

Return of Organization Exempt From Income Tax

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

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

OMB No 1545-0047

2002

Open to Public Inspection

A For the 2002 calendar year, or tax year period beginning and ending

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

C Name of organization: **CELEBRATION MINISTRIES, INC.**
 Number and street (or P O box if mail is not delivered to street address): **P.O. BOX 220**
 City or town, state or country, and ZIP + 4: **GRAPEVINE, TX 76099**

D Employer identification number: **75-2464419**

E Telephone number: **903-891-0070**

F Accounting method: Cash Accrual

G Web site: **N/A**

J Organization type: 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: **979,835.**

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: **0**
H(c) Are all affiliates included? **N/A** Yes No (If "No," attach a list)
H(d) Is this a separate return filed by an organization covered by a group ruling? Yes No
I Enter 4-digit GEN: **0000**
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

Revenue					
1	Contributions, gifts, grants, and similar amounts received				
a	Direct public support	1a	728,179.		
b	Indirect public support	1b	5,000.		
c	Government contributions (grants)	1c			
d	Total (add lines 1a through 1c) (cash \$ <u>733,179.</u> noncash \$ <u> </u>)	1d	733,179.		
2	Program service revenue including government fees and contracts (from Part VII, line 93)	2	180,293.		
3	Membership dues and assessments	3			
4	Interest on savings and temporary cash investments	4			
5	Dividends and interest from securities	5	10.		
6a	Gross rents	6a			
b	Less rental expenses	6b			
c	Net rental income or (loss) (subtract line 6b from line 6a)	6c			
7	Other investment income (describe)	7			
8a	Gross amount from sale of assets other than inventory	(A) Securities		(B) Other	
b	Less cost or other basis and sales expenses	8a			
c	Gain or (loss) (attach schedule)	8b			
d	Net gain or (loss) (combine line 8c, columns (A) and (B))	8c			
8d		8d			
9	Special events and activities (attach schedule)				
a	Gross revenue (not including \$ <u> </u> of contributions reported on line 1a)	9a			
b	Less direct expenses other than fundraising expenses	9b			
c	Net income or (loss) from special events (subtract line 9b from line 9a)	9c			
10a	Gross sales of inventory, less returns and allowances	10a	64,887.		
b	Less cost of goods sold	10b	29,892.		
c	Gross profit or (loss) from sales of inventory (attach schedule) (subtract line 10b from line 10a)	10c	STMT 1		
11	Other revenue (from Part VII, line 20)	11	34,995.		
12	Total revenue (add lines 1d, 2, 3, 4, 5, 6c, 7, 8d, 9c, 10c, and 11)	12	1,466.		
13	Program services (from line 44, column (B))	13	949,943.		
14	Management and general (from line 44, column (C))	14	1,034,021.		
15	Fundraising (from line 44, column (D))	15	34,620.		
16	Payments to affiliates (attach schedule)	16			
17	Total expenses (add lines 16 and 44, column (A))	17	1,068,641.		
18	Excess or (deficit) for the year (subtract line 17 from line 12)	18	<118,698.>		
19	Net assets or fund balances at beginning of year (from line 73, column (A))	19	466,137.		
20	Other changes in net assets or fund balances (attach explanation)	20	SEE STATEMENT 2		
21	Net assets or fund balances at end of year (combine lines 18, 19, and 20)	21	<7,715.>		
			339,724.		

SCANNED
 JUN 1 - 2003

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 JUN 1 2003
 IRS-TO

18

Part IV Balance Sheets

Note Where required, attached schedules and amounts within the description column should be for end-of-year amounts only

