



**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

<i>'Do not include amounts reported on line 6b, 8b, 9b, 10b or 16 of Part I'</i>	(A) Total	(B) Program services	(C) Management and general	(D) Fundraising
22 Grants and allocations (att sch) (cash \$ _____ non cash \$ _____)	22			
23 Specific assistance to individuals (att sch)	23			
24 Benefits paid to or for members (att sch)	24			
25 Compensation of officers, directors, etc	25			
26 Other salaries and wages	26			
27 Pension plan contributions	27			
28 Other employee benefits	28			
29 Payroll taxes	29			
30 Professional fundraising fees	30			
31 Accounting fees	31	815	815.	
32 Legal fees	32	15,773	15,773	
33 Supplies	33			
34 Telephone	34			
35 Postage and shipping	35			
36 Occupancy	36			
37 Equipment rental and maintenance	37			
38 Printing and publications	38			
39 Travel	39			
40 Conferences conventions, and meetings	40	60	60.	
41 Interest	41			
42 Depreciation, depletion, etc (attach schedule)	42			
43 Other expenses not covered above (itemize)				
a ADVERTISING	43a	751	751	
b CONTRACT LABOR	43b	6,175	6,175	
c INSURANCE	43c	1,631	1,631	
d TAXES AND LICENSES	43d	940	940	
e	43e			
44 Total functional expenses (add lines 22 - 43) Organizations completing columns (B) (D), carry these totals to lines 13 15	44	26,145	26,145	0
				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**

What is the organization's primary exempt purpose? ► See Statement 1

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) & (4) organizations and 4947(a)(1) nonexempt charitable trusts must also enter the amount of grants & allocations to others)

**Program Service Expenses**  
(Required for 501(c)(3) and (4) organizations and 4947(a)(1) trusts, but optional for others)

a <u>See Statement 2</u>	(Grants and allocations \$ _____)	26,145
b	(Grants and allocations \$ _____)	
c	(Grants and allocations \$ _____)	
d	(Grants and allocations \$ _____)	
e Other program services	(Grants and allocations \$ _____)	
f Total of Program Service Expenses (should equal line 44, column (B), program services)		26,145

## Part IV Balance Sheets (See Instructions)

Note	Where required, attached schedules and amounts within the description column should be for end-of-year amounts only	(A) Beginning of year	(B) End of year
45	Cash – non-interest bearing	45	
46	Savings and temporary cash investments	458,405.	46 195,318
47a	Accounts receivable	47a	
b	Less allowance for doubtful accounts	47b	47c
48a	Pledges receivable	48a	
b	Less allowance for doubtful accounts	48b	48c
49	Grants receivable		49
50	Receivables from officers, directors, trustees, and key employees (attach schedule)		50
51a	Other notes & loans receivable (attach sch)	51a	
b	Less allowance for doubtful accounts	51b	51c
52	Inventories for sale or use		52
53	Prepaid expenses and deferred charges		53
54	Investments – securities (attach schedule)	► <input type="checkbox"/> Cost <input type="checkbox"/> FMV	54
55a	Investments – land, buildings, & equipment basis	55a	
b	Less accumulated depreciation (attach schedule)	55b	55c
56	Investments – other (attach schedule)		56
57a	Land, buildings, and equipment basis	57a 492,591	
b	Less accumulated depreciation (attach schedule)	57b	57c 492,591
58	Other assets (describe ► )		58
59	Total assets (add lines 45 through 58) (must equal line 74)	458,405	59 687,909.
60	Accounts payable and accrued expenses		60
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)		64b
65	Other liabilities (describe ► )		65
66	Total liabilities (add lines 60 through 65)	0.	66 0.
Organizations that follow SFAS 117, check here ► <input checked="" type="checkbox"/> and complete lines 67 through 69 and lines 73 and 74			
67	Unrestricted	401,157	67 630,661.
68	Temporarily restricted	57,248	68 57,248
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)	458,405	73 687,909.
74	Total liabilities and net assets/fund balances (add lines 66 and 73)	458,405	74 687,909

Form 990 is available for public inspection and, for some people, serves as the primary or sole source of information about a particular organization. How the public perceives an organization in such cases may be determined by the information presented on its return. Therefore, please make sure the return is complete and accurate and fully describes, in Part III, the organization's programs and accomplishments.

