

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 Jul 1, 2003, and ending Jun 30, 2004

B Check if applicable. C Name of organization TORREY PINES INSTITUTE FOR MOLECULAR STUDIES, INC. D Employer Identification Number 33-0319501

E Telephone number (858) 455-3803 F Accounting method: [] Cash [X] Accrual

G Web site: WWW.TPIMS.ORG

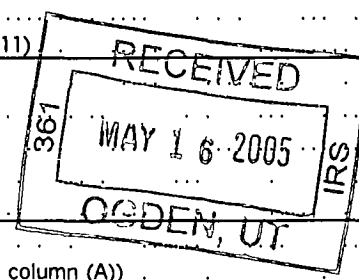
J Organization type (check only one) [X] 501(c) 3 (insert no) [] 4947(a)(1) or [] 527

K Check here [] if the organization's gross receipts are normally not more than \$25,000. H (a) Is this a group return for affiliates? [] Yes [X] No

L Gross receipts: Add lines 6b, 8b, 9b, and 10b to line 12 6,820,191. I Group Exemption Number

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

Table with 21 rows and 4 columns: Description, Sub-column, Amount, Total. Includes revenue from contributions, program services, and expenses.



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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 \$ 0. non-cash \$ 0.)	22 0.	0.		
23 Specific assistance to individuals (att sch)	23 0.	0.		
24 Benefits paid to or for members (att sch)	24 0.	0.		
25 Compensation of officers, directors, etc.	25 347,829.	64,737.	281,073.	2,019.
26 Other salaries and wages	26 3,058,206.	2,628,712.	427,198.	2,296.
27 Pension plan contributions	27 267,838.	210,950.	56,488.	400.
28 Other employee benefits	28 304,317.	248,094.	55,476.	747.
29 Payroll taxes	29 259,566.	205,545.	53,721.	300.
30 Professional fundraising fees	30 0.	0.	0.	0.
31 Accounting fees	31 61,736.	0.	61,736.	0.
32 Legal fees	32 14,585.	-1,632.	16,217.	0.
33 Supplies	33 626,298.	597,248.	29,050.	0.
34 Telephone	34 181,417.	165,286.	16,131.	0.
35 Postage and shipping	35 7,671.	3,417.	3,261.	993.
36 Occupancy	36 719,571.	655,773.	63,798.	0.
37 Equipment rental and maintenance	37 123,550.	99,313.	24,237.	0.
38 Printing and publications	38 30,781.	596.	2,963.	27,222.
39 Travel	39 0.	0.	0.	0.
40 Conferences, conventions, and meetings	40 0.	0.	0.	0.
41 Interest	41 61,921.	61,921.	0.	0.
42 Depreciation, depletion, etc (attach schedule)	42 446,591.	428,806.	17,785.	0.
43 Other expenses not covered above (itemize):				
a CONFERENCE & TRAVEL	43a 53,787.	33,858.	11,215.	8,714.
b DUES & SUBSCRIPTIONS	43b 14,175.	4,477.	9,683.	15.
c INSURANCE	43c 46,249.	21,786.	24,463.	0.
d LICENSE & FEES	43d 7,616.	4,099.	2,432.	1,085.
e See Other Expenses Stmt	43e 352,118.	245,899.	40,035.	66,184.
44 Total functional expenses (add lines 22 - 43). Organizations completing columns (B) - (D), carry these totals to lines 13 - 15.	44 6,985,822.	5,678,885.	1,196,962.	109,975.

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? <u>STATEMENT 3</u>	Program Service Expenses (Required for 501(c)(3) and (4) organizations and 4947(a)(1) trusts, but optional for others)
a <u>STATEMENT 4</u> ----- ----- ----- (Grants and allocations \$ 0.)	5,678,885.
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).	5,678,885.

Part IV Balance Sheets (See Instructions)

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	6,751.	45	115,495.
	46 Savings and temporary cash investments	35,034.	46	20,021.
	47a Accounts receivable	123,211.		
	b Less: allowance for doubtful accounts		85,908.	123,211.
	48a Pledges receivable	1,378,232.		
	b Less: allowance for doubtful accounts	224,243.	929,414.	1,153,989.
	49 Grants receivable		63,794.	147,970.
	50 Receivables from officers, directors, trustees, and key employees (attach schedule)			50
	51a Other notes & loans receivable (attach sch)			
	b Less: allowance for doubtful accounts			51c
	52 Inventories for sale or use			52
	53 Prepaid expenses and deferred charges		53,166.	58,530.
	54 Investments – securities (attach schedule) ▶ <input type="checkbox"/> Cost <input type="checkbox"/> FMV			54
	55a Investments – land, buildings, & equipment: basis			
	b Less: accumulated depreciation (attach schedule)			55c
	56 Investments – other (attach schedule)			56
	57a Land, buildings, and equipment: basis	3,953,605.		
	b Less: accumulated depreciation (attach schedule) L-57 Stmt	2,804,372.	1,265,548.	1,149,233.
	58 Other assets (describe ▶ See Line 58 Stmt)		878,873.	857,376.
59 Total assets (add lines 45 through 58) (must equal line 74)		3,318,488.	3,625,825.	
LIABILITIES	60 Accounts payable and accrued expenses	1,545,275.	60	1,048,094.
	61 Grants payable		61	
	62 Deferred revenue	378,398.	62	537,173.
	63 Loans from officers, directors, trustees, and key employees (attach schedule) Statement 6			100,000.
	64a Tax-exempt bond liabilities (attach schedule)			64a
	b Mortgages and other notes payable (attach schedule) Statement 5	298,597.		1,013,056.
	65 Other liabilities (describe ▶)			65
66 Total liabilities (add lines 60 through 65)		2,222,270.	2,698,323.	
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	186,300.	67	-294,315.
	68 Temporarily restricted	909,918.	68	1,221,817.
	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)		1,096,218.	927,502.
	74 Total liabilities and net assets/fund balances (add lines 66 and 73)		3,318,488.	3,625,825.