		(A) Beginning of year	(B) End of year
Assets	45 Cash - non-interest-bearing	22,134.	3,944.
	46 Savings and temporary cash investments		
	47 a Accounts receivable	47a	
	b Less allowance for doubtful accounts	47b	47c
	48 a Pledges receivable	48a	
	b Less allowance for doubtful accounts	48b	48c
	49 Grants receivable		49
	50 Receivables from officers, directors, trustees, and key employees		50
	51 a Other notes and loans receivable	51a	
	b Less allowance for doubtful accounts	51b	51c
	52 Inventories for sale or use	1,313.	52
	53 Prepaid expenses and deferred charges		53
	54 Investments - securities STMT 5 <input checked="" type="checkbox"/> Cost <input type="checkbox"/> FMV	40,000.	54
	55 a Investments - land, buildings and equipment basis	55a	
	b Less accumulated depreciation	55b	55c
56 Investments - other SEE STATEMENT 6	0.	56	
57 a Land, buildings, and equipment basis	57a 1,694,751.		
b Less accumulated depreciation	57b 274,012.		
58 Other assets (describe SEE STATEMENT 7)	1,413,831.	57c	
58	121,264.	58	
59 Total assets (add lines 45 through 58) (must equal line 74)	1,598,542.	59	
Liabilities	60 Accounts payable and accrued expenses		60
	61 Grants payable		61
	62 Deferred revenue		62
	63 Loans from officers, directors, trustees, and key employees	7,405.	63
	64 a Tax-exempt bond liabilities		64a
	b Mortgages and other notes payable	1,125,000.	64b
	65 Other liabilities (describe)		65
	66 Total liabilities (add lines 60 through 65)	1,132,405.	66
Net Assets or Fund Balances	Organizations that follow SFAS 117, check here <input type="checkbox"/> and complete lines 67 through 69 and lines 73 and 74		
	67 Unrestricted		67
	68 Temporarily restricted		68
	69 Permanently restricted		69
	Organizations that do not follow SFAS 117, check here <input checked="" type="checkbox"/> and complete lines 70 through 74		
	70 Capital stock, trust principal, or current funds	282,431.	70
	71 Paid-in or capital surplus, or land, building, and equipment fund	0.	71
	72 Retained earnings, endowment, accumulated income, or other funds	183,706.	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)	466,137.	73
	74 Total liabilities and net assets / fund balances (add lines 66 and 73)	1,598,542.	74

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 VI Other Information

Table with columns for question number, question text, and Yes/No columns. Includes questions 76 through 92 regarding organizational activities, financials, and compliance.

Located at P.O. BOX 220, GRAPEVINE, TX ZIP+4 76099

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

Part VII Analysis of Income-Producing Activities (See page 31 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) Exclu- sion code	(D) Amount	
93 Program service revenue					
a CONCERT/WORSHIP ACTIVIT		153,084.			
b REIMBURSED TRAVEL EXPEN		24,932.			
c ROYALTY INCOME		2,277.			
d					
e					
f Medicare/Medicaid payments					
g Fees and contracts from government agencies					
94 Membership dues and assessments					
95 Interest on savings and temporary cash investments					
96 Dividends and interest from securities		10.			
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					34,995.
103 Other revenue					
a OTHER REVENUE - RELATED					1,466.
b					
c					
d					
e					
104 Subtotal (add columns (B), (D), and (E))		180,303.		0.	36,461.
105 Total (add line 104, columns (B), (D), and (E))					216,764.

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 32 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)
93A	SEE PART III
93B	EXPENSE REIMBURSEMENTS RECEIVED FROM SPONSOR ORGANIZATIONS OR CHURCHES
93C	THE ORGANIZATION RECEIVED ROYALTIES AND OTHER PAYMENTS WITH RESPECT TO RECORDING AGREEMENTS. THE RIGHTS ARE OWNED BY THE MINISTRY.

Part IX Information Regarding Taxable Subsidiaries and Disregarded Entities (See page 32 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
N/A	%			
	%			
	%			
	%			

Part X Information Regarding Transfers Associated with Personal Benefit Contracts (See page 32 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, on a personal benefit contract?

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

Please Sign Here

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information provided to the preparer.

Signature of officer: *[Signature]* Date: _____

Preparer's signature: *[Signature]*

Firm's name (or yours if self-employed) address and ZIP + 4: MIDDLETON, BURNS & DAVIS, 3500 OAKLAWN, SUITE 60, DALLAS, TEXAS 75219

SCHEDULE A
(Form 990 or 990-EZ)

Organization Exempt Under Section 501(c)(3)

OMB No 1545-0047

(Except Private Foundation) and Section 501(e), 501(f), 501(k),
501(n), or Section 4947(a)(1) Nonexempt Charitable Trust

2002

Department of the Treasury
Internal Revenue Service

Supplementary Information-(See separate instructions.)
▶ **MUST be completed by the above organizations and attached to their Form 990 or 990-EZ**

Name of the organization

CELEBRATION MINISTRIES, INC.