BAA

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

a	Total revenue, gains, and other support per audited financial statements	► a	255,649
b	Amounts included on line a but not on line 12, Form 990		
(1)	Net unrealized gains on investments	\$	
(2)	Donated services and use of facilities	\$	
(3)	Recoveries of prior year grants	\$	
(4)	Other (specify)	\$	
		\$	
	Add amounts on lines (1) through (4)	► b	
c	Line a minus line b	► c	255,649
d	Amounts included on line 12, Form 990 but not on line a		
(1)	Investment expenses not included on line 6b, Form 990	\$	
(2)	Other (specify)	\$	
		\$	
	Add amounts on lines (1) and (2)	► d	
e	Total revenue per line 12, Form 990 (line c plus line d)	► e	255,649

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

a	Total expenses and losses per audited financial statements	► a	26,145
b	Amounts included on line a but not on line 17, Form 990		
(1)	Donated services and use of facilities	\$	
(2)	Prior year adjustments reported on line 20, Form 990	\$	
(3)	Losses reported on line 20, Form 990	\$	
(4)	Other (specify)	\$	
		\$	
	Add amounts on lines (1) through (4)	► b	
c	Line a minus line b	► c	26,145
d	Amounts included on line 17, Form 990 but not on line a		
(1)	Investment expenses not included on line 6b, Form 990	\$	
(2)	Other (specify)	\$	
		\$	
	Add amounts on lines (1) and (2)	► d	
e	Total expenses per line 17, Form 990 (line c plus line d)	► e	26,145

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

(A) Name and address	(B) Title and average hours per week devoted to position	(C) Compensation (if not paid, enter -0-)	(D) Contributions to employee benefit plans and deferred compensation	(E) Expense account and other allowances
PATRICIA OLDHAM 711 OAKVIEW DRIVE ABINGDON, VA 24210	President None	0	0	0.
CHRISTIANNE E PARKER 205 ACADEMY DRIVE ABINGDON, VA 24210	Treasurer None	0	0	0
JOE DERTING 416 FAIRWAY DRIVE ABINGDON, VA 24211	Director None	0	0	0
PAUL SPANGLER 497 CUMBERLAND STREET BRISTOL, VA 24201	Director None	0	0	0
LOIS HUMPHREYS 790 BRIDIE DRIVE ABINGDON, VA 24211	Director None	0	0	0
FRENCH MOORE, JR. 100 CRESTVIEW DRIVE ABINGDON, VA 24210	Director None	0	0	0

75 Did any officer, director, trustee, or key employee receive aggregate compensation of more than \$100,000 from your organization and all related organizations, of which more than \$10,000 was provided by the related organizations?