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	▶	6,729,462.	a Total expenses and losses per audited financial statements	▶	7,136,831.
b Amounts included on line a but not on line 12, Form 990:			b Amounts included on line a but not on line 17, Form 990:		
(1) Net unrealized gains on investments \$ -2,167.			(1) Donated services and use of facilities \$		
(2) Donated services and use of facilities \$			(2) Prior year adjustments reported on line 20, Form 990 \$		
(3) Recoveries of prior year grants \$			(3) Losses reported on line 20, Form 990 \$		
(4) Other (specify): STATEMENT 7 \$ 660,091.			(4) Other (specify): STATEMENT 8 \$ 899,662.		
Add amounts on lines (1) through (4)	▶	657,924.	Add amounts on lines (1) through (4)	▶	899,662.
c Line a minus line b	▶	6,071,538.	c Line a minus line b	▶	6,237,169.
d Amounts included on line 12, Form 990 but not on line a:			d Amounts included on line 17, Form 990 but not on line a:		
(1) Investment expenses not included on line 6b, Form 990 \$			(1) Investment expenses not included on line 6b, Form 990 \$		
(2) Other (specify): STATEMENT 9 \$ 748,653.			(2) Other (specify): STATEMENT 10 \$ 748,653.		
Add amounts on lines (1) and (2)	▶	748,653.	Add amounts on lines (1) and (2)	▶	748,653.
e Total revenue per line 12, Form 990 (line c plus line d)	▶	6,820,191.	e Total expenses per line 17, Form 990 (line c plus line d)	▶	6,985,822.

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
RICHARD HOUGHTEN, PhD 3550 GENERAL ATOMICS COURT SAN DIEGO, CA 92121	PRESIDENT 32	96,622.	38,112.	0.
PEGGY TOTZKE 3550 GENERAL ATOMICS COURT SAN DIEGO, CA 92121	COO/CFO 40	113,437.	27,767.	0.
KAREN GARITTA 3550 GENERAL ATOMICS COURT SAN DIEGO, CA 92121	VP ADMIN 40	60,475.	30,864.	0.
WILLIAM BEERS 3550 GENERAL ATOMICS COURT SAN DIEGO, CA 92121	VP OPERATIONS 20	77,295.	13,634.	0.
JAMES BITTLE 3550 GENERAL ATOMICS COURT SAN DIEGO, CA 92121	TRUSTEE 1-2	0.	0.	0.
See List of Officers, Etc. Statement		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	If 'Yes,' has it filed a tax return on Form 990-T for this year?	X	
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	Enter direct and indirect political expenditures. See line 81 instructions	81a	0.
81b	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	If 'Yes,' you may indicate the value of these items here. Do not include this amount as revenue in Part I or as an expense in Part II. (See instructions in Part III.)	82b	
83a	Did the organization comply with the public inspection requirements for returns and exemption applications?	X	
83b	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	If 'Yes,' did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?		
85a	501(c)(4), (5), or (6) organizations. Were substantially all dues nondeductible by members?	N/A	
85b	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	Dues, assessments, and similar amounts from members	85c	N/A
85d	Section 162(e) lobbying and political expenditures	85d	N/A
85e	Aggregate nondeductible amount of section 6033(e)(1)(A) dues notices	85e	N/A
85f	Taxable amount of lobbying and political expenditures (line 85d less 85e)	85f	N/A
85g	Does the organization elect to pay the section 6033(e) tax on the amount on line 85f?	85g	N/A
85h	If section 6033(e)(1)(A) dues notices were sent, does the organization agree to add the amount on line 85f to its reasonable estimate of dues allocable to nondeductible lobbying and political expenditures for the following tax year?	85h	N/A
86a	501(c)(7) organizations. Enter: a Initiation fees and capital contributions included on line 12	86a	N/A
86b	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	Gross income from other sources. (Do not net amounts due or paid to other sources against amounts due or received from them.)	87b	N/A
88	At any time during the year, did the organization own a 50% or greater interest in a taxable corporation or partnership, or an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? If 'Yes,' complete Part IX	88	X
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	501(c)(3) and 501(c)(4) organizations. Did the organization engage in any section 4958 excess benefit transaction during the year or did it become aware of an excess benefit transaction from a prior year? If 'Yes,' attach a statement explaining each transaction	89b	X
	c Enter: Amount of tax imposed on the organization managers or disqualified persons during the year under sections 4912, 4955, and 4958		0.
	d Enter: Amount of tax on line 89c, above, reimbursed by the organization		0.
90a	List the states with which a copy of this return is filed	CALIFORNIA	
90b	Number of employees employed in the pay period that includes March 12, 2003 (See instructions.)	90b	88
91	The books are in care of	PEGGY TOTZKE Telephone number (858) 455-3803	
	Located at	3550 GENERAL ATOMICS COURT, SAN DIEGO, CA ZIP + 4 92121-1122	
92	Section 4947(a)(1) nonexempt charitable trusts filing Form 990 in lieu of Form 1041 - Check here and enter the amount of tax-exempt interest received or accrued during the tax year	92	

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 RESEARCH GRANTS					183,834.
b					
c					
d					
e					
f Medicare/Medicaid payments					
g Fees & contracts from government agencies					
94 Membership dues and assessments					
95 Interest on savings & temporary cash invmnts			14	1,092.	
96 Dividends & 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 pers prop					
99 Other investment income			15	182,692.	
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 VIVARIUM INCOME	541900	116,785.			
c MISCELLANEOUS			01	5,161.	
d					
e					
104 Subtotal (add columns (B), (D), and (E))		116,785.		188,945.	183,834.
105 Total (add line 104, columns (B), (D), and (E))					489,564.

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).
93a	STATEMENT 12

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
TORREY PINES SYNTHETIC SERVICES, INC 3550 GENERAL ATOMICS COURT SAN DIEGO, CA 92121	100.0000 % % %	SCIENTIFIC CONSULTING & ANALYSIS S	-919.	171,695.

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
 - b Did the organization, during the year, pay premiums, directly or indirectly, on
- Note: If 'Yes' to (b), file Form 8870 and Form 4720 (see instructions).

Under penalties of perjury, I declare that I have examined this return, including attachments, and it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has knowledge.

