

Return of Organization Exempt From Income Tax
Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation)
The organization may have to use a copy of this return to satisfy state reporting requirements

Department of the Treasury
Internal Revenue Service

A For the 2003 calendar year, or tax year beginning , and ending

B Check if applicable:
 Address change
 Name change
 Initial return
 Final return
 Amended return
 Application pending

C Name of organization
Stairstep Foundation
 Number and street (or P.O. box if mail is not delivered to street address) Room/suite
1000 Humboldt Ave North
 City or town, state or country, and ZIP + 4
Minneapolis MN 55411

D Employer ID number
41-1709346

E Telephone number
612-377-6321

F Accounting method: Cash Accrual Other (specify)

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

H and I are not applicable to section 527 organizations.

H(a) Is this a group return for affiliates? Yes No
H(b) If "Yes," enter number of affiliates Yes No
H(c) Are all affiliates included? Yes No
 (If "No," att. a list. See instr.)
H(d) Is this a separate return filed by an organization covered by a group ruling? Yes No

I Group Exemption Number

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

G Website: **N/A**

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

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

L Gross receipts: Add lines 6b, 8b, 9b, and 10b to line 12 **1,318,196**

Part I Revenue, Expenses, and Changes in Net Assets or Fund Balances (See page 18 of the instructions.)

1	Contributions, gifts, grants, and similar amounts received:			
a	Direct public support	1a	1,123,208	
b	Indirect public support	1b		
c	Government contributions (grants)	1c	177,342	
d	Total (add lines 1a through 1c) (cash \$ 1,300,550 noncash \$)			1d 1,300,550
2	Program service revenue including government fees and contracts (from Part VII, line 93)			2
3	Membership dues and assessments		See Stmt 1	3 5,628
4	Interest on savings and temporary cash investments			4 7
5	Dividends and interest from securities			5
6a	Gross rents	6a		
b	Less: rental expenses	6b		
c	Net rental income or (loss) (subtract line 6b from line 6a)			6c
7	Other investment income (describe)			7
8a	Gross amount from sales of assets other than inventory	(A) Securities	(B) Other	
b	Less: cost or other basis and sales expenses	8a		
c	Gain or (loss) (attach schedule)	8b		
d	Net gain or (loss) (combine line 8c, columns (A) and (B))	8c		8d
9	Special events and activities (attach schedule). If any amount is from gaming, check here <input type="checkbox"/>			
a	Gross revenue (not including \$ of contributions reported on line 1a)	9a		
b	Less: direct expenses other than fundraising expenses	9b		
c	Net income or (loss) from special events (subtract line 9b from line 9a)			9c
10a	Gross sales of inventory, less returns and allowances	10a		
b	Less: cost of goods sold	10b		
c	Gross profit or (loss) from sales of inventory (attach schedule) (subtract line 10b from line 10a)			10c
11	Other revenue (from Part VII, line 103)			11 12,011
12	Total revenue (add lines 1d, 2, 3, 4, 5, 6c, 7, 8d, 9c, 10c, and 11)			12 1,318,196
13	Program services (from line 44, column (B))			13 617,851
14	Management and general (from line 44, column (C))			14 55,877
15	Fundraising (from line 44, column (D))			15
16	Payments to affiliates (attach schedule)			16
17	Total expenses (add lines 16 and 44, column (A))			17 673,728
18	Excess or (deficit) for the year (subtract line 17 from line 12)			18 644,468
19	Net assets or fund balances at beginning of year (from line 73, column (A))			19 1,524,290
20	Other changes in net assets or fund balances (attach explanation)			20
21	Net assets or fund balances at end of year (combine lines 18, 19, and 20)			21 2,168,758

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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. (See page 22 of the instructions.)

Do not include amounts reported on line 6b, 8b, 9b, 10b, or 16 of Part I.		(A) Total	(B) Program services	(C) Management and general	(D) Fundraising	
22	Grants and allocations (attach schedule) (cash \$ _____ non-cash \$ _____)	22				
23	Specific assistance to individuals	23				
24	Benefits paid to or for members	24				
25	Compensation of officers, directors, etc.	25	82,383	74,145	8,238	
26	Other salaries and wages	26	217,383	195,514	21,869	
27	Pension plan contributions	27	7,727	6,950	777	
28	Other employee benefits	28	18,180	16,353	1,827	
29	Payroll taxes	29	24,525	22,062	2,463	
30	Professional fundraising fees	30	190,611	188,458	2,153	
31	Accounting fees	31				
32	Legal fees	32				
33	Supplies	33	7,021	6,449	572	
34	Telephone	34	11,213	10,181	1,032	
35	Postage and shipping	35	2,865	2,612	253	
36	Occupancy	36	6,185	5,626	559	
37	Equipment rental and maintenance	37				
38	Printing and publications	38	5,940	5,869	71	
39	Travel	39	11,466	11,171	295	
40	Conferences, conventions, and meetings	40	204	194	10	
41	Interest	41	5,356		5,356	
42	Depreciation, depletion, etc. (attach schedule)	42	8,973		8,973	
43	Other expenses not covered above (itemize): a	43a				
	b See Statement 2	43b	73,696	72,267	1,429	
	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	673,728	617,851	55,877	0

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 (See page 25 of the instructions.)