►  Yes

No

If 'Yes,' attach schedule - see instructions

## Part VI . Other Information (See instructions )

	Yes	No
76 Did the organization engage in any activity not previously reported to the IRS? If 'Yes,' attach a detailed description of each activity	76	X
77 Were any changes made in the organizing or governing documents but not reported to the IRS? If 'Yes,' attach a conformed copy of the changes	77	X
78a Did the organization have unrelated business gross income of \$1,000 or more during the year covered by this return?	78a	X
b If 'Yes,' has it filed a tax return on Form 990-T for this year?	78b	N/A
79 Was there a liquidation, dissolution, termination, or substantial contraction during the year? If 'Yes,' attach a statement	79	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?	80a	X
b If 'Yes,' enter the name of the organization ► <u>N/A</u> and check whether it is <input type="checkbox"/> exempt or <input type="checkbox"/> nonexempt		
81a Enter direct or indirect political expenditures See line 81 instructions	81a	0
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	N/A
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	X
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?	85b	N/A
c Dues, assessments, and similar amounts from members	85c	N/A
d Section 162(e) lobbying and political expenditures	85d	N/A
e Aggregate nondeductible amount of section 6033(e)(1)(A) dues notices	85e	N/A
f Taxable amount of lobbying and political expenditures (line 85d less 85e)	85f	N/A
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) organizations Enter a Initiation fees and capital contributions included on line 12	86a	N/A
b Gross receipts, included on line 12, for public use of club facilities	86b	N/A
87 501(c)(12) organizations Enter a Gross income from members or shareholders	87a	N/A
b Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them )	87b	N/A
88 At any time during the year, did the organization own a 50% or greater interest in a taxable corporation or partnership, or an entity disregarded as separate from the organization under Regulations sections 301 7701-2 and 301 7701-3? If 'Yes,' complete Part IX	88	X
89a 501(c)(3) organizations Enter Amount of tax imposed on the organization during the year under section 4911 ► <u>0</u> , section 4912 ► <u>0</u> , section 4955 ► <u>0</u>	89b	X
b 501(c)(3) and 501(c)(4) organizations Did the organization engage in any section 4958 excess benefit transaction during the year or did it become aware of an excess benefit transaction from a prior year? If 'Yes,' attach a statement explaining each transaction		
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>None</u>	90b	0
b Number of employees employed in the pay period that includes March 12, 2002 (See instructions )		
91 The books are in care of ► <u>CHRISTIANNE E PARKER</u> Telephone number ► <u>276-676-5615</u> Located at ►	ZIP + 4	
92 Section 4947(a)(1) nonexempt charitable trusts filing Form 990 in lieu of Form 1041 - Check here and enter the amount of tax exempt interest received or accrued during the tax year	92	N/A

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

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

93 Program service revenue

a \_\_\_\_\_  
 b \_\_\_\_\_  
 c \_\_\_\_\_  
 d \_\_\_\_\_  
 e \_\_\_\_\_

f Medicare/Medicaid payments

g Fees &amp; contracts from government agencies

94 Membership dues and assessments

95 Interest on savings &amp; temporary cash invmnts

96 Dividends &amp; interest from securities

97 Net rental income or (loss) from real estate

a debt-financed property

b not debt financed property

98 Net rental income or (loss) from pers prop

99 Other investment income

100 Gain or (loss) from sales of assets other than inventory

101 Net income or (loss) from special events

102 Gross profit or (loss) from sales of inventory

103 Other revenue a \_\_\_\_\_

b \_\_\_\_\_  
 c \_\_\_\_\_  
 d \_\_\_\_\_  
 e \_\_\_\_\_

104 Subtotal (add columns (B), (D), and (E))

105 Total (add line 104, columns (B), (D), and (E))

0

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

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

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

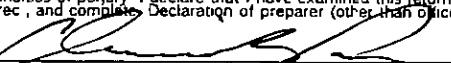
**Part IX Information Regarding Taxable Subsidiaries and Disregarded Entities (See instructions)**

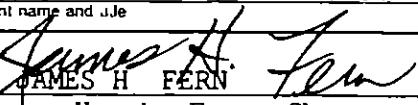
(A)	(B)	(C)	(D)	(E)
Name, address, and EIN of corporation, partnership, or disregarded entity	Percentage of ownership interest	Nature of activities	Total income	End-of-year assets
N/A	%			
	%			
	%			
	%			

**Part X Information Regarding Transfers Associated with Personal Benefit Contracts (See instructions)**a Did the organization, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?  Yes  No

b Did the organization, during the year, pay premiums, directly or indirectly?