Please Sign Here

Signature of officer: *Peggy Totzke*

PEGGY TOTZKE, COO/CFO
Type or print name and title

Paid Preparer's Use Only

Preparer's signature: *Tom Magdalska*

Firm's name (or yours if self-employed), address, and ZIP + 4: DELOITTE TAX LLP
701 "B" STREET, SUITE
SAN DIEGO, CA 92101-81

SCHEDULE A
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

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

(Except Private Foundation) and Section 501(e), 501(f), 501(k),
501(n), or Section 4947(a)(1) Nonexempt Charitable Trust
Supplementary Information — (See separate instructions.)

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

OMB No 1545 0047

2003

Name of the organization

TORREY PINES INSTITUTE FOR MOLECULAR STUDIES, INC.

Employer identification number

33-0319501

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	
ELI SERCARZ ----- 3550 GENERAL ATOMICS CT., SD, CA 92121	MEMBER	40	129,461.	31,448.	0.
VIPIN KUMAR ----- 3550 GENERAL ATOMICS CT., SD, CA 92121	MEMBER	40	101,125.	34,878.	0.
JOHN OSTRESH ----- 3550 GENERAL ATOMICS CT., SD, CA 92121	DIR OF CHEMISTRY	40	92,889.	31,185.	0.
ROY RIBLET ----- 3550 GENERAL ATOMICS CT., SD, CA 92121	MEMBER	40	82,500.	30,956.	0.
DARCY WILSON ----- 3550 GENERAL ATOMICS CT., SD, CA 92121	MEMBER	20	97,441.	21,982.	0.
Total number of other employees paid over \$50,000	▶	16			

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
DELOITTE & TOUCHE LLP ----- 701 B STREET, SUITE 1900, SAN DIEGO, CA 92101	ACCOUNTING	63,942.
WELSH & KATZ, LTD ----- 120 SO. RIVERSIDE PLAZA, 22ND FLOOR, CHICAGO, IL 60606	LEGAL	52,159.
----- ----- ----- -----		
Total number of others receiving over \$50,000 for professional services	▶	None

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 ▶ \$ _____ (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? <i>Statement 13</i>	X	
b Lending of money or other extension of credit? <i>Statement 6</i>	X	
c Furnishing of goods, services, or facilities? <i>Statement 13</i>	X	
d Payment of compensation (or payment or reimbursement of expenses if more than \$1,000)? <i>See Part V, Form 990</i>	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
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.)
- 11 a 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.)
- 11 b 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.) ..	7,219,179.	5,421,228.	4,526,072.	4,812,747.	21,979,226.
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 ..	1,098,097.	72,667.	1,675,958.	-51,773.	2,794,949.
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 ..	52,288.	22,368.	207,560.	351,071.	633,287.
19 Net income from unrelated business activities not included in line 18 ..	41,229.	63,271.	64,539.	34,896.	203,935.
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 ..	8,410,793.	5,579,534.	6,474,129.	5,146,941.	25,611,397.
24 Line 23 minus line 17 ..	7,312,696.	5,506,867.	4,798,171.	5,198,714.	22,816,448.
25 Enter 1% of line 23 ..	84,108.	55,795.	64,741.	51,469.	
26 Organizations described on lines 10 or 11:					
a Enter 2% of amount in column (e), line 24 ..					26a 456,329.
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
c Total support for section 509(a)(1) test: Enter line 24, column (e) ..					26c 22,816,448.
d Add: Amounts from column (e) for lines: 18 633,287. 19 203,935. 22 .. 26b ..					26d 837,222.
e Public support (line 26c minus line 26d total)					26e 21,979,226.
f Public support percentage (line 26e (numerator) divided by line 26c (denominator)) ..					26f 96.33 %
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: N/A					
(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: N/A					
(2002) _____ (2001) _____ (2000) _____ (1999) _____					
c Add: Amounts from column (e) for lines: 15 _____ 16 _____ 17 _____ 20 _____ 21 _____					27c N/A
d Add: Line 27a total .. and line 27b total ..					27d N/A
e Public support (line 27c total minus line 27d total)					27e N/A
f Total support for section 509(a)(2) test: Enter amount from 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. **None**

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

		N/A	
		Yes	No
29	Does the organization have a racially nondiscriminatory policy toward students by statement in its charter, bylaws, other governing instrument, or in a resolution of its governing body?		
30	Does the organization include a statement of its racially nondiscriminatory policy toward students in all its brochures, catalogues, and other written communications with the public dealing with student admissions, programs, and scholarships?		
31	Has the organization publicized its racially nondiscriminatory policy through newspaper or broadcast media during the period of solicitation for students, or during the registration period if it has no solicitation program, in a way that makes the policy known to all parts of the general community it serves? If 'Yes,' please describe; if 'No,' please explain. (If you need more space, attach a separate statement.)		

32	Does the organization maintain the following:		
a	Records indicating the racial composition of the student body, faculty, and administrative staff?		
b	Records documenting that scholarships and other financial assistance are awarded on a racially nondiscriminatory basis?		
c	Copies of all catalogues, brochures, announcements, and other written communications to the public dealing with student admissions, programs, and scholarships?		
d	Copies of all material used by the organization or on its behalf to solicit contributions?		
If you answered 'No' to any of the above, please explain. (If you need more space, attach a separate statement.)			

33	Does the organization discriminate by race in any way with respect to:		
a	Students' rights or privileges?		
b	Admissions policies?		
c	Employment of faculty or administrative staff?		
d	Scholarships or other financial assistance?		
e	Educational policies?		
f	Use of facilities?		
g	Athletic programs?		
h	Other extracurricular activities?		
If you answered 'Yes' to any of the above, please explain. (If you need more space, attach a separate statement.)			

34a	Does the organization receive any financial aid or assistance from a governmental agency?		
b	Has the organization's right to such aid ever been revoked or suspended? If you answered 'Yes' to either 34a or b, please explain using an attached statement.		
35	Does the organization certify that it has complied with the applicable requirements of sections 4.01 through 4.05 of Rev Proc 75-50, 1975-2 C.B. 587, covering racial nondiscrimination? If 'No,' attach an explanation.		