Employer identification number

75 2464419

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
<u>NONE</u>				

Total number of other employees paid over \$50,000 ▶		0		

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

(See page 2 of the instructions List each one (whether individuals or firms) If there are none enter "None")

(a) Name and address of each independent contractor paid more than \$50,000	(b) Type of service	(c) Compensation
<u>NONE</u>		

Total number of others receiving over \$50,000 for professional services ▶		0

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

	Yes	No
1 During the year, has the organization attempted to influence national, state, or local legislation, including any attempt to influence public opinion on a legislative matter or referendum? If "Yes," enter the total expenses paid or incurred in connection with the lobbying activities ► \$ _____ \$ _____ (Must equal amounts on line 38, Part VI-A, or line i of Part VI-B) 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)		
a Sale, exchange, or leasing of property?		X
b Lending of money or other extension of credit?		X
c Furnishing of goods, services, or facilities?		X
d Payment of compensation (or payment or reimbursement of expenses if more than \$1,000)?		X
e Transfer of any part of its income or assets?		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 5 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) 2001	(b) 2000	(c) 1999	(d) 1998	(e) Total		
15 Gifts, grants, and contributions received (Do not include unusual grants. See line 28.)	736,478.	508,255.	903,578.	376,929.	2,525,240.		
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	185,845.	601,340.	325,710.	508,321.	1,621,216.		
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	0.	617.	637.	318.	1,572.		
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.							
23 Total of lines 15 through 22	922,323.	1,110,212.	1,229,925.	885,568.	4,148,028.		
24 Line 23 minus line 17	736,478.	508,872.	904,215.	377,247.	2,526,812.		
25 Enter 1% of line 23	9,223.	11,102.	12,299.	8,856.			
26 Organizations described on lines 10 or 11	a Enter 2% of amount in column (e), line 24				26a 50,536.		
	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 sum of all these excess amounts.				26b 1,384,609.		
	c Total support for section 509(a)(1) test. Enter line 24, column (e).				26c 2,526,812.		
	d Add Amounts from column (e) for lines	18 1,572.	19	22 1,384,609.	26d 1,386,181.		
	e Public support (line 26c minus line 26d total)				26e 1,140,631.		
	f Public support percentage (line 26e (numerator) divided by line 26c (denominator))				26f 45.1411%		
27 Organizations described on line 12	a For amounts included in lines 15, 16, and 17 that were received from a "disqualified person," prepare a list for your records to show the name of, and total amounts received in each year from, each "disqualified person." Do not file this list with your return. Enter the sum of such amounts for each year: N/A						
	(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: N/A						
	(2001)	(2000)	(1999)	(1998)			
	c Add Amounts from column (e) for lines	15	16	17	20	21	27c N/A
	d Add Line 27a total and line 27b total				27d N/A		
	e Public support (line 27c total minus line 27d total)				27e N/A		
	f Total support for section 509(a)(2) test. Enter amount on line 23, column (e): N/A				27f N/A		
	g Public support percentage (line 27e (numerator) divided by line 27f (denominator))				27g N/A %		
	h Investment income percentage (line 18, column (e) (numerator) divided by line 27f (denominator))				27h N/A %		

28 Unusual Grants For an organization described in line 10, 11, or 12 that received any unusual grants during 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.

NONE

Part V Private School Questionnaire (See page 7 of the instructions)

N/A

(To be completed ONLY by schools that checked the box on line 6 in Part IV)

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

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

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

34 a	Does the organization receive any financial aid or assistance from a governmental agency?		
b	Has the organization's right to such aid ever been revoked or suspended? If you answered "Yes" to either 34a or b, please explain using an attached statement		
35	Does the organization certify that it has complied with the applicable requirements of sections 4 01 through 4 05 of Rev Proc 75-50, 1975-2 C B 587, covering racial nondiscrimination? If "No," attach an explanation		

Part VI-A Lobbying Expenditures by Electing Public Charities (See page 9 of the instructions)
 (To be completed ONLY by an eligible organization that filed Form 5768)

N/A

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

Limits on Lobbying Expenditures (The term "expenditures" means amounts paid or incurred)		(a) Affiliated group totals	(b) To be completed for ALL electing organizations
		N/A	
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	41	
42	Grassroots nontaxable amount (enter 25% of line 41)	42	
43	Subtract line 42 from line 36. Enter -0- if line 42 is more than line 36	43	
44	Subtract line 41 from line 38. Enter -0- if line 41 is more than line 38	44	

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

4-Year Averaging Period Under Section 501(h)

(Some organizations that made a section 501(h) election do not have to complete all of the five columns below. See the instructions for lines 45 through 50 on page 11 of the instructions.)

