lobbying and political expenditures for the following tax year?		N/A
86a	501(c)(7) organizations Enter a Initiation fees and capital contributions included on line 12	86a	N/A
86b	b Gross receipts, included on line 12, for public use of club facilities	86b	N/A
87a	501(c)(12) organizations Enter a Gross income from members or shareholders	87a	N/A
87b	b Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)	87b	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		X
89a	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>		
89b	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		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.
90a	List the states with which a copy of this return is filed <u>CALIFORNIA</u>		
90b	b Number of employees employed in the pay period that includes March 12, 2003 (See instructions)	90b	47
91	The books are in care of <u>HAPPY VALLEY FOUNDATION</u> Telephone number <u>805-646-4343</u> Located at <u>P O BOX 804, OJAI, CA</u> ZIP + 4 <u>93024</u>		
92	Section 4947(a)(1) nonexempt charitable trusts filing Form 990 in lieu of Form 1041 - Check here <input type="checkbox"/> and enter the amount of tax-exempt interest received or accrued during the tax year	92	N/A

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

Note: Enter gross amounts unless otherwise indicated

	Unrelated business income		Excluded by section 512, 513, or 514		(E) Related or exempt function income
	(A) Business code	(B) Amount	(C) Exclusion code	(D) Amount	
93 Program service revenue					
a <u>ACTIVITY/BOOK RESIDUA</u>					94,700.
b <u>APPLICATION FEES</u>					4,250.
c <u>SCHOOL DIR RESIDENCE</u>					18,000.
d <u>SCHOOL TUITION</u>					2,438,003.
e <u>SUMMER SCHOOL PROGRAM</u>					54,986.
f Medicare/Medicaid payments					
g Fees & contracts from government agencies					
94 Membership dues and assessments					
95 Interest on savings & temporary cash invmnts					12,406.
96 Dividends & interest from securities					17,463.
97 Net rental income or (loss) from real estate					
a debt-financed property					
b not debt-financed property					150.
98 Net rental income or (loss) from pers prop					2,550.
99 Other investment income					715.
100 Gain or (loss) from sales of assets other than inventory					-3,584.
101 Net income or (loss) from special events					
102 Gross profit or (loss) from sales of inventory					-1,005.
103 Other revenue					
a					
b <u>SEE STATEMENT 10</u>					39,314.
c					
d					
e					
104 Subtotal (add columns (B), (D), and (E))					2,677,948.
105 Total (add line 104, columns (B), (D), and (E))					2,677,948.

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 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)
93-103	ALL FUNDS RECEIVED BY HAPPY VALLEY FOUNDATION ARE USED TO SUPPORT THE HAPPY VALLEY SCHOOL TO FURTHER THE ACADEMIC EDUCATION OF CHILDREN.

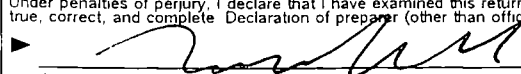
Part IX Information Regarding Taxable Subsidiaries and Disregarded Entities (See instructions)

(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 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)

Please Sign:  Date: 5/11/05

WBCDF CFO 5/11/05

CPA Date 5/10/05 Check if self Preparer's SSN or PTIN (see General Instruction W) N/A

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 HAPPY VALLEY FOUNDATION	Employer identification number 95-0809370
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Part I Compensation of the Five Highest Paid Employees Other Than Officers, Directors, and Trustees
(See 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 and deferred compensation	(e) Expense account and other allowances
DENNIS RICE ----- 8301 HIGHWAY 150, OJAI, CA 93023	SCHOOL DIRECTOR 40	88,476.	11,250.	0.
MICHAEL ADAMS ----- 8303 HWY 150, OJAI, CA 93023	OPERATION MNGR 64	57,750.	7,266.	0.
----- ----- -----				
Total number of other employees paid over \$50,000 ▶		0		

Part II Compensation of the Five Highest Paid Independent Contractors for Professional Services
(See 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 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 ▶ \$ <u>N/A</u> (Must equal amounts on line 38, Part VI-A, or line I of Part VI B)		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)		
a	Sale, exchange, or leasing of property?		X
b	Lending of money or other extension of credit?		X
c	Furnishing of goods, services, or facilities?		X
d	Payment of compensation (or payment or reimbursement of expenses if more than \$1,000)?		X
e	Transfer of any part of its income or assets?		X
3a	Do you make grants for scholarships, fellowships, student loans, etc? (If 'Yes,' attach an explanation of how you determine that recipients qualify to receive payments)	X	
		SEE STATEMENT 11	
b	Do you have a section 403(b) annuity plan for your employees?		X
4	Did you maintain any separate account for participating donors where donors have the right to provide advice on the use or distribution of funds?		X

