

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

Open to Public Inspection

Department of the Treasury Internal Revenue Service

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

A For the 2001 calendar year, or tax year beginning 07/01, 2001, and ending 06/30/2002

B Check if applicable: Address change, Name change, Initial return, Final return, Amended return, Application pending. C Name of organization PRIORITIES, INC, C/O THOMAS L ORTNER. D Employer identification number 68-0455496. E Telephone number (530) 751-1321. F Accounting method: Cash, Accrual (checked), Other (specify).

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

H and I are not applicable to section 527 organizations

H(a) Is this a group return for affiliates? Yes No (checked)

H(b) If "Yes" enter number of affiliates

H(c) Are all affiliates included? Yes No (checked)

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

I Enter 4-digit GEN

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

G Web site

J Organization type (check only one) 501(c) (3) (checked)

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 12 252,000

Part I Revenue, Expenses, and Changes in Net Assets or Fund Balances (See Specific Instructions on page 16)

Table with 21 rows for Revenue, Expenses, and Net Assets. Includes sub-rows for contributions, program service revenue, membership dues, interest on savings, dividends, gross rents, other investment income, special events, and sales of inventory. Total revenue is 252,000 and total expenses is 225,689.

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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 Specific Instructions on page 21)

Table with 5 columns: (A) Total, (B) Program services, (C) Management and general, (D) Fundraising. Rows include: 22 Grants and allocations, 23 Specific assistance to individuals, 24 Benefits paid to or for members, 25 Compensation of officers, directors, etc, 26 Other salaries and wages, 27 Pension plan contributions, 28 Other employee benefits, 29 Payroll taxes, 30 Professional fundraising fees, 31 Accounting fees, 32 Legal fees, 33 Supplies, 34 Telephone, 35 Postage and shipping, 36 Occupancy, 37 Equipment rental and maintenance, 38 Printing and publications, 39 Travel, 40 Conferences, conventions, and meetings, 41 Interest, 42 Depreciation depletion etc, 43 Other expenses not covered above, 44 Total functional expenses.

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 [X] 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 Specific Instructions on page 24)

What is the organization's primary exempt purpose? STMT 2

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)

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

Table with 2 columns: Description of program service, Program Service Expenses. Row a: THE ORGANIZATION PROVIDES JOB COACHING, PREPARATION AND PLACEMENT FOR NON-CUSTODIAL PARENTS WHO ARE DELINQUENT ON THEIR CHILD SUPPORT (Grants and allocations \$) 126,440. Row b: (Grants and allocations \$). Row c: (Grants and allocations \$). Row d: (Grants and allocations \$). Row e: Other program services (attach schedule) (Grants and allocations \$). Row f: Total of Program Service Expenses (should equal line 44, column (B), Program services) 126,440.

Part IV Balance Sheets (See Specific Instructions on page 24)

Note		(A) Beginning of year		(B) End of year	
<i>Where required, attached schedules and amounts within the description column should be for end-of-year amounts only</i>					
Assets	45	Cash - non-interest-bearing	34,726	45	61,996
	46	Savings and temporary cash investments		46	
	47a	Accounts receivable	150		
	b	Less allowance for doubtful accounts		150	47c 150
	48a	Pledges receivable			
	b	Less allowance for doubtful accounts			48c
	49	Grants receivable			49
	50	Receivables from officers, directors, trustees, and key employees (attach schedule)			50
	51a	Other notes and loans receivable (attach schedule)			
	b	Less allowance for doubtful accounts			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, and equipment basis			
	b	Less accumulated depreciation (attach schedule)			55c
	56	Investments - other (attach schedule)			56
	57a	Land, buildings, and equipment basis			
	b	Less accumulated depreciation (attach schedule)			57c
58	Other assets (describe <input type="checkbox"/>)			58	
59	Total assets (add lines 45 through 58) (must equal line 74)	34,876	59	62,146	
Liabilities	60	Accounts payable and accrued expenses	12,833	60	13,792
	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 <input type="checkbox"/>)		65	
66	Total liabilities (add lines 60 through 65)	12,833	66	13,792	
Net Assets or Fund Balances	Organizations that follow SFAS 117, check here <input checked="" type="checkbox"/> and complete lines 67 through 69 and lines 73 and 74				
	67	Unrestricted	22,043	67	48,354
	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, and column (B) must equal line 21)	22,043	73	48,354
	74	Total liabilities and net assets / fund balances (add lines 66 and 73)	34,876	74	62,146

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.