Calendar year (or fiscal year beginning in) ▶	Lobbying Expenditures During 4-Year Averaging Period				N/A (e) Total
	(a) 2002	(b) 2001	(c) 2000	(d) 1999	
45	Lobbying nontaxable amount				0.
46	Lobbying ceiling amount (150% of line 45(e))				0.
47	Total lobbying expenditures				0.
48	Grassroots nontaxable amount				0.
49	Grassroots ceiling amount (150% of line 48(e))				0.
50	Grassroots lobbying expenditures				0.

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)

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	Yes	No	Amount
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)			0.

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

Depreciation and Amortization 990
 (Including Information on Listed Property)

▶ See separate instructions ▶ Attach to your tax return

Name(s) shown on return: **CELEBRATION MINISTRIES, INC.** Business or activity to which this form relates: **FORM 990 PAGE 2** Identifying number: **75-2464419**

Part I Election To Expense Certain Tangible Property Under Section 179 Note: If you have any listed property, complete Part V before you complete Part I

1	Maximum amount. See instructions for a higher limit for certain businesses	1	24,000.
2	Total cost of section 179 property placed in service (see instructions)	2	
3	Threshold cost of section 179 property before reduction in limitation	3	\$200,000
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 instructions	5	
6	(a) Description of property	(b) Cost (business use only)	(c) Elected cost
7	Listed property. Enter 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 smaller of line 5 or line 8	9	
10	Carryover of disallowed deduction from line 13 of your 2001 Form 4562	10	
11	Business income limitation. Enter the smaller of business income (not less than zero) or line 5	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 2003. Add lines 9 and 10, less line 12	13	

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 instructions)	14	11,102.
15	Property subject to section 168(f)(1) election (see instructions)	15	
16	Other depreciation (including ACRS) (see instructions)	16	

Part III MACRS Depreciation (Do not include listed property) (See instructions)

Section A

17	MACRS deductions for assets placed in service in tax years beginning before 2002	17	37,272.
18	If you are electing under section 168(f)(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 2002 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		2,632.				526.
c 7-year property		12,111.				1,731.
d 10-year property						
e 15-year property		3,263.				109.
f 20-year property						
g 25-year property			25 yrs		S/L	
h Residential rental property	/		27 5 yrs	MM	S/L	
	/		27 5 yrs	MM	S/L	
i Nonresidential real property	/	11,162.	39 yrs	MM	S/L	154.
	/			MM	S/L	

Section C - Assets Placed in Service During 2002 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 instructions)

21	Listed property. Enter amount from line 28	21	11,181.
22	Total. 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	62,075.
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 instructions for limits for passenger automobiles)

24a Do you have evidence to support the business/investment use claimed? Yes No **24b** If "Yes," is the evidence written? Yes 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
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25 Special depreciation allowance for qualified listed property placed in service during the tax year and used more than 50% in a qualified business use 25

26 Property used more than 50% in a qualified business use

TRAILER	090298	100.00 %	8,850.	1,529.5	MC200	1,020.	
SUBURBAN	080199	100.00 %	28,606.	14,303.5	MC200	5,721.	
VAN	021201	100.00 %	35,200.	31,680.5	MC200	4,440.	

27 Property used 50% or less in a qualified business use

(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
		%				S/L		
		%				S/L		
		%				S/L		

28 Add amounts in column (h), lines 25 through 27 Enter here and on line 21, page 1 28 11,181.

29 Add amounts in column (i), line 26 Enter here and on line 7, page 1 29

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

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

Answer these questions to determine if you meet an exception to completing Section B for vehicles used by employees who are not more than 5% owners or related persons

	Yes	No
37 Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees?		
38 Do you maintain a written policy statement that prohibits personal use of vehicles, except commuting, by your employees? See instructions for vehicles used by corporate officers, directors, or 1% or more owners		
39 Do you treat all use of vehicles by employees as personal use?		
40 Do you provide more than five vehicles to your employees, obtain information from your employees about the use of the vehicles, and retain the information received?		
41 Do you meet the requirements concerning qualified automobile demonstration use? 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
42 Amortization of costs that begins during your 2002 tax year					
CLOSING COSTS	081502	12,250.		60 MOS	170.
43 Amortization of costs that began before your 2002 tax year				43	19,936.
44 Total Add amounts in column (f) See instructions for where to report				44	20,106.

