

Return of Organization Exempt from Income Tax

2004

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 2004 calendar year, or tax year beginning, 2004, and ending

B Check if applicable

- Address change
Name change
Initial return
Final return
Amended return
Application pending

Please use IRS label or print or type. See specific instructions

Mendocino Art Center, Inc.
PO Box 765
Mendocino, CA 95460

D Employer Identification Number

94-6050398

E Telephone number

707-937-5818

F Accounting method:

- Cash
[X] Accrual
Other (specify)

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

H and I are not applicable to section 527 organizations

H (a) Is this a group return for affiliates? Yes No [X]

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

H (c) Are all affiliates included? Yes No

(If 'No,' attach a list. See instructions.)

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

G Web site: mendocinoartcenter.org

J Organization type (check only one)

[X] 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.

I Group Exemption Number

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

L Gross receipts Add lines 6b, 8b, 9b, and 10b to line 12 865,167.

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

SCANNED DEC 01 2005

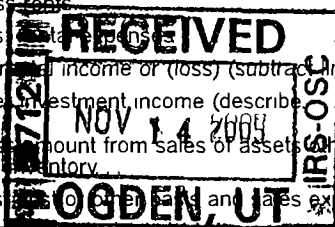


Table with 21 rows and 4 columns: Description, Sub-description, Amount, Total. Includes sections for Revenue (lines 1-12), Expenses (lines 13-17), and Net Assets (lines 18-21).

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.

Do not include amounts reported on line 6b, 8b, 9b, 10b, or 16 of Part I.		(A) Total	(B) Program services	(C) Management and general	(D) Fundraising
22	Grants and allocations (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	33,000.	33,000.	
26	Other salaries and wages	26	128,245.	128,245.	
27	Pension plan contributions	27			
28	Other employee benefits	28			
29	Payroll taxes	29	15,034.	12,027.	3,007.
30	Professional fundraising fees	30			
31	Accounting fees	31	1,700.	1,700.	
32	Legal fees	32			
33	Supplies	33	46,635.	39,073.	7,562.
34	Telephone	34	5,212.	4,691.	521.
35	Postage and shipping	35	20,279.	15,995.	4,056.
36	Occupancy	36	49,807.	44,826.	4,981.
37	Equipment rental and maintenance	37			
38	Printing and publications	38	55,736.	48,272.	7,464.
39	Travel	39	6,299.	6,045.	254.
40	Conferences, conventions, and meetings	40			
41	Interest	41			
42	Depreciation, depletion, etc (attach schedule)	42	24,841.	24,841.	
43	Other expenses not covered above (itemize)				
a	See Statement 5	43a	368,654.	346,467.	17,784.
b	-----	43b			
c	-----	43c			
d	-----	43d			
e	-----	43e			
44	Total functional expenses (add lines 22 - 43) Organizations completing columns (B) - (D), carry these totals to lines 13 - 15	44	755,442.	670,482.	72,611.

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? <u>Teach and promote Fine Arts</u>	Program Service Expenses (Required for 501(c)(3) and (4) organizations and 4947(a)(1) trusts, but optional for others)
a See Statement 6	
----- ----- ----- ----- (Grants and allocations \$ _____)	670,482.
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)	670,482.

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
ASSETS	45 Cash — non-interest-bearing	14,412.	45	15,313.
	46 Savings and temporary cash investments		46	
	47 a Accounts receivable	47 a		
	b Less allowance for doubtful accounts.	47 b		47 c
	48 a Pledges receivable	48 a		
	b Less. allowance for doubtful accounts.	48 b		48 c
	49 Grants receivable			49
	50 Receivables from officers, directors, trustees, and key employees (attach schedule)			50
	51 a Other notes & loans receivable (attach sch)	51 a		
	b Less. allowance for doubtful accounts.	51 b		51 c
	52 Inventories for sale or use	55,114.	52	58,233.
	53 Prepaid expenses and deferred charges		53	
	54 Investments — securities (attach schedule)		54	
	55 a Investments — land, buildings, & equipment. basis	55 a		
	b Less. accumulated depreciation (attach schedule)	55 b		55 c
56 Investments — other (attach schedule)	133,815.	56	113,644.	
57 a Land, buildings, and equipment. basis	57 a 1,022,579.			
b Less. accumulated depreciation (attach schedule)	57 b 532,950.	514,470.	57 c 489,629.	
58 Other assets (describe ▶ See Statement 8)		14,055.	58 16,759.	
59 Total assets (add lines 45 through 58) (must equal line 74)		731,866.	59 693,578.	
LIABILITIES	60 Accounts payable and accrued expenses	17,140.	60	31,257.
	61 Grants payable		61	
	62 Deferred revenue		62	
	63 Loans from officers, directors, trustees, and key employees (attach schedule)		63	
	64 a Tax-exempt bond liabilities (attach schedule)		64 a	
	b Mortgages and other notes payable (attach schedule)		64 b	
	65 Other liabilities (describe ▶ See Statement 9)		40,486.	65 4,047.
66 Total liabilities (add lines 60 through 65)		57,626.	66 35,304.	
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	540,106.	67	544,630.
	68 Temporarily restricted	134,134.	68	113,644.
	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)	674,240.	73	658,274.
	74 Total liabilities and net assets/fund balances (add lines 66 and 73)	731,866.	74	693,578.

