

Form **990**

**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)

OMB No 1545-0047

**2004**

**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 2004 calendar year, or tax year beginning January 01, 2004, and ending December 31, 2004**

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

Please use IRS label or print or type See Specific Instructions

**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 identification 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 ▶

**H(c)** Are all affiliates included?  Yes  No  
(If "No," attach a list See instructions)

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

**G Website:** ▶

**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 ▶ **610099**

**I** Group Exemption Number ▶

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

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

Revenue	<b>1</b> Contributions, gifts, grants, and similar amounts received					
	<b>a</b> Direct public support	<b>1a</b>		<b>451211</b>		
	<b>b</b> Indirect public support	<b>1b</b>				
	<b>c</b> Government contributions (grants)	<b>1c</b>		<b>152398</b>		
	<b>d Total</b> (add lines 1a through 1c) (cash \$ <b>603609</b> noncash \$ )				<b>1d</b>	<b>603609</b>
	<b>2</b> Program service revenue including government fees and contracts (from Part VII, line 93)				<b>2</b>	
	<b>3</b> Membership dues and assessments				<b>3</b>	
	<b>4</b> Interest on savings and temporary cash investments				<b>4</b>	<b>3976</b>
	<b>5</b> Dividends and interest from securities				<b>5</b>	
	<b>6a</b> Gross rents	<b>6a</b>				
	<b>b</b> Less rental expenses	<b>6b</b>				
	<b>c</b> Net rental income or (loss) (subtract line 6b from line 6a)				<b>6c</b>	
<b>7</b> Other investment income (describe ▶ )				<b>7</b>		
<b>8a</b> Gross amount from sales of assets other than inventory	(A) Securities		(B) Other			
		<b>8a</b>				
		<b>8b</b>				
		<b>8c</b>				
<b>d</b> Net gain or (loss) (combine line 8c, columns (A) and (B))				<b>8d</b>		
<b>9</b> Special events and activities (attach schedule) If any amount is from gaming, check here <input type="checkbox"/>	<b>a</b> Gross revenue (not including \$ of contributions reported on line 1a)	<b>9a</b>				
	<b>b</b> Less direct expenses other than fundraising expenses	<b>9b</b>				
	<b>c</b> Net income or (loss) from special events (subtract line 9b from line 9a)				<b>9c</b>	
<b>10a</b> Gross sales of inventory, less returns and allowances		<b>10a</b>				
	<b>b</b> Less cost of goods sold	<b>10b</b>				
	<b>c</b> Gross profit or (loss) from sales of inventory (attach schedule) (subtract line 10b from line 10a)				<b>10c</b>	
<b>11</b> Other revenue (from Part VII, line 103)				<b>11</b>	<b>2514</b>	
<b>12 Total revenue</b> (add lines 1d, 2, 3, 4, 5, 6c, 7, 8d, 9c, 10c, and 11)				<b>12</b>	<b>610099</b>	
Expenses	<b>13</b> Program services (from line 44, column (B))				<b>13</b>	<b>1714785</b>
	<b>14</b> Management and general (from line 44, column (C))				<b>14</b>	<b>65472</b>
	<b>15</b> Fundraising (from line 44, column (D))				<b>15</b>	
	<b>16</b> Payments to affiliates (attach schedule)				<b>16</b>	
	<b>17 Total expenses</b> (add lines 16 and 44, column (A))				<b>17</b>	<b>1780257</b>
Net Assets	<b>18</b> Excess or (deficit) for the year (subtract line 17 from line 12)				<b>18</b>	<b>-1170158</b>
	<b>19</b> Net assets or fund balances at beginning of year (from line 73, column (A))				<b>19</b>	<b>2168758</b>
	<b>20</b> Other changes in net assets or fund balances (attach explanation)				<b>20</b>	
	<b>21</b> Net assets or fund balances at end of year (combine lines 18, 19, and 20)				<b>21</b>	<b>998600</b>

**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 \$ _____ noncash \$ _____)	22				
23	Specific assistance to individuals (attach schedule)	23				
24	Benefits paid to or for members (attach schedule)	24				
25	Compensation of officers, directors, etc	25	81271	73144	8127	
26	Other salaries and wages	26	185617	165414	20203	
27	Pension plan contributions	27	10660	9528	1132	
28	Other employee benefits	28	23142	20686	2456	
29	Payroll taxes	29	25778	23041	2737	
30	Professional fundraising fees	30	94340	92422	1918	
31	Accounting fees	31				
32	Legal fees	32				
33	Supplies	33	6232	5836	396	
34	Telephone	34	12558	11403	1155	
35	Postage and shipping	35	2058	1869	189	
36	Occupancy	36	13880	12825	1055	
37	Equipment rental and maintenance	37				
38	Printing and publications	38	1374	1330	44	
39	Travel	39	9848	9443	405	
40	Conferences, conventions, and meetings	40	1133	1105	28	
41	Interest	41	16327		16327	
42	Depreciation, depletion, etc (attach schedule)	42	7743		7743	
43	Other expenses not covered above (itemize) a	43a				
	b Attachment #1: PART II OTHER EXPENSES	43b	1288296	1286739	1557	
	c	43c				
	d	43d				
	e	43e				
44	Total functional expenses (add lines 22 through 43) Organizations completing columns (B)-(D), carry these totals to lines 13-15.	44	1780257	1714785	65472	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? **Attachment #2: PRIMARY EXEMPT PURPOSE**  
 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.)