Part IV-A Reconciliation of Revenue per Audited Financial Statements with Revenue per Return (See Specific Instructions, page 26)

Part IV-B Reconciliation of Expenses per Audited Financial Statements with Expenses per Return NOT APPLICABLE

<p>a Total revenue, gains, and other support per audited financial statements ▶ a</p> <p>b Amounts included on line a but not on line 12, Form 990</p> <p>(1) Net unrealized gains NOT APPLICABLE 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</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</p>	<p>a Total expenses and losses per audited financial statements ▶ a</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</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</p>
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Part V List of Officers, Directors, Trustees, and Key Employees (List each one even if not compensated, see Specific Instructions on page 26)

(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
SEE STATEMENT 3		57,760	-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 Specific Instructions on page 27

Part VI Other Information (See Specific Instructions on page 27)

	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
78 a Did the organization have unrelated business gross income of \$1,000 or more during the year covered by this return? b If "Yes," has it filed a tax return on Form 990-T for this year?	78a 78b	X N/A
79 Was there a liquidation, dissolution, termination, or substantial contraction during the year? If "Yes," attach a statement	79	X
80 a 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 If "Yes," enter the name of the organization <input type="checkbox"/> exempt OR <input type="checkbox"/> nonexempt	80a	X
81 a Enter direct or indirect political expenditure See line 81 instructions	81a	NONE
b Did the organization file Form 1120-POL for this year?	81b	X
82 a 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 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)	82a 82b	X N/A
83 a Did the organization comply with the public inspection requirements for returns and exemption applications? b Did the organization comply with the disclosure requirements relating to quid pro quo contributions?	83a 83b	X X
84 a Did the organization solicit any contributions or gifts that were not tax deductible? b If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	84a 84b	X N/A
85 501(c)(4), (5), or (6) organizations a Were substantially all dues nondeductible by members? 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	85a 85b	N/A 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 in 85f?	85g	X
h If section 6033(e)(1)(A) dues notices were sent, does the organization agree to add the amount in 85f to its reasonable estimate of dues allocable to nondeductible lobbying and political expenditures for the following tax year?	85h	X
86 501(c)(7) orgs Enter a Initiation fees and capital contributions included on line 12 b Gross receipts, included on line 12, for public use of club facilities	86a 86b	N/A N/A
87 501(c)(12) orgs Enter a Gross income from members or shareholders b Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)	87a 87b	N/A 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
89 a 501(c)(3) organizations Enter Amount of tax imposed on the organization during the year under section 4911 <input type="checkbox"/> N/A, section 4912 <input type="checkbox"/> N/A, section 4955 <input type="checkbox"/> N/A 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		NONE
d Enter Amount of tax on line 89c, above, reimbursed by the organization		NONE
90 a List the states with which a copy of this return is filed <input checked="" type="checkbox"/> CALIFORNIA b Number of employees employed in the pay period that includes March 12, 2001 (See instructions)	90b	4
91 The books are in care of <input checked="" type="checkbox"/> KAREN ORTNER Telephone no <input checked="" type="checkbox"/> 530-751-1321 Located at <input checked="" type="checkbox"/> 1721 CLAIRE COURT, YUBA CITY, CA ZIP + 4 <input checked="" type="checkbox"/> 95993		
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	NONE

Part VII Analysis of Income-Producing Activities (See Specific Instructions on page 32)

	Unrelated business income		Excluded by section 512, 513, or 514		(E) Related or exempt function income
	(A) Business code	(B) Amount	(C) Exclusion code	(D) Amount	
93 Program service revenue					
a _____					
b _____					
c _____					
d _____					
e _____					
f Medicare/Medicaid payments					
g Fees and contracts from government agencies					252,000
94 Membership dues and assessments					
95 Interest on savings and temporary cash investments					
96 Dividends and 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 personal property					
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))					252,000
105 Total (add line 104, columns (B), (D), and (E))					252,000

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 Specific Instructions on page 32)

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)
▼	STMT 4

Part IX Information Regarding Taxable Subsidiaries and Disregarded Entities (See Specific Instructions on page 33)