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

N/A

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

Limits on Lobbying Expenditures		(a) Affiliated group totals	(b) To be completed for ALL electing organizations
(The term 'expenditures' means amounts paid or incurred.)			
36	Total lobbying expenditures to influence public opinion (grassroots lobbying)	36	
37	Total lobbying expenditures to influence a legislative body (direct lobbying)	37	
38	Total lobbying expenditures (add lines 36 and 37)	38	
39	Other exempt purpose expenditures	39	
40	Total exempt purpose expenditures (add lines 38 and 39)	40	
41	Lobbying nontaxable amount. Enter the amount from the following table --		
	If the amount on line 40 is --		
	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		
	The lobbying nontaxable amount is --		
	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		
42	Grassroots nontaxable amount (enter 25% of line 41)	42	
43	Subtract line 42 from line 36. Enter -0- if line 42 is more than line 36	43	
44	Subtract line 41 from line 38. Enter -0- if line 41 is more than line 38	44	
Caution: If there is an amount on either line 43 or line 44, you must file Form 4720.			

4-Year Averaging Period Under Section 501(h)

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

	Lobbying Expenditures During 4-Year Averaging Period					(e) Total
	(a) 2003	(b) 2002	(c) 2001	(d) 2000	(e) Total	
45 Lobbying nontaxable amount						
46 Lobbying ceiling amount (150% of line 45(e))						
47 Total lobbying expenditures						
48 Grassroots non-taxable amount						
49 Grassroots ceiling amount (150% of line 48(e))						
50 Grassroots lobbying expenditures						

Part VI-B Lobbying Activity by Nonelecting Public Charities (For reporting only by organizations that did not complete Part VI-A) (See instructions.)

During the year, did the organization attempt to influence national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of:

- a** Volunteers
- b** Paid staff or management (include compensation in expenses reported on lines c through h.)
- c** Media advertisements
- d** Mailings to members, legislators, or the public
- e** Publications, or published or broadcast statements
- f** Grants to other organizations for lobbying purposes
- g** Direct contact with legislators, their staffs, government officials, or a legislative body
- h** Rallies, demonstrations, seminars, conventions, speeches, lectures, or any other means
- i** Total lobbying expenditures (add lines c through h.)

Yes	No	Amount
	X	
	X	
	X	
	X	
	X	
	X	
	X	
	X	
		0.

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

Form 990, Page 2, Part II, Line 43

Other Expenses Stmt

Other expenses not covered above (itemize):	(A) Total	(B) Program services	(C) Management and general	(D) Fundraising
MISCELLANEOUS	88,250.	83,920.	-60,138.	64,468.
OUTSIDE SERVICES	127,603.	84,281.	41,606.	1,716.
EDUCATIONAL ASSISTANCE	2,773.	0.	2,773.	0.
RECRUITING	5,577.	4,119.	1,458.	0.
WASTE REMOVAL	18,189.	18,189.	0.	0.
AMORTIZATION	77,644.	31,910.	45,734.	0.
INCOME TAX-UBI	16,250.	15,578.	672.	0.
CONSULTING	13,842.	6,187.	7,655.	0.
EMPLOYEE TRAINING	1,990.	1,715.	275.	0.
Total	<u>352,118.</u>	<u>245,899.</u>	<u>40,035.</u>	<u>66,184.</u>

Form 990, Page 3, Part IV, Lines 57a & 57b

Land, Buildings and Equipment Statement

	(a) Cost/Other Basis	(b) Accumulated Depreciation	(c) Book Value
MACHINERY AND EQUIPMENT	3,277,193.	2,315,947.	961,246.
FURNITURE AND FIXTURES	107,950.	107,950.	0.
LEASEHOLD IMPROVEMENTS	568,462.	380,475.	187,987.
Total	<u>3,953,605.</u>	<u>2,804,372.</u>	<u>1,149,233.</u>

Form 990, Page 3, Part IV, Line 58

Other Assets Statement

Line 58 - Other Assets:	Beginning of Year	End of Year
SECURITY DEPOSITS	114,947.	118,942.
PATENTS	497,945.	480,221.
PHANTOM STOCK PLAN	3,669.	1,502.
INVESTMENTS IN SUBSIDIARY	172,614.	171,694.
LICENCE/ROYALTY FEES RECEIVABLE	10,000.	10,000.
OTHER CURRENT ASSETS	79,698.	75,017.
Total	<u>878,873.</u>	<u>857,376.</u>

Form 990, Page 4, Part V

List of Officers, Etc. Statement

(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
PHILLIP CATRON 3550 GENERAL ATOMICS COURT SAN DIEGO, CA 92121	TRUSTEE 1-2 HRS/WK	0.	0.	0.
HOWARD SILBERMAN 3550 GENERAL ATOMICS COURT SAN DIEGO, CA 92121	TRUSTEE 1-2 HRS/WK	0.	0.	0.

Total

0. 0. 0.

FORM 990	INDIRECT PUBLIC SUPPORT	STATEMENT 1
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AMOUNTS REPORTED AS INDIRECT PUBLIC SUPPORT INCLUDE FUNDS RECEIVED FROM A 501 (c)(3) CORPORATION AND ARE REPORTED NET OF EXPENSES INCURRED BY THE 501 (c)(3) CORPORATION.

FORM 990	OTHER CHANGES IN NET ASSETS OR FUND BALANCES	STATEMENT 2
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<u>DESCRIPTION</u>	<u>AMOUNT</u>
NET LOSS FROM FOR-PROFIT SUBSIDIARY INCLUDED IN BOOK FUND BALANCE	\$ (919)
UNREALIZED LOSS ON INVESTMENTS	(2,167)
ROUNDING	1
 TOTAL TO FORM 990, PART I, LINE 20	 <u>\$ (3,085)</u>

FORM 990	STATEMENT OF ORGANIZATION'S PRIMARY EXEMPT PURPOSE PART III	STATEMENT 3
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EXPLANATION

THE INSTITUTE'S PRIMARY EXEMPT PURPOSE IS TO CONDUCT FUNDAMENTAL BIOMEDICAL RESEARCH AND TO MAKE THE RESULTS OF SUCH RESEARCH AVAILABLE TO THE PUBLIC.