What is the organization's primary exempt purpose?	Program Service Expenses (Required for 501(c)(3) & (4) orgs., & 4947(a)(1) trusts, but optional for others.)
a See Statement 3 All organizations must describe their exempt purpose achievements in a clear and concise manner. State the number of clients served, publications issued, etc. Discuss achievements that are not measurable. (Section 501(c)(3) and (4) organizations and 4947(a)(1) nonexempt charitable trusts must also enter the amount of grants and allocations to others.)	
a See Statement 4 (Grants and allocations \$ _____)	251,619
b See Statement 5 (Grants and allocations \$ _____)	334,384
c See Statement 6 (Grants and allocations \$ _____)	24,592
d See Statement 7 (Grants and allocations \$ _____)	7,256
e Other program services (attach schedule) (Grants and allocations \$ _____)	
f Total of Program Service Expenses (should equal line 44, column (B), Program services)	617,851

Part IV Balance Sheets (See page 25 of the instructions.)

		(A)		(B)	
		Beginning of year		End of year	
Note: Where required, attached schedules and amounts within the description column should be for end-of-year amounts only.					
45	Cash-non-interest-bearing	44,779	45	17,679	
46	Savings and temporary cash investments	271	46	6,791	
47a	Accounts receivable	47a			
b	Less: allowance for doubtful accounts	47b	47c		
48a	Pledges receivable	48a			
b	Less: allowance for doubtful accounts	48b	48c	12,436	
49	Grants receivable		49		
50	Receivables from officers, directors, trustees, and key employees (attach schedule)		50		
51a	Other notes and loans receivable (attach schedule) See Worksheet	51a		293,705	
b	Less: allowance for doubtful accounts	51b	51c	300,000	293,705
52	Inventories for sale or use		52		
53	Prepaid expenses and deferred charges	13,130	53	8,051	
54	Investments-securities See Stmt 8 <input type="checkbox"/> Cost <input type="checkbox"/> FMV	2,643,125	54	3,224,270	
55a	Investments-land, buildings, and equipment: basis	55a			
b	Less: accumulated depreciation (attach schedule)	55b	55c		
56	Investments-other (attach schedule)		56		
57a	Land, buildings, and equipment: basis	57a		246,914	
b	Less: accumulated depreciation (attach schedule) See Stmt 9	57b	57c	89,808	92,836
58	Other assets (describe <input type="checkbox"/>)		58		
59	Total assets (add lines 45 through 58) (must equal line 74)	3,103,549	59	3,643,332	
60	Accounts payable and accrued expenses	68,259	60	74,574	
61	Grants payable		61		
62	Deferred revenue		62		
63	Loans from officers, directors, trustees, and key employees (attach schedule)		63		
64a	Tax-exempt bond liabilities (attach schedule)		64a		
b	Mortgages and other notes payable (attach schedule) See Worksheet	1,511,000	64b	1,400,000	
65	Other liabilities (describe <input type="checkbox"/>)		65		
66	Total liabilities (add lines 60 through 65)	1,579,259	66	1,474,574	
Organizations that follow SFAS 117, check here <input checked="" type="checkbox"/> and complete lines 67 through 69 and lines 73 and 74.					
67	Unrestricted	1,524,290	67	2,168,758	
68	Temporarily restricted		68		
69	Permanently restricted		69		
Organizations that do not follow SFAS 117, check here <input type="checkbox"/> and complete lines 70 through 74.					
70	Capital stock, trust principal, or current funds		70		
71	Paid-in or capital surplus, or land, building, and equipment fund		71		
72	Retained earnings, endowment, accumulated income, or other funds		72		
73	Total net assets or fund balances (add lines 67 through 69 or lines 70 through 72; column (A) must equal line 19; column (B) must equal line 21)	1,524,290	73	2,168,758	
74	Total liabilities and net assets / fund balances (add lines 66 and 73)	3,103,549	74	3,643,332	