Part IV Reason for Non-Private Foundation Status (See 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 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 instructions)

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

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

Calendar year (or fiscal year beginning in)	(a) 2002	(b) 2001	(c) 2000	(d) 1999	(e) Total
15 Gifts, grants, and contributions received (Do not include unusual grants. See line 28.)	N/A				
16 Membership fees received					
17 Gross receipts from admissions, merchandise sold or services performed, or furnishing of facilities in any activity that is related to the organization's charitable, etc., purpose					
18 Gross income from interest, dividends, amounts received from payments on securities loans (section 512(a)(5)), rents, royalties, and unrelated business taxable income (less section 511 taxes) from businesses acquired by the organization after June 30, 1975					
19 Net income from unrelated business activities not included in line 18					
20 Tax revenues levied for the organization's benefit and either paid to it or expended on its behalf					
21 The value of services or facilities furnished to the organization by a governmental unit without charge. Do not include the value of services or facilities generally furnished to the public without charge.					
22 Other income. Attach a schedule. Do not include gain or (loss) from sale of capital assets.					
23 Total of lines 15 through 22					
24 Line 23 minus line 17					
25 Enter 1% of line 23					

26 Organizations described on lines 10 or 11: a Enter 2% of amount in column (e), line 24 N/A

	▶	26 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 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.	▶	26 b	
c Total support for section 509(a)(1) test. Enter line 24, column (e).	▶	26 c	
d Add Amounts from column (e) for lines 18 _____ 19 _____	▶	26 d	
22 _____ 26 b _____			
e Public support (line 26c minus line 26d total)	▶	26 e	
f Public support percentage (line 26e (numerator) divided by line 26c (denominator))	▶	26 f	%

27 Organizations described on line 12: N/A

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) _____ (2001) _____ (2000) _____ (1999) _____

b For any amount included in line 17 that was received from each person (other than 'disqualified persons'), prepare a list for your records to show the name of, and amount received for each year, that was more than the larger of (1) the amount on line 25 for the year or (2) \$5,000. (Include in the list organizations described in lines 5 through 11, as well as individuals.) Do not file this list with your return. After computing the difference between the amount received and the larger amount described in (1) or (2), enter the sum of these differences (the excess amounts) for each year

(2002) _____ (2001) _____ (2000) _____ (1999) _____

c Add Amounts from column (e) for lines 15 _____ 16 _____	▶	27 c	
17 _____ 20 _____ 21 _____			
d Add Line 27a total _____ and line 27b total _____	▶	27 d	
e Public support (line 27c total minus line 27d total)	▶	27 e	
f Total support for section 509(a)(2) test. Enter amount from line 23, column (e)	▶	27 f	
g Public support percentage (line 27e (numerator) divided by line 27f (denominator))	▶	27 g	%
h Investment income percentage (line 18, column (e) (numerator) divided by line 27f (denominator))	▶	27 h	%

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 N/A

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

	Yes	No
29 Does the organization have a racially nondiscriminatory policy toward students by statement in its charter, bylaws, other governing instrument, or in a resolution of its governing body?	X	
30 Does the organization include a statement of its racially nondiscriminatory policy toward students in all its brochures, catalogues, and other written communications with the public dealing with student admissions, programs, and scholarships?	X	
31 Has the organization publicized its racially nondiscriminatory policy through newspaper or broadcast media during the period of solicitation for students, or during the registration period if it has no solicitation program, in a way that makes the policy known to all parts of the general community it serves? If 'Yes,' please describe, if 'No,' please explain (If you need more space, attach a separate statement) <u>SEE "PROOF OF PUBLICATION" IN THE "OJAI VALLEY STAR" JULY 26, 2004</u> <u>ATTACHED.</u>	X	
32 Does the organization maintain the following		
a Records indicating the racial composition of the student body, faculty, and administrative staff?	X	
b Records documenting that scholarships and other financial assistance are awarded on a racially nondiscriminatory basis?	X	
c Copies of all catalogues, brochures, announcements, and other written communications to the public dealing with student admissions, programs, and scholarships?	X	
d Copies of all material used by the organization or on its behalf to solicit contributions?	X	
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?		X
b Admissions policies?		X
c Employment of faculty or administrative staff?		X
d Scholarships or other financial assistance?		X
e Educational policies?		X
f Use of facilities?		X
g Athletic programs?		X
h Other extracurricular activities?		X
If you answered 'Yes' to any of the above, please explain (If you need more space, attach a separate statement)		
34a Does the organization receive any financial aid or assistance from a governmental agency?		X
b Has the organization's right to such aid ever been revoked or suspended? If you answered 'Yes' to either 34a or b, please explain using an attached statement		X
35 Does the organization certify that it has complied with the applicable requirements of sections 4 01 through 4 05 of Rev Proc 75-50, 1975-2 C B 587, covering racial nondiscrimination? If 'No,' attach an explanation	X	