Statement of Program Service Accomplishments

a. MULTIPLE SCLEROSIS: The Multiple Sclerosis National Research Institute (the "MS Institute"), is a division of our Institute devoted to studying the causes, diagnosis, and possible treatments for MS, with the ultimate goal of finding a cure. The MS Institute researchers have had an extremely exciting and productive year in their search for finding new treatments, and even vaccines, to fight this crippling disease. Due to the overwhelming support of individual and corporate donations, staff at the MS Institute has doubled from two years ago. With this increase in staff came new research support from the National Multiple Sclerosis Society. Ongoing research at the MS Institute includes the study of Copaxone®, a commercial drug used for the treatment of patients with Multiple Sclerosis (MS). It is not completely known how the drug works, but with the help of the National Institute of Neurological Disorders and Stroke at the National Institutes of Health, we are evaluating the drug and have identified new compounds that appear to be just as good or better. Our collaborative partners work directly with patients with MS, and we hope that our work will lead to clinical trials. Other research at the MS Institute focuses on repairing the damage to the central nervous system caused by MS, stroke or trauma. By identifying genes that regulate the development of certain types of cells into all neural cell types, we hope to identify mechanisms controlled by these genes to reveal potential targets for therapeutic intervention. The next step in the study is the screening of small molecules for drug candidates that will direct cell differentiation towards particular mature cell types needed for tissue restoration. Several new areas of research include the detailed analysis of T cell behavior, and how certain types of T cells can help to protect from MS, as well as how certain T cells can "recruit" and activate other T cells which control MS. One researcher has found a type of T cell which appears to prevent MS, and his work continues to create much excitement amongst researchers throughout the world.

Collaborative efforts with other scientists, as well as presentations of our research results, have occurred throughout the United States and throughout the world, including The Bahamas, Canada, France, Germany, Italy, Japan, Sweden and Switzerland. In the U.S., the states include Alabama, California, Colorado, Connecticut, Florida, Illinois, Louisiana, Maryland, Maine, Massachusetts, Michigan, New Jersey, New York, North Carolina, Ohio, and Washington, as well as the District of Columbia. We also provided information to individuals in the general public by sending newsletters and maintaining a website specifically devoted to multiple sclerosis. Our research and related program services have been supported by the very generous donations from individuals via workplace campaigns, such as the Combined Federal Campaign, United Way and Neighbor to Nation. Our work is also supported by grants from the National Multiple Sclerosis Society and National Institutes of Health.

Program Service Expenses:

\$ 1,642,604

b. CANCER and AGING: Instead of the standard treatments for cancer (surgery, chemotherapy and radiation), scientists at our Institute believe that with the identification of new compounds, they can use the power of the body's immune system to combat cancer. One scientist works on inducing immunity in T cell lymphomas; another induces the immune system to destroy certain carcinomas which contain a specific type of carbohydrate. Another scientist, working specifically with prostate cancer, is studying how to convert a certain "microenvironment" into a "killing environment" against prostate tumor cells. Our scientists work with various forms of cancer cells, including breast cancer, prostate cancer and melanoma. Our cancer researchers are quite well-known, and we have established cooperative research partnerships with scientists at other institutions from around the world. We are funded by grants received from the National Institutes of Health, Department of Defense, and Alzheimer's and Aging Research Center, as well as by contracts with biotechnology companies and generous donations from the public.

Program Service Expenses:

\$ 594,182

c. DIABETES: According to the National Institutes of Health, diabetes affects more than 16,000,000 Americans every year. We conduct research to understand the causes, diagnosis, and prevention of Types I and II diabetes, in addition to possible treatments for diabetes. We also conduct research to help with the many health complications that arise from diabetes. "Free fatty acids" are molecules in our bodies that interact with proteins, membranes and cells of the immune system. We study the many ways that these molecules behave, including methods of measuring them in human blood. Besides diabetes, a number of diseases such as cancer, sepsis and ischemia, can result in changes in the levels of free fatty acid molecules in the blood. We believe that early detection of free fatty acid molecule levels in the blood can result in earlier detection of diabetes and other diseases. Our scientists also study various types of T cells to determine how certain types fight against Type I diabetes, and how Type I diabetes can cause cachexia. Our research is supported by grants from the National Institutes of Health, Diabetes National Research Group, Juvenile Diabetes Research Foundation, an Animal Welfare Enhancement grant from John Hopkins University, and by donations made by individuals and corporations.

Program Service Expenses:

\$ 675,200

d. CHEMISTRY: When Torrey Pines Institute for Molecular Studies first opened its laboratories fifteen years ago, the main focus of our research was in the area of chemistry. Our research resulted in a new method of drug discovery called, "combinatorial chemistry", which is now being used by researchers worldwide to help find new drugs and diagnostics for diseases. This group also supports all of the other research being conducted at our Institute by providing the "chemical libraries" needed for those groups in their search for vaccines, therapeutics, and diagnostic compounds. As a result of the methods invented and developed in our chemistry laboratories, we have been able to make significant progress in all of our research groups. Research results have been presented to the public in hundreds of scientific journal articles and in scientific presentations worldwide. We have trained many scientists in these methods not only in San Diego, but also across the United States and around the world. We are supported in part by the National Institutes of Health, various corporate research contracts, and generous donations from the public.

Program Service Expenses:

\$ 214,100

e. INFECTIOUS DISEASE: Antibiotic resistance has become overwhelmingly commonplace as more bacterial and viral strains adapt to current treatments and are becoming more difficult to cure. Our research is focused on finding new compounds to fight bacteria, viruses, parasites and fungi. Several compounds we have developed thus far are being investigated by a pharmaceutical company for further development. Our hope is that eventually these compounds will play a major role in treatments for bacterial and fungal infections.

Despite the efforts of thousands of researchers around the world, there is still no known cure for AIDS. The most popular treatment for AIDS patients today is providing medication that helps prevent the virus that causes AIDS, HIV-1, from replicating itself inside the body. We are screening different compounds to develop drugs to combat HIV-1 and possibly develop a vaccine. We added two new lead scientists to our HIV research efforts.

By researching the various types of T cells and how they interact with not only each other, but with infectious agents, we hope to help develop vaccines that will help the body to better protect itself against these infectious agents. Funding for our research programs in infectious disease was provided by grants from the National Institutes of Health and Infectious Disease Science Center, as well as from various corporate contracts and generous donations from the public.