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.
DAA

Part IV-A Reconciliation of Revenue per Audited Financial Statements with Revenue per Return (See page 27 of the instructions.)	Part IV-B Reconciliation of Expenses per Audited Financial Statements with Expenses per Return
<p>a Total revenue, gains, and other support per audited financial statements ... a <u>1,318,196</u></p> <p>b Amounts included on line a but not on line 12, Form 990:</p> <p>(1) Net unrealized gains on investments \$</p> <p>(2) Donated services and use of facilities \$</p> <p>(3) Recoveries of prior year grants \$</p> <p>(4) Other (specify):</p> <p>..... \$</p> <p>Add amounts on lines (1) through (4) b</p> <p>c Line a minus line b c <u>1,318,196</u></p> <p>d Amounts included on line 12, Form 990 but not on line a:</p> <p>(1) Investment expenses not included on line 6b, Form 990 \$</p> <p>(2) Other (specify):</p> <p>..... \$</p> <p>Add amounts on lines (1) and (2) ... d</p> <p>e Total revenue per line 12, Form 990 (line c plus line d) e <u>1,318,196</u></p>	<p>a Total expenses and losses per audited financial statements a <u>673,728</u></p> <p>b Amounts included on line a but not on line 17, Form 990:</p> <p>(1) Donated services and use of facilities \$</p> <p>(2) Prior year adjustments reported on line 20, Form 990 \$</p> <p>(3) Losses reported on line 20, Form 990 \$</p> <p>(4) Other (specify):</p> <p>..... \$</p> <p>Add amounts on lines (1) through (4) b</p> <p>c Line a minus line b c <u>673,728</u></p> <p>d Amounts included on line 17, Form 990 but not on line a:</p> <p>(1) Investment expenses not included on line 6b, Form 990 \$</p> <p>(2) Other (specify):</p> <p>..... \$</p> <p>Add amounts on lines (1) and (2) ... d</p> <p>e Total expenses per line 17, Form 990 (line c plus line d) e <u>673,728</u></p>

Part V List of Officers, Directors, Trustees, and Key Employees (List each one even if not compensated; see page 27 of the instructions.)

(A) Name and address	(B) Title and average hours per week devoted to position	(C) Compensation (if not paid, enter -0-)	(D) Contrib. to employee benefit plans & deferred compensation	(E) Expense account and other allowances
Alfred Babington-Johnson 1404 14th Ave N Minneapolis MN 55411	President 50	82,383	0	0
Ezell Jones 4500 Park Glen R Minneapolis MN 55416	Board Member 2/m	0	0	0
Dr. John Taborn 1111 3rd Ave, St Minneapolis MN 55404	Secretary 2/m	0	0	0
Dr. Yvonne Cheek-Cook 4329 Oakland Ave Minneapolis MN 55407	Board Member 2/m	0	0	0
William Collins 198 N. Western A St. Paul MN 55102	Treasurer 2/m	0	0	0
Glenn Beecham 400 Selby Ave St. Paul MN 55102	Chairperson 2/m	0	0	0
CeLois Steele 200 S. 6th St Minneapolis MN 55402	Board Member 2/m	0	0	0
Mahmoud El-Kati P.O. Box 4605 St. Paul MN 55104	Board Member 2/m	0	0	0
Dr. Beverly Oliver Hawkins 430 N. Dale St St. Paul MN 55103	Board Member 2/m	0	0	0
Cora McCorvey 1011 Washington Minneapolis MN 55401	Board Member 2/m	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 page 28 of the instructions.

Part VI Other Information (See page 28 of the 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
b	If "Yes," has it filed a tax return on Form 990-T for this year?		
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
b	If "Yes," enter the name of the organization 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	
b	Did the organization file Form 1120-POL for this year?	81b	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?	82a	X
b	If "Yes," you may indicate the value of these items here. Do not include this amount as revenue in Part I or as an expense in Part II. (See instructions in Part III.)	82b	
83a	Did the organization comply with the public inspection requirements for returns and exemption applications?	83a	X
b	Did the organization comply with the disclosure requirements relating to quid pro quo contributions?	83b	N/A
84a	Did the organization solicit any contributions or gifts that were not tax deductible?	84a	X
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	84b	N/A
85	501(c)(4), (5), or (6) organizations. a Were substantially all dues nondeductible by members?	85a	N/A
b	Did the organization make only in-house lobbying expenditures of \$2,000 or less? 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.	85b	N/A
c	Dues, assessments, and similar amounts from members	85c	
d	Section 162(e) lobbying and political expenditures	85d	
e	Aggregate nondeductible amount of section 6033(e)(1)(A) dues notices	85e	
f	Taxable amount of lobbying and political expenditures (line 85d less 85e)	85f	
g	Does the organization elect to pay the section 6033(e) tax on the amount on line 85f?	85g	N/A
h	If section 6033(e)(1)(A) dues notices were sent, does the organization agree to add the amount on line 85f to its reasonable estimate of dues allocable to nondeductible lobbying and political expenditures for the following tax year?	85h	N/A
86	501(c)(7) orgs. Enter: a Initiation fees and capital contributions included on line 12	86a	
b	Gross receipts, included on line 12, for public use of club facilities	86b	
87	501(c)(12) orgs. Enter: a Gross income from members or shareholders	87a	
b	Gross income from other sources. (Do not net amounts due or paid to other sources against amounts due or received from them.)	87b	
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>		
b	501(c)(3) and 501(c)(4) orgs. 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 <u>MN</u>		
b	Number of employees employed in the pay period that includes March 12, 2003 (See instructions.)	90b	5
91	The books are in care of <u>Lee Financial Group</u> Telephone no. <u>763-249-8840</u> Located at <u>15805 Holdridge Rd E, Wayzata, MN</u> ZIP + 4 <u>55391</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 <u>92</u>		

Part VII Analysis of Income-Producing Activities (See page 33 of the instructions.)