**Depreciation and Amortization
(Including Information on Listed Property)**

2003

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Department of the Treasury
Internal Revenue Service

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

Name(s) shown on return
HAPPY VALLEY FOUNDATION

Identifying number
95-0809370

Business or activity to which this form relates

FORM 990/990-PF

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	\$100,000.
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	\$400,000.
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 2002 Form 4562	10	
11	Business income limitation Enter the smaller of business income (not less than zero) or line 5 (see instrs)	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 2004 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	171,965.

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	17	
18	If you are electing under section 168(i)(4) to group any assets placed in service during the tax year into one or more general asset accounts, check here <input type="checkbox"/>		

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

(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only — see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
19a 3-year property						
b 5-year property						
c 7-year property						
d 10-year property						
e 15-year property						
f 20-year property						
g 25-year property			25 yrs		S/L	
h Residential rental property			27.5 yrs	MM	S/L	
			27.5 yrs	MM	S/L	
i Nonresidential real property			39 yrs	MM	S/L	
				MM	S/L	

Section C – Assets Placed in Service During 2003 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 instructions	22	171,965.
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	

HAPPY VALLEY FOUNDATION

95-0809370

STATEMENT 1
FORM 990, PART I, LINE 7
OTHER INVESTMENT INCOME

ROYALTIES			\$	715.
		TOTAL	\$	<u>715.</u>

STATEMENT 2
FORM 990, PART I, LINE 8
NET GAIN (LOSS) FROM NONINVENTORY SALES

PUBLICLY TRADED SECURITIES

GROSS SALES PRICE:	113,402.			
COST OR OTHER BASIS:	116,986.			
		TOTAL GAIN (LOSS) PUBLICLY TRADED SECURITIES	\$	<u>-3,584.</u>
		TOTAL NET GAIN (LOSS) FROM NONINVENTORY SALES	\$	<u>-3,584.</u>

STATEMENT 3
FORM 990, PART I, LINE 10
GROSS PROFIT (LOSS) FROM SALES OF INVENTORY

BEATRICE WOOD CERAMICS, ART, ETC		\$	257,193.
SCHOOL PAINTINGS			439.
GROSS SALES		\$	<u>257,632.</u>
LESS RETURNS & ALLOWANCES			0.
NET SALES		\$	<u>257,632.</u>
LESS COST OF GOODS SOLD			258,637.
GROSS PROFIT FROM SALES OF INVENTORY		\$	<u>-1,005.</u>

STATEMENT 4
FORM 990, PART II, LINE 43
OTHER EXPENSES

	(A) TOTAL	(B) PROGRAM SERVICES	(C) MANAGEMENT & GENERAL	(D) FUNDRAISING
ADVERTISING	77,376.	58,032.	19,344.	
BAD DEBTS	3,300.	2,475.	825.	
BANK CHARGES	8,028.	6,021.	2,007.	
BOARD MEETING EXPENSES	1,132.	849.	283.	
BOOKS	14,628.	10,971.	3,657.	
DUES & SUBSCRIPTIONS	7,660.	5,745.	1,915.	
FACULTY DEVELOPMENT	2,796.	2,097.	419.	280.
FACULTY GRANTS	5,865.	4,399.	1,466.	
FILING FEES	30.	23.	7.	
FUNDRAISING/DEVELOPMENT	38,313.			38,313.
GRADUATION EXPENSE	4,165.	3,124.	1,041.	
GROUNDS UPKEEP	4,665.	3,499.	1,166.	
INSTRUCTIONAL SUPPLIES	32,057.	24,043.	8,014.	