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 accompanying schedules and statements, and to the best of my knowledge, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has knowledge.	
	►  Signature of officer	
	► CHRISTIANNE PARKER, Treasurer Type or print name and title	

Paid Preparer's Use Only	Preparer's signature ►  JAMES H. FERN
	Firm's name (or yours if self-employed) address and ZIP + 4 ► Hicok, Fern, Chapman & Bro. PO Box 821 Abingdon, VA 24212-0821

Department of the Treasury  
Internal Revenue Service

(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 )**

2002

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

---

**Name of the organization**

## VIRGINIA HIGHLANDS SMALL BUSINESS INCUBATOR

Employer identification number  
54-1965102

**Part I Compensation of the Five Highest Paid Employees Other Than Officers, Directors, and Trustees**

(See instructions. List each one. If there are none, enter 'None'.)

(a) Name and address of each employee paid more than \$50,000	(b) Title and average hours per week devoted to position	(c) Compensation	(d) Contributions to employee benefit plans and deferred compensation	(e) Expense account and other allowances
None				
Total number of other employees paid over \$50,000	0			

Total number of other employees paid over \$50 000

**Part II Compensation of the Five Highest Paid Independent Contractors for Professional Services**

(See instructions List each one (whether individuals or firms). If there are none, enter None.)

(a) Name and address of each independent contractor paid more than \$50,000	(b) Type of service	(c) Compensation
None		

**Total number of others receiving over  
\$50 000 for professional services**

1

**Part III Statements About Activities (See instructions )****Yes** **No**

1 During the year, has the organization attempted to influence national, state, or local legislation, including any attempt to influence public opinion on a legislative matter or referendum? If 'Yes,' enter the total expenses paid or incurred in connection with the lobbying activities ► \$ N/A  
**(Must equal amounts on line 38, Part VI-A, or line 1 of Part VI-B )**

1 X

Organizations that made an election under section 501(h) by filing Form 5768 must complete Part VI-A. Other organizations checking 'Yes,' must complete Part VI-B AND attach a statement giving a detailed description of the lobbying activities

2 During the year, has the organization, either directly or indirectly, engaged in any of the following acts with any substantial contributors, trustees, directors, officers, creators, key employees, or members of their families, or with any taxable organization with which any such person is affiliated as an officer, director, trustee, majority owner, or principal beneficiary? *(If the answer to any question is Yes, attach a detailed statement explaining the transactions )*

a Sale, exchange, or leasing of property?

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 expenses if more than \$1,000)?

2d X

e Transfer of any part of its income or assets?

2e X

3 Does the organization make grants for scholarships, fellowships, student loans, etc? (See Note below )

3 X

4 Do you have a section 403(b) annuity plan for your employees?

4 X

**Note** Attach a statement to explain how the organization determines that individuals or organizations receiving grants or loans from it in furtherance of its charitable programs qualify to receive payments

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

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

5  A church, convention of churches, or association of churches Section 170(b)(1)(A)(i)

6  A school Section 170(b)(1)(A)(ii) (Also complete Part V )

7  A hospital or a cooperative hospital service organization Section 170(b)(1)(A)(iii)

8  A Federal, state, or local government or governmental unit Section 170(b)(1)(A)(v)

9  A medical research organization operated in conjunction with a hospital Section 170(b)(1)(A)(iii) Enter the hospital's name, city, and state ►

10  An organization operated for the benefit of a college or university owned or operated by a governmental unit Section 170(b)(1)(A)(iv) (Also complete the **Support Schedule** in Part IV-A )

11a  An organization that normally receives a substantial part of its support from a governmental unit or from the general public Section 170(b)(1)(A)(vi) (Also complete the **Support Schedule** in Part IV-A )

11b  A community trust Section 170(b)(1)(A)(vi) (Also complete the **Support Schedule** in Part IV-A )

12  An organization that normally receives (1) more than 33-1/3% of its support from contributions, membership fees, and gross receipts from activities related to its charitable, etc. functions – subject to certain exceptions and (2) no more than 33-1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975 See section 509(a)(2) (Also complete the **Support Schedule** in Part IV-A )

13  An organization that is not controlled by any disqualified persons (other than foundation managers) and supports organizations described in (1) lines 5 through 12 above, or (2) section 501(c)(4), (5), or (6), if they meet the test of section 509(a)(2) (See section 509(a)(3) )