Table with 5 main columns: (A) Business code, (B) Amount, (C) Exclusion code, (D) Amount, (E) Related or exempt function income. Rows include Program service revenue, Membership dues and assessments, Interest on savings and temporary cash investments, Dividends and interest from securities, Net rental income, Other revenue (Miscellaneous Income, Rental Income), and Subtotal/Total.

Note: Line 105 plus line 1d, Part I, should equal the amount on line 12, Part I.

Part VIII Relationship of Activities to the Accomplishment of Exempt Purposes (See page 34 of the instructions.)

Table with 2 columns: 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.

Part IX Information Regarding Taxable Subsidiaries and Disregarded Entities (See page 34 of the instructions.)

Table with 5 columns: (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.

Part X Information Regarding Transfers Associated with Personal Benefit Contracts (See page 34 of the instructions.)

- (a) Did the organization, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?
(b) Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?

Note: If "Yes" to (b), file Form 8870 and Form 4720 (see instructions).

Please Sign Here: Under penalties of perjury, I declare that I have examined this return, including attachments, and believe it is true, correct, and complete. Declaration of preparer (other than officer).

Paid Preparer's Use Only: Preparer's signature, Firm's name (or yours if self-employed), address, and ZIP code.

SCHEDULE A
(Form 990 or 990-EZ)

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.)

OMB No. 1545-0047

2003

Department of the Treasury
Internal Revenue Service

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

Name of the organization

Employer identification number

Stairstep Foundation

41-1709346

Part I Compensation of the Five Highest Paid Employees Other Than Officers, Directors, and Trustees
(See page 1 of the instructions. List each one. If there are none, enter "None.")

(a) Name and address of each employee paid more than \$50,000	(b) Title and average hours per week devoted to position	(c) Compensation	(d) Contributions to employee ben. plans & deferred compensation	(e) Expense account and other allowances
Alfred Babington-Johnson 1404 14th Ave N.	President/CE 40	82,383	0	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 page 2 of the instructions. List each one (whether individuals or firms). If there are none, enter "None.")

(a) Name and address of each independent contractor paid more than \$ 50,000	(b) Type of service	(c) Compensation
NONE		
Total number of others receiving over \$50,000 for professional services	▶	

For Paperwork Reduction Act Notice, see the Instructions for Form 990 and Form 990-EZ.

Schedule A (Form 990 or 990-EZ) 2003

Part III, Statements About Activities (See page 2 of the instructions.)

	Yes	No
1 During the year, has the organization attempted to influence national, state, or local legislation, including any attempt to influence public opinion on a legislative matter or referendum? If "Yes," enter the total expenses paid or incurred in connection with the lobbying activities ▶ \$ _____ (Must equal amounts on line 38, Part VI-A, or line i of Part VI-B.)		X
2 During the year, has the organization, either directly or indirectly, engaged in any of the following acts with any substantial contributors, trustees, directors, officers, creators, key employees, or members of their families, or with any taxable organization with which any such person is affiliated as an officer, director, trustee, majority owner, or principal beneficiary? (If the answer to any question is "Yes," attach a detailed statement explaining the transactions.)		
a Sale, exchange, or leasing of property?	2a	X
b Lending of money or other extension of credit?	2b	X
c Furnishing of goods, services, or facilities?	2c	X
d Payment of compensation (or payment or reimbursement of expiration if more than \$1,000)?	2d	X
e Transfer of any part of its income or assets?	2e	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.)	3a	X
3b Do you have a section 403(b) annuity plan for your employees?	3b	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?	4	X