FORM 990

INCOME AND COST OF GOODS SOLD
INCLUDED ON PART I, LINE 10

STATEMENT 1

INCOME

1. GROSS RECEIPTS	64,887	
2. RETURNS AND ALLOWANCES		
3. LINE 1 LESS LINE 2		64,887
4. COST OF GOODS SOLD (LINE 13)	29,892	
5. GROSS PROFIT (LINE 3 LESS LINE 4)		<u>34,995</u>

COST OF GOODS SOLD

6. INVENTORY AT BEGINNING OF YEAR		
7. MERCHANDISE PURCHASED	29,892	
8. COST OF LABOR		
9. MATERIALS AND SUPPLIES		
10. OTHER COSTS		
11. ADD LINES 6 THROUGH 10		<u>29,892</u>
12. INVENTORY AT END OF YEAR		
13. COST OF GOODS SOLD (LINE 11 LESS LINE 12)		<u>29,892</u>

FORM 990 OTHER CHANGES IN NET ASSETS OR FUND BALANCES STATEMENT 2

DESCRIPTION	AMOUNT
NON-DEDUCTIBLE MEALS	<7,715.>
TOTAL TO FORM 990, PART I, LINE 20	<7,715.>

FORM 990 OTHER EXPENSES STATEMENT 3

DESCRIPTION	(A) TOTAL	(B) PROGRAM SERVICES	(C) MANAGEMENT AND GENERAL	(D) FUNDRAISING
ADVERTISING	2,051.	2,051.		
ALBUM EXPENSES	40,919.	40,919.		
AUTO EXPENSES	3,525.	3,525.		
BANK CHARGES	2,465.	2,465.		
COMPUTER SERVICES	746.	746.		
CONTRIBUTIONS	2,113.	2,113.		
COUNSELING	<90.>	<90.>		
CREDIT CARD DUES	1,277.	1,277.		
EDITING	13,566.	13,566.		
LEAP	232.	232.		
MEALS	2,204.	2,204.		
MISCELLANEOUS	6.	6.		
PAYROLL EXPENSES	11,161.	11,161.		
PRODUCTION EXPENSES	1,948.	1,948.		
REIMBURSABLE EXPENSES	<2,245.>	<2,245.>		
RENTAL EXPENSE	25,044.	25,044.		
SUBSCRIPTIONS	311.	311.		
TV SHOW	170,046.	170,046.		
WILLOWOOD EXPENSES	103,757.	103,757.		
INSURANCE	532.	532.		
TOTAL TO FM 990, LN 43	379,568.	379,568.		

FORM 990 STATEMENT OF PROGRAM SERVICE ACCOMPLISHMENTS STATEMENT 4

DESCRIPTION OF PROGRAM SERVICE ONE

REACHING TEENS AND YOUNG ADULTS FOR CHRIST THROUGH MUSICAL PERFORMANCES, RECORDINGS AND SPECIALLY PREPARED BIBLE STUDY MATERIALS, RESULTING IN CHANGED LIVES THROUGH TRUST IN GOD, BIBLE STUDY, WORSHIP AND GODLY LIVING. WE ALSO PROVIDE FOLLOW-UP MATERIALS AND COUNSELING TO ASSIST LOCAL CHURCHES IN MEETING THE SPECIAL NEEDS OF YOUNG PEOPLE.

	GRANTS	EXPENSES
TO FORM 990, PART III, LINE A		1,034,021.

FORM 990 NON-GOVERNMENT SECURITIES STATEMENT 5

SECURITY DESCRIPTION	CORPORATE STOCKS	CORPORATE BONDS	OTHER PUBLICLY TRADED SECURITIES	OTHER SECURITIES	TOTAL NON-GOV'T SECURITIES
STOCK INVESTMENTS				40,000.	40,000.
TO 990, LN 54 COL B				40,000.	40,000.

FORM 990 OTHER INVESTMENTS STATEMENT 6

DESCRIPTION	VALUATION METHOD	AMOUNT
LONE STAR LAND BANK STOCK	COST	14,050.
TOTAL TO FORM 990, PART IV, LINE 56, COLUMN B		14,050.

FORM 990 OTHER ASSETS STATEMENT 7

DESCRIPTION	AMOUNT
SOFTWARE, COPYRIGHTS, CLOSING COSTS	113,408.
TOTAL TO FORM 990, PART IV, LINE 58, COLUMN B	113,408.