(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 Specific Instructions on page 33)

- (a) Did the organization, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract? Yes No
- (b) Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? Yes No

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

Please Sign Here

Under penalties of perjury, I declare that I have examined this return and believe 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: Thomas L. Oster

Type or print name and title: Thomas L. Oster, E

Paid Preparer's Use Only

Preparer's signature: Melissa Callcott

Firm's name (or yours if self-employed) address and ZIP + 4: MELISSA CALLICOTT, 6646 BELL BLUFF AV, SAN DIEGO, CA

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

2001

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 **PRIORITIES, INC**
C/O THOMAS L ORTNER

Employer identification number
68-0455496

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
NONE				
Total number of other employees paid over \$50,000	▶ NONE			

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	▶ NONE	

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 legislative matter or referendum? If "Yes," enter the total expenses paid or incurred in connection with the lobbying activities ▶ \$ _____ (Must equal amount on line 38, Part VI-A, or line 1 or 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		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) STMT 5		
a Sale, exchange, or leasing of property? STMT 5	X	
b Lending of money or other extension of credit? STMT 5		X
c Furnishing of goods, services, or facilities? STMT 5		X
d Payment of compensation (or payment or reimbursement of expenses if more than \$1,000)? STMT 6	X	
e Transfer of any part of its income or assets? STMT 6		X
3 Does the organization make grants for scholarships, fellowships, student loans, etc? (See Note below)		X
4 Do you have a section 403(b) annuity plan for your employees?		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 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)
- 11 a An organization that normally receives a substantial part of its support from a governmental unit or from the general public Section 170(b)(1)(A)(vi) (Also complete the Support Schedule in Part IV-A)
- 11 b A community trust Section 170(b)(1)(A)(vi) (Also complete the Support Schedule in Part IV-A)
- 12 An organization that normally receives (1) more than 33 1/3% of its support from contributions, membership fees, and gross receipts from activities related to its charitable, etc., functions - subject to certain exceptions, and (2) no more than 33 1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975 See section 509(a)(2) (Also complete the Support Schedule in Part IV-A.)
- 13 An organization that is not controlled by any disqualified persons (other than foundation managers) and supports organizations described in (1) lines 5 through 12 above, or (2) section 501(c)(4), (5), or (6), if they meet the test of section 509(a)(2) (See section 509(a)(3))

Provide the following information about the supported organizations (See 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

Table with columns: Calendar year (or fiscal year beginning in), (a) 2000, (b) 1999, (c) 1998, (d) 1997, (e) Total. Rows include: 15 Gifts, grants, and contributions received; 16 Membership fees received; 17 Gross receipts from admissions, merchandise sold or services performed; 18 Gross income from interest, dividends; 19 Net income from unrelated business activities; 20 Tax revenues levied; 21 Value of services or facilities furnished; 22 Other income; 23 Total of lines 15 through 22; 24 Line 23 minus line 17; 25 Enter 1% of line 23; 26 Organizations described on lines 10 or 11; 27 Organizations described on line 12; 28 Unusual Grants.

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)

Table with 3 columns: Question ID, Question Text, and Yes/No columns. Rows include questions 29-35 regarding racial nondiscrimination policies, records, and financial aid.

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) **NOT APPLICABLE**

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

Limits on Lobbying Expenditures		(a) Affiliated group totals	(b) To be completed for ALL electing organizations
(The term "expenditures" means amounts paid or incurred)			
36	Total lobbying expenditures to influence public opinion (grassroots lobbying)	36	
37	Total lobbying expenditures to influence a legislative body (direct lobbying)	37	
38	Total lobbying expenditures (add lines 36 and 37)	38	
39	Other exempt purpose expenditures	39	
40	Total exempt purpose expenditures (add lines 38 and 39)	40	
41	Lobbying nontaxable amount Enter the amount from the following table - If the amount on line 40 is - The lobbying nontaxable amount is -	41	
	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)

Lobbying Expenditures During 4-Year Averaging Period					
Calendar year (or fiscal year beginning in) ▶	(a) 2001	(b) 2000	(c) 1999	(d) 1998	(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

NOT APPLICABLE

(For reporting only by organizations that did not complete Part VI-A) (See page 12 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
a Volunteers		X	
b Paid staff or management (Include compensation in expenses reported on lines c through h)		X	
c Media advertisements		X	
d Mailings to members, legislators, or the public		X	
e Publications, or published or broadcast statements		X	
f Grants to other organizations for lobbying purposes		X	
g Direct contact with legislators, their staffs, government officials, or a legislative body		X	
h Rallies, demonstrations, seminars, conventions, speeches, lectures, or any other means		X	
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

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?