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

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

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

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

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

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

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.)	768,376	504,729	818,257	936,615	3,027,977
16 Membership fees received					0
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					0
18 Gross income from interest, dividends, amounts received from payment 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					0
19 Net income from unrelated business activities not included in line 18					0
20 Tax revenues levied for the organization's benefits and either paid to it or expended on its behalf					0
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					0
22 Other income. Attach a schedule. Do not include gain or (loss) from sale of capital assets					0
23 Total of lines 15 through 22	768,376	504,729	818,257	936,615	3,027,977
24 Line 23 minus line 17	768,376	504,729	818,257	936,615	3,027,977
25 Enter 1% of line 23	7,684	5,047	8,183	9,366	
26 Organizations described on lines 10 or 11: a Enter 2% of amount in column (e), line 24					26a 60,560
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 3,027,977
d Add: Amounts from column (e) for lines: 18 _____ 19 _____ 22 _____ 26b _____					26d
e Public support (line 26c minus line 26d total)					26e 3,027,977
f Public support percentage (line 26e (numerator) divided by line 26c (denominator))					26f 100.0000%
27 Organizations described on line 12: a For amounts included in lines 15, 16, and 17 that were received from a "disqualified person," prepare a list for your records to show the name of, and total amounts received in each year from, each "disqualified person." Do not file this list with your return. Enter the sum of such amounts for each year: (2002) _____ (2001) _____ (2000) _____ (1999) _____					N/A
b For any amount included in line 17 that was received from each person (other than "disqualified persons"), prepare a list for your records to show the name of, and amount received for each year, that was more than the larger of (1) the amount on line 25 for the year or (2) \$5,000. (Include in the list organizations described in lines 5 through 11, as well as individuals. Do not file this list with your return. After computing the difference between the amount received and the larger amount described in (1) or (2), enter the sum of these differences (the excess amounts) for each year: (2002) _____ (2001) _____ (2000) _____ (1999) _____					N/A
c Add: Amounts from column (e) for lines: 15 _____ 16 _____ 17 _____ 20 _____ 21 _____					27c
d Add: Line 27a total _____ and line 27b total _____					27d
e Public support (line 27c total minus line 27d total)					27e
f Total support for section 509(a)(2) test: Enter amount on line 23, column (e)					27f
g Public support percentage (line 27e (numerator) divided by line 27f (denominator))					27g %
h Investment income percentage (line 18, column (e) (numerator) divided by line 27f (denominator))					27h %
28 Unusual Grants: For an organization described in line 10, 11, or 12 that received any unusual grants during 1999 through 2002, prepare a list for your records to show, for each year, the name of the contributor, the date and amount of the grant, and a brief description of the nature of the grant. Do not file this list with your return. Do not include these grants in line 15.					

Part V Private School Questionnaire (See page 7 of the instructions.)
(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?	29		
30 Does the organization include a statement of its racially nondiscriminatory policy toward students in all its brochures, catalogues, and other written communications with the public dealing with student admissions, programs, and scholarships?	30		
31 Has the organization publicized its racially nondiscriminatory policy through newspaper or broadcast media during the period of solicitation for students, or during the registration period if it has no solicitation program, in a way that makes the policy known to all parts of the general community it serves?	31		
If "Yes," please describe; if "No," please explain. (If you need more space, attach a separate statement.)			
.....			
.....			
32 Does the organization maintain the following:			
a Records indicating the racial composition of the student body, faculty, and administrative staff?	32a		
b Records documenting that scholarships and other financial assistance are awarded on a racially nondiscriminatory basis?	32b		
c Copies of all catalogues, brochures, announcements, and other written communications to the public dealing with student admissions, programs, and scholarships?	32c		
d Copies of all material used by the organization or on its behalf to solicit contributions?	32d		
If you answered "No" to any of the above, please explain. (If you need more space, attach a separate statement.)			
.....			
.....			
33 Does the organization discriminate by race in any way with respect to:			
a Students' rights or privileges?	33a		
b Admissions policies?	33b		
c Employment of faculty or administrative staff?	33c		
d Scholarships or other financial assistance?	33d		
e Educational policies?	33e		
f Use of facilities?	33f		
g Athletic programs?	33g		
h Other extracurricular activities?	33h		
If you answered "Yes" to any of the above, please explain. (If you need more space, attach a separate statement.)			
.....			
.....			
34a Does the organization receive any financial aid or assistance from a governmental agency?	34a		
b Has the organization's right to such aid ever been revoked or suspended?	34b		
If you answered "Yes" to either 34a or b, please explain using an attached statement.			
.....			
35 Does the organization certify that it has complied with the applicable requirements of sections 4.01 through 4.05 of Rev. Proc. 75-50, 1975-2 C.B. 587, covering racial nondiscrimination? If "No," attach an explanation	35		

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

(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

(The term "expenditures" means amounts paid or incurred.)

		(a) Affiliated group totals	(b) To be completed for ALL electing organizations
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	20% of the amount on line 40		
Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000		
Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000		
Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000		
Over \$17,000,000	\$1,000,000		
42 Grassroots nontaxable amount (enter 25% of line 41)	42		
43 Subtract line 42 from line 36. Enter -0- if line 42 is more than line 36	43		
44 Subtract line 41 from line 38. Enter -0- if line 41 is more than line 38	44		

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

4-Year Averaging Period Under Section 501(h)

(Some organizations that made a section 501(h) election do not have to complete all of the five columns below.)

See the instructions for lines 45 through 50 on page 11 of the instructions.)

Calendar year (or fiscal year beginning in) ▶	Lobbying Expenditures During 4-Year Averaging Period				
	(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 nontaxable 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 page 12 of the instructions.) **N/A**

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

- 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

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

Part VII Information Regarding Transfers To and Transactions and Relationships With Noncharitable Exempt Organizations (See page 12 of the instructions.)