Attachment #3: PROGRAM SERVICE ACCOMPLISHMENTS		Program Service Expenses (Required for 501(c)(3) and (4) orgs, and 4947(a)(1) trusts, but optional for others)
a	(Grants and allocations \$ _____)	
b	(Grants and allocations \$ _____)	
c	(Grants and allocations \$ _____)	
d	(Grants and allocations \$ _____)	
e	Other program services (attach schedule) (Grants and allocations \$ _____)	
f	Total of Program Service Expenses (should equal line 44, column (B), Program services)	1714785

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

		(A) Beginning of year		(B) End of year
<b>Note:</b> Where required, attached schedules and amounts within the description column should be for end-of-year amounts only				
<b>Assets</b>	<b>45</b> Cash—non-interest-bearing . . . . .	17679	<b>45</b>	99580
	<b>46</b> Savings and temporary cash investments . . . . .	6791	<b>46</b>	2360
	<b>47a</b> Accounts receivable . . . . .	<b>47a</b>		
	<b>b</b> Less allowance for doubtful accounts . . . . .	<b>47b</b>	<b>47c</b>	
	<b>48a</b> Pledges receivable . . . . .	<b>48a</b>		
	<b>b</b> Less allowance for doubtful accounts . . . . .	<b>48b</b>	<b>48c</b>	
	<b>49</b> Grants receivable . . . . .		<b>49</b>	
	<b>50</b> Receivables from officers, directors, trustees, and key employees (attach schedule) . . . . .		<b>50</b>	
	<b>51a</b> Other notes and loans receivable (attach schedule) . . . . .	<b>51a</b> 400000		
	<b>b</b> Less allowance for doubtful accounts . . . . .	<b>51b</b>	293705	<b>51c</b> 400000
	<b>52</b> Inventories for sale or use . . . . .		<b>52</b>	
	<b>53</b> Prepaid expenses and deferred charges . . . . .	8051	<b>53</b>	16003
	<b>54</b> Investments—securities (attach schedule) . . . . .	3224270	<b>54</b>	2030520
	<b>55a</b> Investments—land, buildings, and equipment basis . . . . .	<b>55a</b>		
	<b>b</b> Less accumulated depreciation (attach schedule) . . . . .	<b>55b</b>		<b>55c</b>
<b>56</b> Investments—other (attach schedule) . . . . .		<b>56</b>		
<b>57a</b> Land, buildings, and equipment basis . . . . .	<b>57a</b> 251914			
<b>b</b> Less accumulated depreciation (attach schedule) . . . . .	<b>57b</b> 161821	92836	<b>57c</b> 90093	
<b>58</b> Other assets (describe ▶ _____ )		<b>58</b>		
<b>59 Total assets</b> (add lines 45 through 58) (must equal line 74) . . . . .	3643332	<b>59</b>	2638556	
<b>Liabilities</b>	<b>60</b> Accounts payable and accrued expenses . . . . .	74574	<b>60</b>	142879
	<b>61</b> Grants payable . . . . .		<b>61</b>	
	<b>62</b> Deferred revenue . . . . .		<b>62</b>	
	<b>63</b> Loans from officers, directors, trustees, and key employees (attach schedule) . . . . .		<b>63</b>	
	<b>64a</b> Tax-exempt bond liabilities (attach schedule) . . . . .		<b>64a</b>	
	<b>b</b> Mortgages and other notes payable (attach schedule) . . . . .	1400000	<b>64b</b>	1497077
	<b>65</b> Other liabilities (describe ▶ _____ )		<b>65</b>	
<b>66 Total liabilities</b> (add lines 60 through 65) . . . . .	1474574	<b>66</b>	1639956	
<b>Net Assets or Fund Balances</b>	<b>Organizations that follow SFAS 117, check here</b> <input checked="" type="checkbox"/> <b>and complete lines 67 through 69 and lines 73 and 74</b>			
	<b>67</b> Unrestricted . . . . .	2168758	<b>67</b>	998600
	<b>68</b> Temporarily restricted . . . . .		<b>68</b>	
	<b>69</b> Permanently restricted . . . . .		<b>69</b>	
	<b>Organizations that do not follow SFAS 117, check here</b> <input type="checkbox"/> <b>and complete lines 70 through 74</b>			
	<b>70</b> Capital stock, trust principal, or current funds . . . . .		<b>70</b>	
	<b>71</b> Paid-in or capital surplus, or land, building, and equipment fund . . . . .		<b>71</b>	
	<b>72</b> Retained earnings, endowment, accumulated income, or other funds . . . . .		<b>72</b>	
	<b>73 Total net assets or fund balances</b> (add lines 67 through 69 <b>or</b> lines 70 through 72, column (A) <b>must</b> equal line 19, column (B) <b>must</b> equal line 21) . . . . .	2168758	<b>73</b>	998600
	<b>74 Total liabilities and net assets / fund balances</b> (add lines 66 and 73)	3643332	<b>74</b>	2638556

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.