HAPPY VALLEY FOUNDATION

95-0809370

STATEMENT 4 (CONTINUED)
FORM 990, PART II, LINE 43
OTHER EXPENSES

	(A) TOTAL	(B) PROGRAM SERVICES	(C) MANAGEMENT & GENERAL	(D) FUNDRAISING
INSURANCE, HEALTH	152,442.	114,331.	22,866.	15,245.
INSURANCE, LIABILITY	128,249.	96,187.	32,062.	
KITCHEN	106,691.	80,018.	26,673.	
LEGAL & ACCOUNTING	36,464.	27,348.	9,116.	
LIBRARY	1,310.	983.	327.	
MISCELLANEOUS	1,329.	997.	332.	
OUTSIDE SERVICES	99,829.	74,872.	24,957.	
PROPERTY TAX	4,704.	3,528.	1,176.	
REPAIR & MAINTENANCE	91,831.	68,873.	22,958.	
RETIREMENT FUND	39,850.	29,888.	5,978.	3,984.
SALES TAX	15.	11.	4.	
SCHOLARSHIPS	313,150.	234,863.	78,287.	
STUDENT ACTIVITIES	49,046.	36,785.	12,261.	
TECHNOLOGY SUPPLIES & SERVICE	34,298.	25,724.	8,574.	
THEATER EVENT EXPENSES	3,294.			3,294.
TRANSPORTATION	33,334.	25,001.	8,333.	
TUITION DISCOUNT	75,600.	56,700.	18,900.	
UTILITIES	88,564.	66,423.	22,141.	
WILDERNESS EDUCATION	16,952.	12,714.	4,238.	
WORKERS COMPENSATION	55,653.	41,740.	8,348.	5,565.
YEARBOOK	7,040.	5,280.	1,760.	
TOTAL	\$ 1,539,660.	\$ 1,123,544.	\$ 349,435.	\$ 66,681.

STATEMENT 5
FORM 990, PART IV, LINE 54
INVESTMENTS - SECURITIES

OTHER PUBLICLY TRADED SECURITIES	VALUATION METHOD	AMOUNT
SANTA BARBARA BANK & TRUST-LZ	COST	\$ 415,498.
	TOTAL	\$ 415,498.
TOTAL INVESTMENTS - SECURITIES		\$ 415,498.

STATEMENT 6
FORM 990, PART IV, LINE 57
LAND, BUILDINGS, AND EQUIPMENT

CATEGORY	BASIS	ACCUM. DEPREC.	BOOK VALUE
FURNITURE AND FIXTURES	\$ 733,304.	\$ 585,460.	\$ 147,844.
MACHINERY AND EQUIPMENT	126,479.	88,884.	37,595.
BUILDINGS	4,461,778.	1,465,560.	2,996,218.
IMPROVEMENTS	687,889.	668,049.	19,840.
LAND	108,467.		108,467.

HAPPY VALLEY FOUNDATION

95-0809370

STATEMENT 6 (CONTINUED)
FORM 990, PART IV, LINE 57
LAND, BUILDINGS, AND EQUIPMENT

CATEGORY	BASIS	ACCUM. DEPREC.	BOOK VALUE
MISCELLANEOUS	\$ 30,786.	\$ 1,330.	\$ 29,456.
TOTAL	<u>\$ 6,148,703.</u>	<u>\$ 2,809,283.</u>	<u>\$ 3,339,420.</u>

STATEMENT 7
FORM 990, PART IV, LINE 58
OTHER ASSETS

BESANT SCHOLARSHIP FUND	\$ 135,029.
CULTURAL CENTER LADDER FUND	12,726.
DEPOSITS	20.
EMPLOYEE ADVANCES	6,500.
FOUNDATION ATELIER FUND	16,110.
PERMANENT CERAMIC INVENTORY COLLECTION	165,675.
TELEPHONE LEASE DEPOSIT	432.
WOODS ART BOOKS	18,500.
WOODS BOOKS & VIDEOS	21,634.
WOODS MANUSCRIPTS & ARCHIVAL MATERIALS	46,000.
TOTAL	<u>\$ 422,626.</u>

STATEMENT 8
FORM 990, PART IV, LINE 65
OTHER LIABILITIES

DELL REVOLVING CREDIT LINE	\$ 1,957.
STUDENT SERVICE FUND	2,048.
SUMMER SCIENCE DEPOSITS	27,075.
TUITION DEPOSITS	141,500.
TOTAL	<u>\$ 172,580.</u>

STATEMENT 9
FORM 990, PART V
LIST OF OFFICERS, DIRECTORS, TRUSTEES, AND KEY EMPLOYEES

NAME AND ADDRESS	TITLE AND AVERAGE HOURS PER WEEK DEVOTED	COMPEN- SATION	CONTRI- BUTION TO EBP & DC	EXPENSE ACCOUNT/ OTHER
DR JAMES SLOSS 4675 VIA HUERTO SANTA BARBARA, CA 93110	CHAIRMAN 25%	\$ 0.	\$ 0.	\$ 0.
NICHOLAS SCHNEIDER 1332 ANACAPA ST., STE 200 SANTA BARBARA, CA 93101	DIRECTOR 10%	0.	0.	0.