51 Did the reporting organization directly or indirectly engage in any of the following with any other organization described in section 501(c) of the Code (other than section 501(c)(3) organizations) or in section 527, relating to political organizations?

a Transfers from the reporting organization to a noncharitable exempt organization of:

- (i) Cash
- (ii) Other assets

b Other transactions:

- (i) Sales or exchanges of assets with a noncharitable exempt organization
- (ii) Purchases of assets from a noncharitable exempt organization
- (iii) Rental of facilities, equipment, or other assets
- (iv) Reimbursement arrangements
- (v) Loans or loan guarantees
- (vi) Performance of services or membership or fundraising solicitations

c Sharing of facilities, equipment, mailing lists, other assets, or paid employees

d If the answer to any of the above is "Yes," complete the following schedule. Column (b) should always show the fair market value of the goods, other assets, or services given by the reporting organization. If the organization received less than fair market value in any transaction or sharing arrangement, show in column (d) the value of the goods, other assets, or services received:

	Yes	No
51a(i)		X
a(ii)		X
b(i)		X
b(ii)		X
b(iii)		X
b(iv)		X
b(v)		X
b(vi)		X
c		X

(a) Line no	(b) Amount involved	(c) Name of noncharitable exempt organization	(d) Description of transfers, transactions, and sharing arrangements
N/A			

52a Is the organization directly or indirectly affiliated with, or related to, one or more tax-exempt organizations described in section 501(c) of the Code (other than section 501(c)(3)) or in section 527? Yes No

b If "Yes," complete the following schedule:

(a) Name of organization	(b) Type of organization	(c) Description of relationship
N/A		

Other Notes and Loans Receivable

Forms
990 / 990-PF

2003

For calendar year 2003, or tax year beginning , and ending

Name **Stairstep Foundation** Employer Identification Number **41-1709346**

Form 990, Part IV, Line 51a - Additional Information

Name of borrower	Relationship to disqualified person
(1) Due from Stairstep Inc	
(2)	
(3)	
(4)	
(5)	
(6)	
(7)	
(8)	
(9)	
(10)	

Original amount borrowed	Date of loan	Matunty date	Repayment terms	Interest rate
(1)				
(2)				
(3)				
(4)				
(5)				
(6)				
(7)				
(8)				
(9)				
(10)				

Security provided by borrower	Purpose of loan
(1)	
(2)	
(3)	
(4)	
(5)	
(6)	
(7)	
(8)	
(9)	
(10)	

Consideration furnished by lender	Balance due at beginning of year	Balance due at end of year	Fair market value (990-PF only)
(1)	300,000	293,705	
(2)			
(3)			
(4)			
(5)			
(6)			
(7)			
(8)			
(9)			
Totals	300,000	293,705	

Forms 990 / 990-PF	Mortgages and Other Notes Payable	2003
For calendar year 2003, or tax year beginning		, and ending

Name Stairstep Foundation	Employer Identification Number 41-1709346
-------------------------------------	---

Form 990, Part IV, Line 64b - Additional Information

Name of lender	Relationship to disqualified person
(1) Wallestad Foundation	
(2) U.S. Bancorp	
(3) Voyager Bank	
(4)	
(5)	
(6)	
(7)	
(8)	
(9)	
(10)	

Original amount borrowed	Date of loan	Maturity date	Repayment terms	Interest rate
(1) 300,000	1/28/02	7/31/03		6.000
(2)	4/26/01			
(3) 200,000	12/19/03	1/01/09		5.750
(4)				
(5)				
(6)				
(7)				
(8)				
(9)				
(10)				

Security provided by borrower	Purpose of loan
(1) none	working capital
(2) none	
(3) none	
(4)	
(5)	
(6)	
(7)	
(8)	
(9)	
(10)	

Consideration furnished by lender	Balance due at beginning of year	Balance due at end of year
(1)	311,000	
(2)	1,200,000	1,200,000
(3)		200,000
(4)		
(5)		
(6)		
(7)		
(8)		
(9)		
(10)		
Totals	1,511,000	1,400,000

Federal Statements

Statement 1 - Form 990, Part I, Line 3 - Membership Dues and Assessments

<u>Description</u>	<u>Amount</u>
Membership Dues	\$ <u>5,628</u>
Total	\$ <u><u>5,628</u></u>