<b>Part IV-A</b> Reconciliation of Revenue per Audited Financial Statements with Revenue per Return (See page 27 of the instructions.)		<b>Part IV-B</b> Reconciliation of Expenses per Audited Financial Statements with Expenses per Return	
<b>a</b> Total revenue, gains, and other support per audited financial statements . . . ▶	<b>a</b> 610099	<b>a</b> Total expenses and losses per audited financial statements . . . ▶	<b>a</b> 1780257
<b>b</b> Amounts included on line <b>a</b> but not on line 12, Form 990		<b>b</b> Amounts included on line <b>a</b> but not on line 17, Form 990	
<b>(1)</b> Net unrealized gains on investments . . . \$ _____		<b>(1)</b> Donated services and use of facilities \$ _____	
<b>(2)</b> Donated services and use of facilities \$ _____		<b>(2)</b> Prior year adjustments reported on line 20, Form 990 . . . \$ _____	
<b>(3)</b> Recoveries of prior year grants . . . \$ _____		<b>(3)</b> Losses reported on line 20, Form 990 . . . \$ _____	
<b>(4)</b> Other (specify) _____		<b>(4)</b> Other (specify) _____	
_____ \$ _____		_____ \$ _____	
Add amounts on lines <b>(1)</b> through <b>(4)</b> ▶	<b>b</b>	Add amounts on lines <b>(1)</b> through <b>(4)</b> ▶	<b>b</b>
<b>c</b> Line <b>a</b> minus line <b>b</b> . . . . . ▶	<b>c</b> 610099	<b>c</b> Line <b>a</b> minus line <b>b</b> . . . . . ▶	<b>c</b> 1780257
<b>d</b> Amounts included on line 12, Form 990 but not on line <b>a</b> :		<b>d</b> Amounts included on line 17, Form 990 but not on line <b>a</b> :	
<b>(1)</b> Investment expenses not included on line 6b, Form 990 . . . \$ _____		<b>(1)</b> Investment expenses not included on line 6b, Form 990 . . . \$ _____	
<b>(2)</b> Other (specify) _____		<b>(2)</b> Other (specify) _____	
_____ \$ _____		_____ \$ _____	
Add amounts on lines <b>(1)</b> and <b>(2)</b> ▶	<b>d</b>	Add amounts on lines <b>(1)</b> and <b>(2)</b> ▶	<b>d</b>
<b>e</b> Total revenue per line 12, Form 990 (line <b>c</b> plus line <b>d</b> ) . . . . . ▶	<b>e</b> 610099	<b>e</b> Total expenses per line 17, Form 990 (line <b>c</b> plus line <b>d</b> ) . . . . . ▶	<b>e</b> 1780257

**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) Contributions to employee benefit plans & deferred compensation	(E) Expense account and other allowances
Alfred Babington-Johnson 1404 14th Ave N Minneapolis MN 55411	PRESIDENT 40.00	81271		
Ezell Jones 4500 Park Glen Rd Minneapolis MN 55416	BOARD MEMBER 2.00	0		
Dr John Taborn 1111 3rd Ave Ste 12 Minneapolis MN 55404	SECRETARY 2.00	0		
Dr Yvonne Cheek-Cook 4329 Oakland Ave S Minneapolis MN 55407	BOARD MEMBER 2.00	0		
William Collins 198 N Western Ave St Paul MN 55102	TREASURER 2.00	0		
Glenn Beecham 400 Selby Ave St Paul MN 55102	CHAIRPERSON 2.00	0		
Celois Steele 200 S 6th St Minneapolis MN 55402	BOARD MEMBER 2.00	0		
Mahmoud El-Kati Po Box 4605 St Paul MN 55104	BOARD MEMBER 2.00	0		
Dr Beverly Oliver Hawkins 430 N Dale St St Paul MN 55103	BOARD MEMBER 2.00	0		
Cora McCorvey 1011 Washington Ave N Minneapolis MN 55401	BOARD MEMBER 2.00	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