Provide the following information about the supported organizations (See instructions )

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

14  An organization organized and operated to test for public safety Section 509(a)(4) (See instructions )

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

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

Calendar year (or fiscal year beginning in)	(a) 2001	(b) 2000	(c) 1999	(d) 1998	(e) Total
15 Gifts, grants, and contributions received (Do not include unusual grants. See line 28 )	450,000				450,000.
16 Membership fees received					
17 Gross receipts from admissions, merchandise sold or services performed, or furnishing of facilities in any activity that is related to the organization's charitable, etc, purpose					
18 Gross income from interest, dividends, amounts received from payments on securities loans (section 512(a)(5)), rents, royalties, and unrelated business taxable income (less section 511 taxes) from businesses acquired by the organization after June 30, 1975					
19 Net income from unrelated business activities not included in line 18					
20 Tax revenues levied for the organization's benefit and either paid to it or expended on its behalf					
21 The value of services or facilities furnished to the organization by a governmental unit without charge Do not include the value of services or facilities generally furnished to the public without charge					
22 Other income Attach a schedule Do not include gain or (loss) from sale of capital assets See Stmt 4	596				596.
23 Total of lines 15 through 22	450,596				450,596
24 Line 23 minus line 17	450,596				450,596
25 Enter 1% of line 23	4,506				

26 Organizations described on lines 10 or 11	a Enter 2% of amount in column (e), line 24	► 26a 9,012
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 1998 through 2001 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 450,596
d Add Amounts from column (e) for lines 18	18	19
	22 596	26b
e Public support (line 26c minus line 26d total)		► 26d 596
f Public support percentage (line 26e (numerator) divided by line 26c (denominator))		► 26e 450,000.
		► 26f 99.87 %

27 Organizations described on line 12	N/A
a For amounts included in lines 15, 16, and 17 that were received from a 'disqualified person', prepare a list for your records to show the name of, and total amounts received in each year from, each 'disqualified person' Do not file this list with your return Enter the sum of such amounts for each year	
(2001) _____ (2000) _____ (1999) _____ (1998) _____	
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	
(2001) _____ (2000) _____ (1999) _____ (1998) _____	
c Add Amounts from column (e) for lines 15	15
	16
d Add Line 27a total	17 20
e Public support (line 27c total minus line 27d total)	and line 27b total
f Total support for section 509(a)(2) test Enter amount from 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 1998 through 2001, 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 instructions )  
 (To be completed ONLY by schools that checked the box on line 6 in Part IV)

N/A

29 Does the organization have a racially nondiscriminatory policy toward students by statement in its charter, bylaws, other governing instrument, or in a resolution of its governing body?

30 Does the organization include a statement of its racially nondiscriminatory policy toward students in all its brochures, catalogues, and other written communications with the public dealing with student admissions, programs, and scholarships?

31 Has the organization publicized its racially nondiscriminatory policy through newspaper or broadcast media during the period of solicitation for students, or during the registration period if it has no solicitation program, in a way that makes the policy known to all parts of the general community it serves?

If 'Yes,' please describe, if 'No,' please explain (If you need more space, attach a separate statement )

-----

-----

-----

	Yes	No
29		
30		
31		
32		
32a		
32b		
32c		
32d		

32 Does the organization maintain the following

a Records indicating the racial composition of the student body, faculty, and administrative staff?

b Records documenting that scholarships and other financial assistance are awarded on a racially nondiscriminatory basis?

c Copies of all catalogues, brochures, announcements, and other written communications to the public dealing with student admissions, programs, and scholarships?

d Copies of all material used by the organization or on its behalf to solicit contributions?

If you answered 'No' to any of the above, please explain (If you need more space, attach a separate statement )

-----

-----

33		
33a		
33b		
33c		
33d		
33e		
33f		
33g		
33h		

33 Does the organization discriminate by race in any way with respect to

a Students' rights or privileges?

b Admissions policies?

c Employment of faculty or administrative staff?

d Scholarships or other financial assistance?

e Educational policies?

f Use of facilities?

g Athletic programs?

h Other extracurricular activities?