Federal Statements

Statement 2 - Form 990, Part II, Line 43 - Other Functional Expenses

<u>Description</u>	<u>Total Expenses</u>	<u>Program Service</u>	<u>Mgt & General</u>	<u>Fund-Raising</u>
	\$	\$	\$	\$
Expenses				
Grants Awarded	28,822	28,767	55	
Grants Awarded	249	249		
Grants Awarded	29	29		
Insurance	3,643	3,019	624	
Insurance	2,816	2,816		
Insurance	326	326		
Dues & Memberships	1,412	1,170	242	
Dues & Memberships	1,092	1,092		
Dues & Memberships	126	126		
Social Spaces	1,005	833	172	
Social Spaces	6,959	6,959		
Social Spaces	90	90		
Social Spaces	1,000	1,000		
Miscellaneous	2,010	1,673	337	
Miscellaneous	9,206	9,206		
Miscellaneous	176	176		
Bad Debt Expense	14,736	14,736		
Rounding	-1		-1	
Total	<u>\$ 73,696</u>	<u>\$ 72,267</u>	<u>\$ 1,429</u>	<u>\$ 0</u>

Statement 3 - Form 990, Part III - Organization's Primary Exempt Purpose

The organizations purpose is to reinforce community values, encourage community building, and provide community value and community building programs.

Statement 4 - Form 990, Part III, Line a - Statement of Program Service Accomplishments

Economic Development - This program recognizes ideas and funds strategies that strengthen the African American business community. The program maintains a small business chamber of commerce.

Statement 5 - Form 990, Part III, Line b - Statement of Program Service Accomplishments

Community Reclamation Project - This program works in conjunction with community churches to bring young men & women out of gangs by providing an alternative to gang activity so the youth can become an example of life after gang activity.

Federal Statements

Statement 6 - Form 990, Part III, Line c - Statement of Program Service Accomplishments

Social Spaces - This program develops community activities that introduces arts, music, dance and culture of the people of African-American decent. The program builds community unity and a sense of history.

Statement 7 - Form 990, Part III, Line d - Statement of Program Service Accomplishments

Community Information - Publishes and/or showcases engaging and thought-provoking materials designed to provide exposure, provoke constructive action and/or facilitate discussion in the community around issues that impact the quality of our lives and our future direction.

Federal Statements**Statement 8 - Form 990, Part IV, Line 54 - Investments in Securities**

<u>Description</u>	<u>Beginning of Year</u>	<u>End of Year</u>	<u>Basis of Valuation</u>
Corporate Stock			
Long Term Investment in stock	<u>2,643,125</u>	<u>3,224,270</u>	
	<u>2,643,125</u>	<u>3,224,270</u>	

Statement 9 - Form 990, Part IV, Line 57 - Land, Buildings, and Equipment

<u>Description</u>	<u>Beginning of Year</u>	<u>Accum Deprec</u>	<u>End of Year</u>	<u>Accum Deprec</u>
	\$ 234,914	\$ 145,106	\$ 246,914	\$ 154,078
Total	<u>\$ 234,914</u>	<u>\$ 145,106</u>	<u>\$ 246,914</u>	<u>\$ 154,078</u>

Depreciation and Amortization

Form 4562

(Including Information on Listed Property)

2003

Department of the Treasury Internal Revenue Service

See separate instructions.

Attach to your tax return.

Attachment Sequence No 67

Name(s) shown on return Stairstep Foundation

Identifying number 41-1709346

Business or activity to which this form relates

Indirect Depreciation

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.

Table with 5 rows for Section 179 election. Line 1: Maximum amount 100,000. Line 2: Total cost. Line 3: Threshold cost 400,000. Line 4: Reduction in limitation. Line 5: Dollar limitation.

Table with 13 rows for listed property. Line 6: Description of property. Line 7: Listed property amount. Line 8: Total elected cost. Line 9: Tentative deduction. Line 10: Carryover of disallowed deduction. Line 11: Business income limitation. Line 12: Section 179 expense deduction. Line 13: Carryover of disallowed deduction to 2004.

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.)

Table with 3 rows for Special Depreciation Allowance. Line 14: Special depreciation allowance. Line 15: Property subject to section 168(f)(1) election. Line 16: Other depreciation (including ACRS).

Part III MACRS Depreciation (Do not include listed property.) (See page 4 of the instructions.)

Section A

Table with 2 rows for MACRS deductions. Line 17: MACRS deductions for assets placed in service in tax years beginning before 2003, amount 8,973. Line 18: If you are electing under section 168(i)(4) to group any assets placed in service during the tax year into one or more general asset accounts, check here.

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

Table with 7 columns: (a) Classification of property, (b) Month and year placed in service, (c) Basis for depreciation, (d) Recovery period, (e) Convention, (f) Method, (g) Depreciation deduction. Rows include 3-year, 5-year, 7-year, 10-year, 15-year, 20-year, 25-year property, Residential rental property, and Nonresidential real property.

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

Table with 6 columns: (a) Class life, (b) Recovery period, (c) Convention, (d) Method, (e) Depreciation deduction. Rows include 12-year and 40-year class life properties.

Part IV Summary (see page 6 of the instructions)

Table with 3 rows for summary. Line 21: Listed property amount. Line 22: Total amount 8,973. Line 23: For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs.