<b>Part VI Other Information</b> (See page 28 of the instructions.)		Yes	No
<b>76</b>	Did the organization engage in any activity not previously reported to the IRS? If "Yes," attach a detailed description of each activity.	<b>76</b>	<input checked="" type="checkbox"/>
<b>77</b>	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	<b>77</b>	<input checked="" type="checkbox"/>
<b>78a</b>	Did the organization have unrelated business gross income of \$1,000 or more during the year covered by this return?	<b>78a</b>	<input checked="" type="checkbox"/>
<b>b</b>	If "Yes," has it filed a tax return on <b>Form 990-T</b> for this year? . . . . .	<b>78b</b>	
<b>79</b>	Was there a liquidation, dissolution, termination, or substantial contraction during the year? If "Yes," attach a statement	<b>79</b>	<input checked="" type="checkbox"/>
<b>80a</b>	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? . . .	<b>80a</b>	<input checked="" type="checkbox"/>
<b>b</b>	If "Yes," enter the name of the organization ► _____ _____ and check whether it is <input type="checkbox"/> exempt or <input type="checkbox"/> nonexempt		
<b>81a</b>	Enter direct and indirect political expenditures. See line 81 instructions . . . <b>81a</b>   _____		
<b>b</b>	Did the organization file <b>Form 1120-POL</b> for this year? . . . . .	<b>81b</b>	<input checked="" type="checkbox"/>
<b>82a</b>	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? . . . . .	<b>82a</b>	<input checked="" type="checkbox"/>
<b>b</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). . . <b>82b</b>   _____		
<b>83a</b>	Did the organization comply with the public inspection requirements for returns and exemption applications?	<b>83a</b>	<input checked="" type="checkbox"/>
<b>b</b>	Did the organization comply with the disclosure requirements relating to quid pro quo contributions? . . .	<b>83b</b>	
<b>84a</b>	Did the organization solicit any contributions or gifts that were not tax deductible? . . . . .	<b>84a</b>	<input checked="" type="checkbox"/>
<b>b</b>	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible? . . . . .	<b>84b</b>	
<b>85</b>	<b>501(c)(4), (5), or (6) organizations.</b> <b>a</b> Were substantially all dues nondeductible by members? . . . . .	<b>85a</b>	
<b>b</b>	Did the organization make only in-house lobbying expenditures of \$2,000 or less? . . . . .	<b>85b</b>	
	If "Yes" was answered to either 85a or 85b, <b>do not</b> complete 85c through 85h below unless the organization received a waiver for proxy tax owed for the prior year		
<b>c</b>	Dues, assessments, and similar amounts from members. . . . . <b>85c</b>   _____		
<b>d</b>	Section 162(e) lobbying and political expenditures. . . . . <b>85d</b>   _____		
<b>e</b>	Aggregate nondeductible amount of section 6033(e)(1)(A) dues notices. . . . . <b>85e</b>   _____		
<b>f</b>	Taxable amount of lobbying and political expenditures (line 85d less 85e). . . . . <b>85f</b>   _____		
<b>g</b>	Does the organization elect to pay the section 6033(e) tax on the amount on line 85f? . . . . .	<b>85g</b>	
<b>h</b>	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? . . . . .	<b>85h</b>	
<b>86</b>	<b>501(c)(7) orgs.</b> Enter <b>a</b> Initiation fees and capital contributions included on line 12. <b>86a</b>   _____		
<b>b</b>	Gross receipts, included on line 12, for public use of club facilities . . . . . <b>86b</b>   _____		
<b>87</b>	<b>501(c)(12) orgs.</b> Enter <b>a</b> Gross income from members or shareholders . . . . . <b>87a</b>   _____		
<b>b</b>	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them) . . . . . <b>87b</b>   _____		
<b>88</b>	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. . . . .	<b>88</b>	<input checked="" type="checkbox"/>
<b>89a</b>	<b>501(c)(3) organizations.</b> Enter Amount of tax imposed on the organization during the year under section 4911 ► _____, section 4912 ► _____, section 4955 ► _____		
<b>b</b>	<b>501(c)(3) and 501(c)(4) orgs.</b> 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 . . . . .	<b>89b</b>	<input checked="" type="checkbox"/>
<b>c</b>	Enter Amount of tax imposed on the organization managers or disqualified persons during the year under sections 4912, 4955, and 4958 . . . . . ► _____		
<b>d</b>	Enter Amount of tax on line 89c, above, reimbursed by the organization . . . . . ► _____		
<b>90a</b>	List the states with which a copy of this return is filed ► <u>Minnesota</u>		
<b>b</b>	Number of employees employed in the pay period that includes March 12, 2004 (See instructions) <b>90b</b>   <u>5</u>		
<b>91</b>	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>		
<b>92</b>	<b>Section 4947(a)(1) nonexempt charitable trusts filing Form 990 in lieu of Form 1041</b> —Check here. . . . . <input type="checkbox"/> and enter the amount of tax-exempt interest received or accrued during the tax year . . . . . ►   <b>92</b>   _____		

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

**Note:** Enter gross amounts unless otherwise indicated.

	Unrelated business income		Excluded by section 512, 513, or 514		(E) Related or exempt function income
	(A) Business code	(B) Amount	(C) Exclusion code	(D) Amount	
<b>93</b> Program service revenue					
<b>a</b> _____					
<b>b</b> _____					
<b>c</b> _____					
<b>d</b> _____					
<b>e</b> _____					
<b>f</b> Medicare/Medicaid payments . . . . .					
<b>g</b> Fees and contracts from government agencies					
<b>94</b> Membership dues and assessments . . . . .					
<b>95</b> Interest on savings and temporary cash investments					<b>3976</b>
<b>96</b> Dividends and interest from securities . . . . .					
<b>97</b> Net rental income or (loss) from real estate					
<b>a</b> debt-financed property . . . . .					
<b>b</b> not debt-financed property . . . . .					
<b>98</b> Net rental income or (loss) from personal property					
<b>99</b> Other investment income . . . . .					
<b>100</b> Gain or (loss) from sales of assets other than inventory					
<b>101</b> Net income or (loss) from special events . . . . .					
<b>102</b> Gross profit or (loss) from sales of inventory					
<b>103</b> Other revenue <b>a</b> _____					
<b>b</b> <b>MISCELLANEOUS INCOME</b>					<b>514</b>
<b>c</b> <b>RENTAL INCOME</b>					<b>2000</b>
<b>d</b> <b>SIYEZA CREATIVE FOODS, LLC</b>	<b>310000</b>				
<b>e</b> _____					
<b>104</b> Subtotal (add columns (B), (D), and (E)) . . . . .					<b>6490</b>
<b>105</b> <b>Total</b> (add line 104, columns (B), (D), and (E)) . . . . .					<b>6490</b>