Program Service Expenses:

\$ 885,103

f. TRANSPLANTATION, IMMUNE SYSTEM and GENETICS: This group of researchers study areas of application ranging from radiation trauma to bone marrow transplant therapy to immunology. One group is studying how DNA repairs itself following trauma such as radiation exposure. By understanding genes that control the numbers of specialized cells in bone marrow, our scientists believe that they can improve the methods of today's bone marrow transplant therapy. Another scientist studies details of the

immune system in order to prevent transplantation rejection. We are also collaborating with scientists from other institutions in the study to determine the genes in antibodies. Our research is supported by the National Institutes Health and Diabetes National Research Group.

Program Service Expenses: **\$ 517,991**

g. HEART DISEASE: Our research on treatments for heart disease includes detailed studies of compounds called enzymes and free-fatty acids. The administration of one of these enzymes (t-PA) is currently the standard treatment of acute myocardial infarction, a major killer of both American men and women. We are looking for new compounds which affect these enzymes, with the hope of eventually discovering new therapeutic treatments for heart disease. We are also studying these enzymes as a therapeutic tool for the prevention of restenosis (the renarrowing of a previously treated artery), a condition that occurs after a vascular procedure such as angioplasty. We are involved in the study of "complement proteins", which defend the body against infection. The goal of our research is to obtain molecular pictures of the series of interactions that occur among compliment proteins during recognition and killing of foreign cells. Uncontrolled compliment activation contributes to many chronic inflammatory conditions, such as heart attack, heart disease and rejection of non-human transplanted tissue. We are working on a diagnostic procedure for use in emergency rooms, for the immediate determination of stroke vs. myocardial infarction. This diagnostic has already been tested in a series of human trials, and is currently being further developed, with the likelihood of very promising results. The studies were funded by the National Institutes of Health and Alzheimer's and Aging Research Center.

Program Service Expenses: **\$ 770,394**

h. ARTHRITIS AND PAIN MANAGEMENT: The goals of this research are to better understand the causes of chronic pain, especially as it relates to the conditions of arthritis and of cancer, as well as to find alternatives to current medications used for the management of pain, such as morphine. A common treatment in the use of pain, morphine has many deleterious side effects associated with its use. We have found several compounds that are being investigated by a pharmaceutical partner, with the hope of making chemical compounds into drugs that are effective pain relievers. Our research is supported by the National Institutes on Drug Abuse, Arthritis and Cancer Pain Research Institute, Alzheimer's and Aging Research Center, corporate contracts, and donations.

Program Service Expenses: **\$ 116,386**

i. OSTEOPOROSIS AND BREAST CANCER: A study that is currently being done at our Institute will determine if breast cancer, by altering normal levels of free fatty acids (FFA), prevents the body's immune system from destroying the tumor. If our hypothesis is supported by the results of this study, a new approach to treating breast cancer would be available. By testing the levels of FFA needed to block the body's immune system and measuring FFA levels from human breast cancer tissue, we will determine if this fluid is actually preventing the body of killing cancer cells. In other studies, we are combining the technologies of T-cell immunobiology and synthetic peptide chemistry to identify antigens that can be used for therapeutic vaccines for metastatic breast and ovarian cancers. This research is funded by grants from the Department of Defense, National Cancer Institute, Osteoporosis and Breast Cancer Research Center, and donations from individuals.

Program Service Expenses: **\$ 262,925**

TOTAL TO FORM 990, PART III **\$5,678,885**

FORM 990

OTHER NOTES AND LOANS PAYABLE

STATEMENT 5

LENDER'S NAME
FIRST REPUBLIC BANK

TERMS OF REPAYMENT
\$33,194.44/MO PLUS INTEREST

DATE OF NOTE MATURITY DATE
8/15/2003 8/20/2006

ORIGINAL LOAN AMOUNT INTEREST RATE
\$ 1,195,000 4.50%

SECURITY PROVIDED BY BORROWER
EQUIPMENT

PURPOSE OF LOAN
EQUIPMENT PURCHASE

RELATIONSHIP TO LENDER
NONE

BALANCE DUE
\$ 863,056

LENDER'S NAME
FIRST REPUBLIC BANK

TERMS OF REPAYMENT
INTEREST ONLY-PAYABLE MONTHLY

DATE OF NOTE MATURITY DATE
8/15/2003 8/15/2005

ORIGINAL LOAN AMOUNT INTEREST RATE
\$ 150,000 4.50%

SECURITY PROVIDED BY BORROWER
EQUIPMENT

PURPOSE OF LOAN
LINE OF CREDIT

RELATIONSHIP TO LENDER
NONE

BALANCE DUE
\$ 150,000

TOTAL TO FORM 990, PART IV, LINE 64, COLUMN B

\$ 1,013,056

FORM 990		LOANS FROM OFFICERS, DIRECTORS, TRUSTEES, AND KEY EMPLOYEES		STATEMENT 6
<u>LENDER'S NAME</u> RICHARD HOUGHTEN		<u>TERMS OF REPAYMENT</u> PAYMENT IN FULL AT MATURITY DATE		
<u>DATE OF NOTE</u> 11/13/2003	<u>MATURITY DATE</u> 10/31/2005	<u>ORIGINAL LOAN AMOUNT</u> \$ 100,000	<u>INTEREST RATE</u> 0.00%	
<u>SECURITY PROVIDED BY BORROWER</u>		<u>PURPOSE OF LOAN</u> SHORT TERM LOAN		
<u>RELATIONSHIP TO LENDER</u> LENDER IS PRESIDENT/CEO OF ORGANIZATION				<u>BALANCE DUE</u> \$ 100,000
TOTAL TO FORM 990, PART IV, LINE 63, COLUMN B				<u>\$ 100,000</u>

FORM 990		OTHER REVENUE NOT INCLUDED ON FORM 990		STATEMENT 7
<u>DESCRIPTION</u>		<u>AMOUNT</u>		
REVENUE FROM TAX-EXEMPT SUBSIDIARIES INCLUDED IN AUDITED FINANCIAL STATEMENTS		\$ 971,989		
INCREASE IN TEMPORARILY RESTRICTED NET ASSETS		(311,898)		
TOTAL TO FORM 990, PART IV-A		<u>\$ 660,091</u>		