If you answered 'Yes' to any of the above, please explain (If you need more space, attach a separate statement )

-----

-----

34a		
34b		

34a Does the organization receive any financial aid or assistance from a governmental agency?

b Has the organization's right to such aid ever been revoked or suspended?

If you answered 'Yes' to either 34a or b, please explain using an attached statement

35 Does the organization certify that it has complied with the applicable requirements of sections 4 01 through 4 05 of Rev Proc 75-50, 1975-2 C B 587, covering racial nondiscrimination? If 'No' attach an explanation

35		
----	--	--

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

N/A

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

## Limits on Lobbying Expenditures

(The term 'expenditures' means amounts paid or incurred )

36 Total lobbying expenditures to influence public opinion (grassroots lobbying)	36	
37 Total lobbying expenditures to influence a legislative body (direct lobbying)	37	
38 Total lobbying expenditures (add lines 36 and 37)	38	
39 Other exempt purpose expenditures	39	
40 Total exempt purpose expenditures (add lines 38 and 39)	40	
41 Lobbying nontaxable amount Enter the amount from the following table —		
If the amount on line 40 is —		The lobbying nontaxable amount 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	

#### 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.)

Calendar year (or fiscal year beginning in) ▶	Lobbying Expenditures During 4-Year Averaging Period				
	(a) 2002	(b) 2001	(c) 2000	(d) 1999	(e) Total
45 Lobbying nontaxable amount					
46 Lobbying ceiling amount (150% of line 45(e))					
47 Total lobbying expenditures					
48 Grassroots non-taxable amount					
49 Grassroots ceiling amount (150% of line 48(e))					
50 Grassroots lobbying expenditures					

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

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

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)

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

---

BAA

**Part VII Information Regarding Transfers To and Transactions and Relationships With Noncharitable Exempt Organizations (See 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

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		

2002

**Federal Statements**  
**VIRGINIA HIGHLANDS SMALL BUSINESS**  
**INCUBATOR**

Client 90277

Page 1

54-1965102

5/01/03

09 27AM

**Statement 1**  
**Form 990, Part III**  
**Organization's Primary Exempt Purpose**

TO ASSIST NEW SMALL BUSINESS IN GETTING STARTED.

**Statement 2**  
**Form 990, Part III, Line a**  
**Statement of Program Service Accomplishments**

<u>Description</u>	<u>Grants and Allocations</u>	<u>Program Service Expenses</u>
TO ASSIST IN GETTING SMALL BUSINESS IN THE AREA STARTED AND TO PROVIDE SOME OF THE BASIC NEEDS OF THE BUSINESS LIKE RECEPTIONIST AND COPIERS UNTIL THE BUSINESS GROWS ENOUGH TO PROVIDE FOR ITSELF AND THEN IT MUST MOVE OUT OF THE SMALL BUSINESS INCUBATOR SO NEW BUSINESS OTHER NEW BUSINESSES CAN START		26,145
	<u>\$ 0</u>	<u>\$ 26,145.</u>

**Statement 3**  
**Form 990, Part IV, Line 57**  
**Land, Buildings, and Equipment**

<u>Category</u>	<u>Basis</u>	<u>Accum Deprec.</u>	<u>Book Value</u>
Buildings	\$ 236,942.	\$ 0	\$ 236,942.
Land	\$ 255,649		\$ 255,649
Total	<u>\$ 492,591</u>	<u>\$ 0</u>	<u>\$ 492,591</u>

**Statement 4**  
**Schedule A, Part IV-A, Line 22**  
**Other Income**

<u>Description</u>	<u>(a) 2001</u>	<u>(b) 2000</u>	<u>(c) 1999</u>	<u>(d) 1998</u>	<u>(e) Total</u>
	\$ 596.	\$ 0	\$ 0	\$ 0.	\$ 596
Total	<u>\$ 596.</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0.</u>	<u>\$ 596.</u>