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

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

Line No. ▼	Explain how each activity for which income is reported in column (E) of Part VII contributed importantly to the accomplishment of the organization's exempt purposes (other than by providing funds for such purposes)

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

(A) Name, address, and EIN of corporation, partnership, or disregarded entity	(B) Percentage of ownership interest	(C) Nature of activities	(D) Total income	(E) End-of-year assets
	%			
	%			
	%			
	%			

**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, from a personal benefit contract?

(b) Did the organization, during the year, pay premiums, directly or indirectly, from a personal benefit contract?

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

<b>Please Sign Here</b>	Under penalties of perjury, I declare that I have examined this return, and belief, it is true, correct, and complete. Declaration of preparer (other than agent) <input type="checkbox"/> (select one)
	Signature of officer <b>ALFRED BABINGTON-JOHNSON, PRESIDENT</b> Type or print name and title
<b>Paid Preparer's Use Only</b>	Preparer's signature <input type="checkbox"/>
	Firm's name (or yours if self-employed), address, and ZIP + 4 <input type="checkbox"/> <b>LEE FINANCIAL GROUP 15805 Holdridge Rd E Wayzata</b>

**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

OMB No 1545-0047

**2004**

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

STAIRSTEP FOUNDATION

Employer identification number

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 benefit plans & deferred compensation	(e) Expense account and other allowances
ALFRED BABINGTON-JOHNSON ----- 1404 14TH AVE N MINNEAPOLIS MN 55411	PRESIDENT/CEO 40.00	81271		
-----				
-----				
-----				
-----				
-----				
-----				
-----				
Total number of other employees paid over \$50,000 . . . . . ▶				

**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 . . . . . ▶		

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

	Yes	No
<b>1</b> During the year, has the organization attempted to influence national, state, or local legislation, including any attempt to influence public opinion on a legislative matter or referendum? If "Yes," enter the total expenses paid or incurred in connection with the lobbying activities ▶ \$ _____ (Must equal amounts on line 38, Part VI-A, or line i of Part VI-B) . . . . . 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.	1	✓
<b>2</b> During the year, has the organization, either directly or indirectly, engaged in any of the following acts with any substantial contributors, trustees, directors, officers, creators, key employees, or members of their families, or with any taxable organization with which any such person is affiliated as an officer, director, trustee, majority owner, or principal beneficiary? (If the answer to any question is "Yes," attach a detailed statement explaining the transactions.)		
<b>a</b> Sale, exchange, or leasing of property? . . . . .	2a	✓
<b>b</b> Lending of money or other extension of credit? . . . . .	2b	✓
<b>c</b> Furnishing of goods, services, or facilities? . . . . .	2c	✓
<b>d</b> Payment of compensation (or payment or reimbursement of expenses if more than \$1,000)? . . . . .	2d	✓
<b>e</b> Transfer of any part of its income or assets? . . . . .	2e	✓
<b>3a</b> Do you make grants for scholarships, fellowships, student loans, etc? (If "Yes," attach an explanation of how you determine that recipients qualify to receive payments) . . . . .	3a	✓
<b>b</b> Do you have a section 403(b) annuity plan for your employees? . . . . .	3b	✓
<b>4a</b> Did you maintain any separate account for participating donors where donors have the right to provide advice on the use or distribution of funds? . . . . .	4a	✓
<b>b</b> Do you provide credit counseling, debt management, credit repair, or debt negotiation services? . . . . .	4b	✓

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

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

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

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

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

- 14  An organization organized and operated to test for public safety Section 509(a)(4) (See page 5 of the instructions)



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

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

Calendar year (or fiscal year beginning in) ▶	(a) 2003	(b) 2002	(c) 2001	(d) 2000	(e) Total
<b>15</b> Gifts, grants, and contributions received (Do not include unusual grants. See line 28).	1318196	768376	504729	818257	3409558
<b>16</b> Membership fees received . . . . .					0
<b>17</b> 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
<b>18</b> 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 . . . . .					0
<b>19</b> Net income from unrelated business activities not included in line 18. . . . .					0
<b>20</b> Tax revenues levied for the organization's benefit and either paid to it or expended on its behalf . . . . .					0
<b>21</b> 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
<b>22</b> Other income. Attach a schedule. Do not include gain or (loss) from sale of capital assets . . . . .					0
<b>23</b> Total of lines 15 through 22 . . . . .	1318196	768376	504729	818257	3409558
<b>24</b> Line 23 minus line 17 . . . . .	1318196	768376	504729	818257	3409558
<b>25</b> Enter 1% of line 23 . . . . .	13182	7684	5047	8183	