Table with columns: Question, Yes, No. Rows include: 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, (ii) Purchases of assets, (iii) Rental of facilities, (iv) Reimbursement arrangements, (v) Loans or loan guarantees, (vi) Performance of services; 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.

Schedule table with columns: (a) Line no, (b) Amount involved, (c) Name of noncharitable exempt organization, (d) Description of transfers, transactions, and sharing arrangements. First row contains '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

Schedule table with columns: (a) Name of organization, (b) Type of organization, (c) Description of relationship. First row contains 'N/A'.

FORM 990, PART II - OTHER EXPENSES

DESCRIPTION	TOTAL	PROGRAM SERVICES	MANAGEMENT AND GENERAL
ADVERTISING	58.	3,600.	58.
ADMINISTRATIVE SERVICES	18,000.	3,600.	14,400.
CLIENT SUPPORT	379.	379.	600.
FURNITURE LEASE	12,000.	11,400.	176.
HOUSEKEEPING	880.	704.	176.
INSURANCE	7,761.	3,881.	3,880.
INSURANCE - WORKERS COMP	1,660.	1,328.	332.
LICENSING & CERTIFICATION	530.	530.	127.
MAINTENANCE	127.		127.
MEALS & ENTERTAINMENT	4,099.	4,099.	365.
MEDICAL INSURANCE	731.	366.	365.
OFFICE EXPENSE	6,099.	1,220.	4,879.
STAFF APPRECIATION	3,712.		3,712.
UTILITIES	2,251.	2,138.	113.
TOTALS	58,287.	25,546.	32,741.

FORM 990, PART III - ORGANIZATION'S PRIMARY EXEMPT PURPOSE

THE ORGANIZATION'S PRIMARY EXEMPT PURPOSE IS TO PROVIDE A WELFARE TO WORK PROGRAM FOR NON-CUSTODIAL PARENTS WHO ARE DELINQUENT ON THEIR CHILD SUPPORT.

FORM 990, PART V - LIST OF OFFICERS, DIRECTORS, AND TRUSTEES

=====

NAME AND ADDRESS -----	TITLE AND TIME DEVOTED TO POSITION -----	COMPENSATION -----
JOHN RILEY, MD 1721 CLAIRE COURT YUBA CITY, CA 95993	CHAIRMAN 1-3	NONE
BRENDA MOORE 1721 CLAIRE COURT YUBA CITY, CA 95993	SEC/TREASURER 1-3	NONE
DAVID ANDERSON 1721 CLAIRE COURT YUBA CITY, CA 95993	DIRECTOR 1-3	NONE
CYNTHIA PILANCZKI 1721 CLAIRE COURT YUBA CITY, CA 95993	DIRECTOR 1-3	NONE
THOMAS ORTNER 1721 CLAIRE COURT YUBA CITY, CA 95993	EXECUTIVE DIRECTOR 10	12,000.
CARRIE BEVACQUA 1721 CLAIRE COURT YUBA CITY, CA 95993	ADMINISTRATOR 40	45,760.
	GRAND TOTALS	----- 57,760. =====

FORM 990, PART VIII - ACCOMPLISHMENT OF EXEMPT PURPOSES

LINE NO. ---	EXPLANATION OF HOW EACH ACTIVITY FOR WHICH INCOME IS REPORTED IN COLUMN (E) OF PART VII CONTRIBUTED IMPORTANTLY TO THE ACCOMPLISHMENT OF EXEMPT PURPOSES -----
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93G	THE ORGANIZATION PROVIDED A WELFARE TO WORK PROGRAM FOR NONCUSTODIAL PARENTS WHO ARE DELINQUENT IN THEIR CHILD SUPPORT. CLIENTS ARE REFERRED BY COUNTY SOCIAL SERVICE AGENCIES AND ARE PROVIDED WITH JOB-COACHING, PREPARATION AND PLACEMENT.
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SCHEDULE A, PART III - EXPLANATION FOR LINE 2A

PAYMENTS TO THOMAS L. ORTNER FOR LEASE OF FURNITURE USED IN FACILITY
PER HIS AGREEMENT WITH THE ORGANIZATION.