FORM 990		OTHER EXPENSES NOT INCLUDED ON FORM 990		STATEMENT 8
<u>DESCRIPTION</u>		<u>AMOUNT</u>		
EXPENSES FROM FOR-PROFIT SUBSIDIARY INCLUDED IN AUDITED FINANCIAL STATEMENTS		\$ 919		
EXPENSES FROM TAX-EXEMPT SUBSIDIARIES INCLUDED IN AUDITED FINANCIAL STATEMENTS		898,743		
TOTAL TO FORM 990, PART IV-B		<u>\$ 899,662</u>		

FORM 990	OTHER REVENUE INCLUDED ON FORM 990	STATEMENT 9
<u>DESCRIPTION</u>		<u>AMOUNT</u>
ELIMINATING ENTRY INCLUDED IN AUDITED FINANCIAL STATEMENTS		\$ 748,653
TOTAL TO FORM 990, PART IV-A		<u>\$ 748,653</u>

FORM 990	OTHER EXPENSES INCLUDED ON FORM 990	STATEMENT 10
<u>DESCRIPTION</u>		<u>AMOUNT</u>
ELIMINATING ENTRY INCLUDED IN AUDITED FINANCIAL STATEMENTS		\$ 748,653
TOTAL TO FORM 990, PART IV-B		<u>\$ 748,653</u>

FORM 990	IDENTIFICATION OF RELATED ORGANIZATIONS PART VI, LINE 80B	STATEMENT 11
<u>NAME OF ORGANIZATION</u>		<u>EXEMPT</u> <u>NONEXEMPT</u>
ALZHEIMER'S AND AGING RESEARCH CENTER		X
PAIN MANAGEMENT RESEARCH INSTITUTE OF AMERICA		X
DIABETES NATIONAL RESEARCH GROUP		X
INFECTIOUS DISEASE SCIENCE CENTER		X
OSTEOPOROSIS AND BREAST CANCER RESEARCH CENTER		X

FORM 990

RELATIONSHIP OF ACTIVITIES TO ACCOMPLISHMENT OF EXEMPT PURPOSE
PART VIII

STATEMENT 12

LINE 93a

EXPLANATION OF RELEATIONSHIP OF ACTIVITIES

OUR EXEMPT PURPOSE IS TO CONDUCT BIOMEDICAL RESEARCH DIRECTED TOWARDS THE IMPROVEMENT OF HUMAN HEALTH, AND TO MAKE THE RESULTS AVAILABLE TO OTHER SCIENTISTS AND THE GENERAL PUBLIC. DURING THE PAST YEAR, SCIENTISTS AT TORREY PINES INSTITUTE FOR MOLECULAR STUDIES AUTHORED OVER FIFTY (50) PUBLICATIONS WHICH APPEARED IN SCIENTIFIC JOURNALS DISTRIBUTED WORLDWIDE, MADE OVER THIRTY (30) ORAL PRESENTATIONS OF THEIR RESEARCH RESULTS AT SCIENTIFIC MEETINGS ALL OVER THE WORLD, AND DELIVERED OVER TWENTY (20) POSTER PRESENTATIONS AT THESE SAME MEETINGS. THE SCIENTIFIC CONFERENCES AT WHICH WE PRESENT OUR RESEARCH RESULTS TYPICALLY ATTRACT ANYWHERE FROM HUNDREDS TO THOUSANDS OF SCIENTISTS, MEDICAL PROFESSIONALS, MEDICAL STUDENTS, POSTDOCTORAL RESEARCH FELLOWS IN TRAINING, GRADUATE AND UNDERGRADUATE SCIENCE STUDENTS. STILL THOUSANDS MORE HAVE ACCESS TO THE PUBLICATIONS WHICH ORIGINATE FROM OUR INSTITUTE, AND THOUSANDS MORE ACCESS OUR WEBSITES FOR INFORMATION RELATING TO THE VARIOUS DISEASES WE STUDY. WE ALSO HAVE HUNDREDS OF ONGOING COLLABORATIONS WITH SCIENTISTS THROUGHOUT THE WORLD.

SCHEDULE A
PART III, LINE 2

ACTIVITIES WITH DIRECTORS, TRUSTEES, PRINCIPAL
OFFICERS, OR CREATORS

STATEMENT 13

THE FOLLOWING TRANSACTIONS WERE WITH AN ORGANIZATION IN WHICH A DIRECTOR OF TORREY PINES INSTITUTE FOR MOLECULAR STUDIES, INC WAS ALSO AN OFFICER OR DIRECTOR:

TORREY PINES INSTITUTE WAS REIMBURSED FOR OTHER MISCELLANEOUS ITEMS PURCHASED AT FAIR MARKET VALUE FOR MIXTURE SCIENCES, INC (FORMERLY MULTIPLE PEPTIDE SYSTEMS). THE TOTAL AMOUNT OF REIMBURSEMENTS RECEIVED WAS \$293,733, WHICH INCLUDES THE FOLLOWING: \$224,457 FOR RENT, AND \$69,276 FOR OTHER SERVICES AND MISCELLANEOUS REIMBURSEMENTS

TORREY PINES PAID MIXTURE SCIENCES, INC. \$6,518 OF REIMBURSEMENTS FOR THE YEAR ENDED JUNE 30, 2004

TORREY PINES INSTITUTE WAS REIMBURSED FOR OTHER MISCELLANEOUS ITEMS PURCHASED AT FAIR MARKET VALUE FROM AMERICAN PEPTIDE SOCIETY AND SYMPOSIUM. THE TOTAL AMOUNT OF REIMBURSEMENT RECEIVED WAS \$17,176.

FORM 990
PART II, LINE 42

DEPRECIATION, DELETION, ETC.

STATEMENT 14

<u>DESCRIPTION</u>	6/30/2003 BALANCE	CURRENT ADDITIONS	CURRENT DISPOSALS	6/30/2004 BALANCE
MACHINERY AND EQUIPMENT	3,022,838	254,355	-	3,277,193
FURNITURE AND FIXTURES	107,950	-	-	107,950
LEASEHOLD IMPROVEMENTS	<u>492,542</u>	<u>75,920</u>	<u>-</u>	<u>568,462</u>
TOTAL COST	3,623,330	330,275	-	3,953,605
ACCUMULATED DEPRECIATION	<u>(2,357,781)</u>	<u>(446,591)</u>	<u>-</u>	<u>(2,804,372)</u>
NET FIXED ASSETS	<u><u>1,265,549</u></u>	<u><u>(116,316)</u></u>	<u><u>-</u></u>	<u><u>1,149,233</u></u>

Application for Extension of Time To File an Exempt Organization Return

▶ File a separate application for each return.