<b>26 Organizations described on lines 10 or 11:</b> a Enter 2% of amount in column (e), line 24 . . . . ▶	<b>26a</b>	68191
b Prepare a list for your records to show the name of and amount contributed by each person (other than a governmental unit or publicly supported organization) whose total gifts for 2000 through 2003 exceeded the amount shown in line 26a. Do not file this list with your return. Enter the total of all these excess amounts ▶	<b>26b</b>	
c Total support for section 509(a)(1) test. Enter line 24, column (e) . . . . . ▶	<b>26c</b>	3409558
d Add Amounts from column (e) for lines 18 <u>0</u> 19 <u>0</u> 22 <u>                    </u> 26b <u>                    </u> . . . . . ▶	<b>26d</b>	
e Public support (line 26c minus line 26d total) . . . . . ▶	<b>26e</b>	3409558
f Public support percentage (line 26e (numerator) divided by line 26c (denominator)) . . . . . ▶	<b>26f</b>	1.0000 %

**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

(2003) \_\_\_\_\_ (2002) \_\_\_\_\_ (2001) \_\_\_\_\_ (2000) \_\_\_\_\_

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

(2003) \_\_\_\_\_ (2002) \_\_\_\_\_ (2001) \_\_\_\_\_ (2000) \_\_\_\_\_

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

**28 Unusual Grants:** For an organization described in line 10, 11, or 12 that received any unusual grants during 2000 through 2003, prepare a list for your records to show, for each year, the name of the contributor, the date and amount of the grant, and a brief description of the nature of the grant. Do not file this list with your return. Do not include these grants in line 15

**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)**

	Yes	No
<b>29</b> 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? . . . . .		
<b>30</b> 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? . . . . .		
<b>31</b> 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 ) ..... ..... .....		
<b>32</b> Does the organization maintain the following		
<b>a</b> Records indicating the racial composition of the student body, faculty, and administrative staff? . . . . .		
<b>b</b> Records documenting that scholarships and other financial assistance are awarded on a racially nondiscriminatory basis? . . . . .		
<b>c</b> Copies of all catalogues, brochures, announcements, and other written communications to the public dealing with student admissions, programs, and scholarships? . . . . .		
<b>d</b> 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 ) ..... .....		
<b>33</b> Does the organization discriminate by race in any way with respect to		
<b>a</b> Students' rights or privileges? . . . . .		
<b>b</b> Admissions policies? . . . . .		
<b>c</b> Employment of faculty or administrative staff? . . . . .		
<b>d</b> Scholarships or other financial assistance? . . . . .		
<b>e</b> Educational policies? . . . . .		
<b>f</b> Use of facilities? . . . . .		
<b>g</b> Athletic programs? . . . . .		
<b>h</b> Other extracurricular activities? . . . . .		
If you answered "Yes" to any of the above, please explain (If you need more space, attach a separate statement ) ..... .....		
<b>34a</b> Does the organization receive any financial aid or assistance from a governmental agency? . . . . .		
<b>b</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		
<b>35</b> 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 page 9 of the instructions.)  
 (To be completed **ONLY** by an eligible organization that filed Form 5768)

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

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

**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) 2004	(b) 2003	(c) 2002	(d) 2001	(e) Total
<b>45</b> Lobbying nontaxable amount . . . . .					
<b>46</b> Lobbying ceiling amount (150% of line 45(e))					
<b>47</b> Total lobbying expenditures . . . . .					
<b>48</b> Grassroots nontaxable amount . . . . .					
<b>49</b> Grassroots ceiling amount (150% of line 48(e))					
<b>50</b> 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 11 of the 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	Yes	No	Amount
<b>a</b> Volunteers . . . . .			
<b>b</b> Paid staff or management (Include compensation in expenses reported on lines <b>c</b> through <b>h</b> ). . . . .			
<b>c</b> Media advertisements . . . . .			
<b>d</b> Mailings to members, legislators, or the public . . . . .			
<b>e</b> Publications, or published or broadcast statements . . . . .			
<b>f</b> Grants to other organizations for lobbying purposes . . . . .			
<b>g</b> Direct contact with legislators, their staffs, government officials, or a legislative body. . . . .			
<b>h</b> Rallies, demonstrations, seminars, conventions, speeches, lectures, or any other means . . . . .			
<b>i</b> Total lobbying expenditures (Add lines <b>c</b> through <b>h</b> ). . . . .			

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



Form **4562**

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

OMB No 1545-0172

**2004**

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**

Business or activity to which this form relates  
**INDIRECT DEPRECIATION**

Identifying number  
**41-1709346**

**Part I Election To Expense Certain Property Under Section 179**

*Note: If you have any listed property, complete Part V before you complete Part I.*

1	Maximum amount See page 2 of the instructions for a higher limit for certain businesses . . . . .	1	\$102,000
2	Total cost of section 179 property placed in service (see page 3 of the instructions) . . . . .	2	
3	Threshold cost of section 179 property before reduction in limitation . . . . .	3	\$410,000
4	Reduction in limitation Subtract line 3 from line 2. If zero or less, enter -0- . . . . .	4	
5	Dollar limitation for tax year Subtract line 4 from line 1. If zero or less, enter -0- If married filing separately, see page 3 of the instructions. . . . .	5	
6	(a) Description of property	(b) Cost (business use only)	(c) Elected cost
7	Listed property Enter the amount from line 29 . . . . .	7	
8	Total elected cost of section 179 property Add amounts in column (c), lines 6 and 7 . . . . .	8	
9	Tentative deduction Enter the <b>smaller</b> of line 5 or line 8. . . . .	9	
10	Carryover of disallowed deduction from line 13 of your 2003 Form 4562 . . . . .	10	
11	Business income limitation Enter the smaller of business income (not less than zero) or line 5 (see instructions) . . . . .	11	
12	Section 179 expense deduction Add lines 9 and 10, but do not enter more than line 11 . . . . .	12	
13	Carryover of disallowed deduction to 2005 Add lines 9 and 10, less line 12 ▶	13	102000