FURNITURE LEASE: \$12,000

SCHEDULE A, PART III - EXPLANATION FOR LINE 2D

FOR PAYMENT OF COMPENSATION SEE FORM 990, PART V
PAYMENTS WERE MADE FOR REIMBURSEMENT OF EXPENSES PAID BY THOMAS L. ORTNER
FOR THE BENEFIT OF THE ORGANIZATION. REIMBURSEMENT REQUIRES A DETAILED
EXPENSE REPORT ALONG WITH RECEIPTS. EXPENSE REPORTS ARE APPROVED BY
UNRELATED BOARD MEMBERS FOR PAYMENT. REIMBURSED EXPENSES EXCEEDED \$1,000.

Application for Extension of Time To File an Exempt Organization Return

Department of the Treasury
Internal Revenue Service

▶ File a separate application for each return

• If you are filing for an Automatic 3-Month Extension, complete only Part I and check this box ▶

• If you are filing for an Additional (not automatic) 3-Month Extension, complete only Part II (on page 2 of this form)

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

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

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

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

Type or print	Name of Exempt Organization	PRIORITIES, INC	Employer identification number
		C/O THOMAS L ORTNER	68-0455496
	Number, street, and room or suite no. If a P O box, see instructions	1721 CLAIRE COURT	
File by the due date for filing your return See instructions	City, town or post office, state, and ZIP code For a foreign address, see instructions	YUBA CITY, CA 95993	

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

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

• If the organization does not have an office or place of business in the United States, check this box ▶

• If this is for a Group Return, enter the organization's four digit Group Exemption Number (GEN) _____ If this is for the whole group, check this box ▶ If it is for part of the group, check this box ▶ and attach a list with the names and EINs of all members the extension will cover

1 I request an automatic 3-month (6-month, for 990-T corporation) extension of time until 02/17, 2003 to file the exempt organization return for the organization named above The extension is for the organization's return for
▶ calendar year _____ or
▶ tax year beginning 07/01, 2001, and ending 06/30, 2002

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

3a If this application is for Form 990-BL, 990-PF, 990-T, 4720, or 6069, enter the tentative tax, less any nonrefundable credits See instructions \$ _____

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

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

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 ▶ Thomas L Ortner Title ▶ Executive Director Date ▶ 11-14-02
For Paperwork Reduction Act Notice, see Instruction Form 8868 (12-2000)

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

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

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

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

Name of Exempt Organization PRIORITIES, INC
Employer identification number 68-0455496
C/O THOMAS L ORTNER
1721 CLAIRE COURT
YUBA CITY, CA 95993

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

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

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

If the organization does not have an office or place of business in the United States, check this box
If this is for a Group Return, enter the organization's four digit Group Exemption Number (GEN)
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

I request an additional 3-month extension of time until 05/15/2003
For calendar year, or other tax year beginning 07/01/2001 and ending 06/30/2002
If this tax year is for less than 12 months, check reason
State in detail why you need the extension ADDITIONAL TIME IS NEEDED TO COMPILE

INFORMATION TO PREPARE A COMPLETE AND ACCURATE TAX 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
8b. If this application is for Form 990-PF, 990-T, 4720, or 6069, enter any refundable credits and estimated tax payments made
8c. Balance Due Subtract line 8b from line 8a

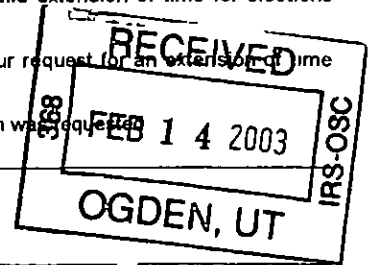
Signature and Verification

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 Thomas L Ortner Title Executive Director Date 2-9-03

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 organizations 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



By Director Date

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

Name
Number and street (include suite, room, or apt no) Or a P O box number
City or town, province or state, and country (including postal or ZIP code)

JSA