- If you are filing for an **Automatic 3-Month Extension**, complete only **Part I** and check this box
- If you are filing for an **Additional (not automatic) 3-Month Extension**, complete only **Part II** (on page 2 of this form).

Note: Do not complete Part II unless you have already been granted an automatic 3-month extension on a previously filed Form 8868.

Part I Automatic 3-Month Extension of Time — Only submit original (no copies needed)

Note: Form 990-T corporations requesting an automatic 6-month extension — check this box and complete Part I only

All other corporations (including Form 990-C filers) must use Form 7004 to request an extension of time to file income tax returns. Partnerships, REMICs and trusts must use Form 8736 to request an extension of time to file Form 1065, 1066, or 1041.

Type or print File by the due date for filing your return See instructions	Name of Exempt Organization TORREY PINES INSTITUTE FOR MOLECULAR STUDIES, INC.	Employer identification number 33-0319501
	Number, street, and room or suite no If a P.O. box, see instructions. 3550 GENERAL ATOMICS COURT	
	City, town or post office, state, and ZIP code For a foreign address, see instructions. SAN DIEGO, CA 92121	

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

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

- If the organization does **not** have an office or place of business in the United States, check this box
- If this is for a **Group Return**, enter the organization's four digit Group Exemption Number (GEN) _____ . If this is for the **whole** group, check this box . If it is for part of the group, check this box and attach a list with the names and EINs of all members the extension will cover.

1 I request an automatic 3-month (6-month, for **990-T corporation**) extension of time until FEBRUARY 15, 20 05, to file the exempt organization return for the organization named above. The extension is for the organization's return for:

▶ calendar year 20 ____ or

▶ tax year beginning JULY 1, 20 03, and ending JUNE 30, 20 04.

2 If this tax year is for less than 12 months, check reason: Initial return Final return Change in accounting period

3a 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 \$ _____

b If this application is for Form 990-PF or 990-T, enter any refundable credits and estimated tax payments made. Include any prior year overpayment allowed as a credit \$ _____

c **Balance Due.** Subtract line 3b from line 3a. Include your payment with this form, or, if required, deposit with FTD coupon or, if required, by using EFTPS (Electronic Federal Tax Payment System). See instructions \$ _____ **N/A**

Signature and Verification

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

Signature ▶ *D. Magdziarska* Title ▶ CPA Date ▶ 4/8/04

For Paperwork Reduction Act Notice, see Instruction

DELOITTE TAX LLP
86-1065772
701*8* STREET, SUITE 1900, SAN DIEGO, CA 92101

Form **8868** (12-2000)

- If you are filing for an **Additional (not automatic) 3-Month Extension**, complete only Part II and check this box ▶ **Note.** Only complete Part II if you have already been granted an automatic 3-month extension on a previously filed Form 8868.
- If you are filing for an **Automatic 3-Month Extension**, complete only Part I (on page 1).

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

Type or print File by the extended due date for filing the return See instructions	Name of Exempt Organization TORREY PINES INSTITUTE FOR MOLECULAR STUDIES, INC.	Employer identification number 33-0319501
	Number, street, and room or suite no. If a P.O. box, see instructions 3550 GENERAL ATOMICS COURT	For IRS use only
	City, town or post office, state, and ZIP code. For a foreign address, see instructions. SAN DIEGO, CA 92121	

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

- Form 990
- Form 990-BL
- Form 990-EZ
- Form 990-PF
- Form 990-T (sec. 401(a) or 408(a) trust)
- Form 990-T (trust other than above)
- Form 1041-A
- Form 4720
- Form 5227
- Form 6069
- Form 8870

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

- The books are in the care of ▶ **PEGGY TOTZKE**
Telephone No. ▶ **(858) 455-3803** FAX No. ▶ **(858) 455-3804**
- If the organization does **not** have an office or place of business in the United States, check this box ▶
- If this is for a **Group Return**, enter the organization's four digit Group Exemption Number (GEN) _____ If this is for the **whole group**, check this box ▶ . If it is for **part of the group**, check this box ▶ and attach a list with the names and EINs of all members the extension is for.

- 4 I request an additional 3-month extension of time until MAY 16, 2005.
- 5 For calendar year _____, or other tax year beginning JULY 1, 2003, and ending JUNE 30, 2004.
- 6 If this tax year is for less than 12 months, check reason: Initial return Final return Change in accounting period
- 7 State in detail why you need the extension ADDITIONAL TIME IS REQUESTED IN ORDER TO OBTAIN THE INFORMATION NECESSARY TO FILE A COMPLETE AND ACCURATE 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 \$ N/A
- b If this application is for Form 990-PF, 990-T, 4720, or 6069, enter any refundable credits and estimated tax payments made. Include any prior year overpayment allowed as a credit and any amount paid previously with Form 8868 \$ N/A
- c **Balance Due.** Subtract line 8b from line 8a. Include your payment with this form, or, if required, deposit with FTD coupon or, if required, by using EFTPS (Electronic Federal Tax Payment System). See instructions. \$ N/A

Signature and Verification

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

Signature ▶ *[Signature]* Title ▶ **CPA, DELOITTE TAX LLP** Date ▶ 2/1/05

Notice to Applicant—To Be Completed by the IRS

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

EXTENSION APPROVED

By _____ Date FEB 17 2005

Director _____ Date _____ **LINDA WEISKOPF, Extension Director, SUBMISSION PROCESSING, OGDEN**

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.

Type or print	Name DELOITTE TAX LLP; ATTN. ED WILHELME
	Number and street (include suite, room, or apt. no.) or a P.O. box number 701 'B' STREET, SUITE 1900
	City or town, province or state, and country (including postal or ZIP code) SAN DIEGO, CA 92101-8198