*Note: Do not use Part II or Part III below for listed property. Instead, use Part V.*

**Part II Special Depreciation Allowance and Other Depreciation (Do not include listed property.)**

14	Special depreciation allowance for qualified property (other than listed property) placed in service during the tax year (see page 3 of the instructions) . . . . .	14	
15	Property subject to section 168(f)(1) election (see page 4 of the instructions) . . . . .	15	
16	Other depreciation (including ACRS) (see page 4 of the instructions) . . . . .	16	

**Part III MACRS Depreciation (Do not include listed property.) (See page 5 of the instructions.)**

**Section A**

17	MACRS deductions for assets placed in service in tax years beginning before 2004 . . . . .	17	7743
18	If you are electing under section 168(i)(4) to group any assets placed in service during the tax year into one or more general asset accounts, check here . . . . .		<input type="checkbox"/>

**Section B—Assets Placed in Service During 2004 Tax Year Using the General Depreciation System**

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

**Section C—Assets Placed in Service During 2004 Tax Year Using the Alternative Depreciation System**

20a Class life					S/L	
b 12-year			12 yrs.		S/L	
c 40-year			40 yrs.	MM	S/L	

**Part IV Summary (see page 8 of the instructions)**

21	Listed property Enter amount from line 28 . . . . .	21	
22	<b>Total.</b> Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21 Enter here and on the appropriate lines of your return Partnerships and S corporations—see instr	22	7743
23	For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs . . . . .	23	

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

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

**Section A—Depreciation and Other Information** (Caution: See page 9 of the instructions for limits for passenger automobiles.)

<b>24a</b> Do you have evidence to support the business/investment use claimed? <input type="checkbox"/> Yes <input type="checkbox"/> No					<b>24b</b> If "Yes," is the evidence written? <input type="checkbox"/> Yes <input type="checkbox"/> No			
(a) Type of property (list vehicles first)	(b) Date placed in service	(c) Business/investment use percentage	(d) Cost or other basis	(e) Basis for depreciation (business/investment use only)	(f) Recovery period	(g) Method/Convention	(h) Depreciation deduction	(i) Elected section 179 cost
<b>25</b> Special depreciation allowance for qualified listed property placed in service during the tax year and used more than 50% in a qualified business use (see page 8 of the instructions)							<b>25</b>	
<b>26</b> Property used more than 50% in a qualified business use (see page 8 of the instructions)								
		%						
		%						
		%						
<b>27</b> Property used 50% or less in a qualified business use (see page 8 of the instructions)								
		%				S/L -		
		%				S/L -		
		%				S/L -		
<b>28</b> Add amounts in column (h), lines 25 through 27 Enter here and on line 21, page 1.							<b>28</b>	
<b>29</b> Add amounts in column (i), line 26 Enter here and on line 7, page 1.								<b>29</b>

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

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

	(a) Vehicle 1		(b) Vehicle 2		(c) Vehicle 3		(d) Vehicle 4		(e) Vehicle 5		(f) Vehicle 6	
<b>30</b> Total business/investment miles driven during the year (do not include commuting miles—See page 2 of the instructions)												
<b>31</b> Total commuting miles driven during the year												
<b>32</b> Total other personal (noncommuting) miles driven												
<b>33</b> Total miles driven during the year Add lines 30 through 32												
<b>34</b> Was the vehicle available for personal use during off-duty hours?	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
<b>35</b> Was the vehicle used primarily by a more than 5% owner or related person?												
<b>36</b> Is another vehicle available for personal use?												

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

Answer these questions to determine if you meet an exception to completing Section B for vehicles used by employees who are not more than 5% owners or related persons (see page 10 of the instructions)

	Yes	No
<b>37</b> Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees?		
<b>38</b> Do you maintain a written policy statement that prohibits personal use of vehicles, except commuting, by your employees? See page 10 of the instructions for vehicles used by corporate officers, directors, or 1% or more owners		
<b>39</b> Do you treat all use of vehicles by employees as personal use?		
<b>40</b> Do you provide more than five vehicles to your employees, obtain information from your employees about the use of the vehicles, and retain the information received?		
<b>41</b> Do you meet the requirements concerning qualified automobile demonstration use? (See page 10 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**

(a) Description of costs	(b) Date amortization begins	(c) Amortizable amount	(d) Code section	(e) Amortization period or percentage	(f) Amortization for this year
<b>42</b> Amortization of costs that begins during your 2004 tax year (see page 11 of the instructions)					
<b>43</b> Amortization of costs that began before your 2004 tax year.					<b>43</b>
<b>44 Total.</b> Add amounts in column (f) See page 12 of the instructions for where to report.					<b>44</b>