HAPPY VALLEY FOUNDATION

95-0809370

STATEMENT 9 (CONTINUED)
FORM 990, PART V
LIST OF OFFICERS, DIRECTORS, TRUSTEES, AND KEY EMPLOYEES

NAME AND ADDRESS	TITLE AND AVERAGE HOURS PER WEEK DEVOTED	COMPEN- SATION	CONTRI- BUTION TO EBP & DC	EXPENSE ACCOUNT/ OTHER	
MRS RADHA SLOSS 4675 VIA HUERTO SANTA BARBARA, CA 93110	DIRECTOR 25%	\$ 0.	\$ 0.	\$ 0.	
RASHMI GOEL 5030 EAST 6TH AVENUE DENVER, CO 80220-5141	DIRECTOR 10%	0.	0.	0.	
DR RAYMOND NEUTRA 956 EVELYN AVE ALBANY, CA 94706	DIRECTOR 10%	0.	0.	0.	
GERALD LARSON 550 SUSSEX GOLETA, CA 93117	DIRECTOR 10%	0.	0.	0.	
MRS PAOLA COHEN SEE ATTACHED SUPPLEMENTAL INFO ,	DIRECTOR 10%	0.	0.	0.	
ANNE FRIEND THACHER 15275 MARICOPA HIGHWAY OJAI, CA 93023	DIRECTOR 10%	0.	0.	0.	
ROBERT SLOSS 4840 SUNSET AVE LA CRESCENTA, CA 91214	DIRECTOR 10%	0.	0.	0.	
		TOTAL \$	0.	\$ 0.	\$ 0.

STATEMENT 10
FORM 990, PART VII, LINE 103
OTHER REVENUE

OTHER REVENUE	(A) BUSI- NESS CODE	(B) UNRELATED BUSINESS AMOUNT	(C) EXCLU- SION CODE	(D) EXCLUDED AMOUNT	(E) RELATED OR EXEMPT FUNCTION
INSURANCE REFUND-PY				\$	15,214.
MISCELLANEOUS					15,260.
STUDIO COMMISSIONS					1,250.
STUDIO GLAZE WORKSHOP					6,775.
THEATER PROGRAMS					815.
TOTAL		\$	0.	\$	0.
				\$	39,314.

STATEMENT 11
SCHEDULE A, PART III, LINE 3
QUALIFICATIONS OF RECIPIENTS RECEIVING GRANTS OR LOANS

SCHOLARSHIPS ARE AWARDED TO STUDENTS ON THE BASIS OF ACADEMIC MERIT. FINANCIAL AID AWARDS DEPEND ON THE FAMILY'S FINANCIAL CIRCUMSTANCES, SCHOOL POLICY AND THE FINANCIAL AID FUNDS AVAILABLE FOR DISTRIBUTION.

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.

Name of Exempt Organization: HAPPY VALLEY FOUNDATION
Employer identification number: 95-0809370
Number street and room or suite number: P O BOX 804
City town or post office, state and ZIP code: OJAI, CA 93024

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

Form 990 (checked), Form 990-EZ, Form 990-T (Section 401(a) or 408(a) trust), Form 1041-A, Form 5227, Form 8870, Form 990-BL, Form 990-PF, Form 990-T (trust other than above), Form 4720, 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.

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 organizations four digit Group Exemption Number (GEN)
whole group, check this box
If it is 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 5/15, 20 05
For calendar year or other tax year beginning 7/01, 20 03 and ending 6/30, 20 04
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: THE TAXPAYER HAS BEEN UNABLE TO OBTAIN THE INFORMATION NECESSARY FOR THE ACCURATE COMPLETION OF THE RETURN.

8a 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
8b If this application is for Form 990-PF, 990 T, 4720, or 6069, enter any refundable credits and estimated tax payments made
8c 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

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: Kathleen M. Jensen Title: CPA Date: 2/8/05

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
We have not approved this application After considering the reasons stated in item 7, we cannot grant your request for an extension of time to file We are not granting a 10-day grace period
We cannot consider this application because it was filed after the due date of the return for which an extension was requested
Other

Director By Date

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

Name: JACOBS & JACOBS ACCOUNTANCY CORPORATION
Number and street (include suite room, or apartment number) or a P O box number: 455 E THOUSAND OAKS BLVD. #101
City or town, province or state, and country (including postal or ZIP code): THOUSAND OAKS, CA 91360
EXTENSION APPROVED FEB 25 2005 FIELD DIRECTOR SUBMISSION PROCESSING OCCFN