For Paperwork Reduction Act Notice, see separate instructions.

Part V Listed Property (Include automobiles, certain other vehicles, cellular telephones, certain computers, and property used for entertainment, recreation, or amusement.)

Note: For any vehicle for which you are using the standard mileage rate or deducting lease expense, complete only 24a, 24b, columns (a) through (c) of Section A, all of Section B, and Section C if applicable.

Section A-Depreciation and Other Information (Caution: See page 7 of the instructions for limits for passenger automobiles.)

24a Do you have evidence to support the business/investment use claimed? 24b If "Yes," is the evidence written? 25 Special depreciation allowance for qualified listed property placed in service during the tax year and used more than 50% in a qualified business use (see page 6 of the instructions) 26 Property used more than 50% in a qualified business use (see page 6 of the instructions): 27 Property used 50% or less in a qualified business use (see page 6 of the instructions): 28 Add amounts in column (h), lines 25 through 27. Enter here and on line 21, page 1 29 Add amounts in column (i), line 26. Enter here and on line 7, page 1.

Section B-Information on Use of Vehicles

Complete this section for vehicles used by a sole proprietor, partner, or other "more than 5% owner," or related person.

If you provided vehicles to your employees, first answer the questions in Section C to see if you meet an exception to completing this section for those vehicles

30 Total business/investment miles driven during the year (do not include commuting miles- see page 2 of the instructions) 31 Total commuting miles driven during the year 32 Total other personal (noncommuting) miles driven 33 Total miles driven during the year. Add lines 30 through 32 34 Was the vehicle available for personal use during off-duty hours? 35 Was the vehicle used primarily by a more than 5% owner or related person? 36 Is another vehicle available for personal use?

Section C-Questions for Employers Who Provide Vehicles for Use by Their Employees

Answer these questions to determine if you meet an exception to completing Section B for vehicles used by employees who are not more than 5% owners or related persons (see page 8 of the instructions).

37 Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees? 38 Do you maintain a written policy statement that prohibits personal use of vehicles, except commuting, by your employees? See page 8 of the instructions for vehicles used by corporate officers, directors, or 1% or more owners 39 Do you treat all use of vehicles by employees as personal use? 40 Do you provide more than five vehicles to your employees, obtain information from your employees about the use of the vehicles, and retain the information received? 41 Do you meet the requirements concerning qualified automobile demonstration use? (See page 9 of the instructions.)

Note: If your answer to 37, 38, 39, 40, or 41 is "Yes," do not complete Section B for the covered vehicles.

Part VI Amortization

42 Amortization of costs that begins during your 2003 tax year (see page 9 of the instructions): 43 Amortization of costs that began before your 2003 tax year 44 Total. Add amounts in column (f). See page 9 of the instructions for where to report

Form **4571**
(Revised May 1979)

Department of the Treasury - Internal Revenue Service

Explanation for Filing Return Late or Paying Tax Late

Taxpayer's Name and Address (as shown on return)

Stairstep Foundation

1000 Humboldt Ave North
Minneapolis, MN 55411

Employer Identification or Social Security No.

41-1709346

Spouse's Social Security Number (if joint return)


Form Number
990

Tax Period Ended
12/31/2003

I did not file the above tax form or pay the required tax on time because:

The books and records were unavailable and had to be reconstructed and audited to prepare a true and accurate return.

(Continue on back, if necessary)

Under penalties of perjury, I declare that the above statement, to the best of my knowledge and belief, is true, complete, and correct.	Sign Here	Taxpayer, Partner, Officer, etc. ▶ 	Date 11/7/05
		Spouse (if a joint return was filed) or Title (partner, officer, etc.) ▶	Date

(HTA)

Form **4571** (Rev. 5-79)

POSTMARK DATE AUG 10 2004

ST [redacted] F (12-2000)

151

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

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

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

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

Type or print	Name of Exempt Organization Stairstep Foundation	Employer identification number 41-1709346
File by the extended due date for filing the return. See instructions.	Number, street, and room or suite no. If a P.O. box, see instructions. 1000 Humboldt Ave North	For IRS use only
	City, town or post office, state, and ZIP code. For a foreign address, see instr. Minneapolis MN 55411	

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

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

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

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 11/15/04

5 For calendar year 2003, or other tax year beginning- _____ and ending _____

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 to gather information to prepare 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 \$ _____

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 \$ _____

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 \$ _____

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 CEO Date 8/5/04

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 due date of the return for which an extension was requested.

Other _____

EXTENSION APPROVED

AUG 26 2004

FIELD DIRECTOR, SUBMISSION PROCESSING, OGDEN

By: _____ Director

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 Lee Financial Group
	Number and street (include suite, room, or apt no.) Or a P.O. box number 15805 Holdridge Rd E
	City or town, province or state, and country (including postal or ZIP code) Wayzata MN 55391-2145

38 AUG 18 2004 IRS
OGDEN, UT