**Organization Name:** STAIRSTEP FOUNDATION

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OTHER EXPENSES

Statement: 1

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DESCRIPTION	OTHER EXPENSES	OTHER EXPENSES (PROGRAM)	OTHER EXPENSES (MANAGEMENT)	OTHER EXPENSES (FUNDRAISING)
<b>EXPENSES</b>				
<b>GRANTS AWARDED</b>	900	900		
<b>INSURANCE</b>	6175	5607	568	
<b>DUES AND MEMBERSHIPS</b>	2568	2332	236	
<b>SOCIAL SPACES</b>	13397	12649	748	
<b>MISCELLANEOUS</b>	8551	8546	5	
<b>LOSS ON EXTINGUISHMENT OF DEB</b>	371705	371705		
<b>LOSS ON INVESTMENTS</b>	885000	885000		

Attention: This page was created using data from an Electronically-Filed return.

**Organization Name:** STAIRSTEP FOUNDATION

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PRIMARY EXEMPT PURPOSE

Statement: 2

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THE ORGANIZATIONS PURPOSE IS TO REINFORCE COMMUNITY VALUES, ENCOURAGE COMMUNITY BUILDING, AND PROVIDE COMMUNITY VALUE AND COMMUNITY BUILDING PROGRAMS.



**Organization Name:** STAIRSTEP FOUNDATION

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Statement: 3

Program Service Accomplishments

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Grants:

Expenses: 1445406

---

Description:

**ECONOMIC DEVELOPEMENT - THIS PROGRAM RECOGNIZES IDEAS AND FUNDS STRATEGIES THAT STRENGTHEN THE AFRICAN AMERICAN BUSINESS COMMUNITY. THE PROGRAM MAINTAINS A SMALL BUSINESS CHAMBER OF COMMERCE.**

**Organization Name:** STAIRSTEP FOUNDATION

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Statement: 3

Program Service Accomplishments

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---

Grants:

Expenses: 231944

---

Description:

**COMMUNITY RECLAMATION PROJECT - THIS PROGRAM WORKS IN CONJUNCTION WITH COMMUNITY CHURCHES TO BRING YOUNG MEN AND WOMEN OUT OF GANGS BY PROVIDING AN ALTERNATIVE TO GANG ACTIVITY SO THE YOUTH CAN BECOME AN EXAMPLE OF LIFE AFTER GANG ACTIVITY.**

**Organization Name:** STAIRSTEP FOUNDATION

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Statement: 3

Program Service Accomplishments

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Grants:

Expenses: 35385

---

Description:

**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.**

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Statement: 3

Program Service Accomplishments

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Grants:

Expenses: 2050

Description:

**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.**

**Organization Name:** STAIRSTEP FOUNDATION

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INVESTMENTS (SECURITIES)

Statement: 4

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INVESTMENT SECURITIES

BOOK VALUE

COST OR FMV

---

LONG TERM INVESTMENT IN STOCK

2030520

**Organization Name:** STAIRSTEP FOUNDATION

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LAND SCHEDULE

Statement: 5

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Category or Item	Cost or Other Basis	Accumulated Depreciation	Book Value	EOY Fair Market Value
	251914	161821	161821	

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**Organization Name:** STAIRSTEP FOUNDATION

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Statement: 6

Mortgages and Other Notes Payable

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Date of Note: Apr 2001

Lender Name: US BANCORP

Lender Title:

Purpose of Loan:

Original Amount of Loan: 1200000

Balance Due: 1200000

Maturity Date: Apr 2011

Interest Rate:

Lender Consideration:

Consideration FMV:

Repayment Terms:

Security Provided by Borrower: NONE

Relationship to Insider:

Total Mortgage Amount: 0

**Organization Name:** STAIRSTEP FOUNDATION

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Statement: 6

Mortgages and Other Notes Payable

Page 2 of 3

---

Date of Note: Dec 2003

Lender Name: VOYAGER BANK

Lender Title:

Purpose of Loan:

Original Amount of Loan: 200000

Balance Due: 197077

Maturity Date: Jan 2009

Interest Rate: 0.0575

Lender Consideration:

Consideration FMV:

Repayment Terms:

Security Provided by Borrower: NONE

Relationship to Insider:

Total Mortgage Amount:



**Organization Name:** STAIRSTEP FOUNDATION

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Statement: 6

Mortgages and Other Notes Payable

Page 3 of 3

---

Date of Note: Dec 2004

Lender Name: WALLESTAD FOUNDATION

Lender Title:

Purpose of Loan:

Original Amount of Loan: 100000

Balance Due: 100000

Maturity Date: Feb 2005

Interest Rate:

Lender Consideration:

Consideration FMV:

Repayment Terms: 60 DAYS

Security Provided by Borrower: NONE

Relationship to Insider:

Total Mortgage Amount:

**Organization Name:** STAIRSTEP FOUNDATION

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OTHER NOTES RECEIVABLE

Statement: 7

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CATEGORY NAME	AMOUNT	BALANCE DUE
DUE FROM STAIRSTEP INC		
DUE FROM SIYEZA CREATIVE FOODS, INC	400000	

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