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.)

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

a	Total revenue, gains, and other support per audited financial statements	a	N/A
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	
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	

a	Total expenses and losses per audited financial statements	a	N/A
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	
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	

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
See Statement 10		33,000.	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)

Table with columns for question number, question text, Yes, and No. Rows include questions 76 through 92 regarding organizational activities, financials, and tax status.

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

Note: Enter gross amounts unless otherwise indicated.

	Unrelated business income		Excluded by section 512, 513, or 514		(E) Related or exempt function income
	(A) Business code	(B) Amount	(C) Exclusion code	(D) Amount	
93 Program service revenue:					
a Facilities/Apt Rents					101,661.
b Tuition					337,828.
c					
d					
e					
f Medicare/Medicaid payments					
g Fees & contracts from government agencies					
94 Membership dues and assessments					40,880.
95 Interest on savings & temporary cash invmnts					
96 Dividends & 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			14	2,794.	
100 Gain or (loss) from sales of assets other than inventory					
101 Net income or (loss) from special events			1	51,364.	
102 Gross profit or (loss) from sales of inventory			3	58,811.	
103 Other revenue:					
a					
b Advertising Income	541100	88,783.			
c					
d					
e					
104 Subtotal (add columns (B), (D), and (E))		88,783.		112,969.	480,369.
105 Total (add line 104, columns (B), (D), and (E))					682,121.

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).
93a	Rent from temporary housing of students enrolled in the educational program.
93b	Fees for artists classes, an exempt purpose.
94	Membership dues- all artists and students join the Art Center.

Part IX Information Regarding Taxable Subsidiaries and Disregarded Entities (See 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 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, 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, 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 of which preparer has any knowledge.
 Signature of officer: Peggy Templer
 Type or print name and title: Peggy Templer, Executive Director

Paid Preparer's Use Only
 Preparer's signature: Kathleen Rzeplinski
 Name: Kathleen Rzeplinski, E.A.
 Firm's name (or yours if self employed), address, and ZIP + 4: ComputAccount
11000 Wildwood Lane
Mendocino, CA 95460

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

2004

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

Mendocino Art Center, Inc.

Employer identification number

94-6050398

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				

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 ▶ 0		

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

Schedule A (Form 990 or 990-EZ) 2004

Part III Statements About Activities (See instructions.)

	Yes	No
<p>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 ▶ \$ <u>N/A</u></p> <p>(Must equal amounts on line 38, Part VI-A, or line i of Part VI-B.)</p> <p>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.</p>		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
3a Do you make grants for scholarships, fellowships, student loans, etc? (If 'Yes,' attach an explanation of how you determine that recipients qualify to receive payments.)		X
3b Do you have a section 403(b) annuity plan for your employees?		X
4a Did you maintain any separate account for participating donors where donors have the right to provide advice on the use or distribution of funds?		X
4b Do you provide credit counseling, debt management, credit repair, or debt negotiation services?		X

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) 2003	(b) 2002	(c) 2001	(d) 2000	(e) Total
15 Gifts, grants, and contributions received. (Do not include unusual grants. See line 28)	N/A				
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					
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: a Enter 2% of amount in column (e), line 24 N/A

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

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

(2003) _____ (2002) _____ (2001) _____ (2000) _____

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

(2003) _____ (2002) _____ (2001) _____ (2000) _____

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

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

Part V Private School Questionnaire (See instructions)
 (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?	X	
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?	X	
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.) ----- ----- -----	X	
32 Does the organization maintain the following.		
a Records indicating the racial composition of the student body, faculty, and administrative staff?		X
b Records documenting that scholarships and other financial assistance are awarded on a racially nondiscriminatory basis?	X	
c Copies of all catalogues, brochures, announcements, and other written communications to the public dealing with student admissions, programs, and scholarships?	X	
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.) ----- -----	X	
33 Does the organization discriminate by race in any way with respect to		
a Students' rights or privileges?		X
b Admissions policies?		X
c Employment of faculty or administrative staff?		X
d Scholarships or other financial assistance?		X
e Educational policies?		X
f Use of facilities?		X
g Athletic programs?		X
h Other extracurricular activities? If you answered 'Yes' to any of the above, please explain. (If you need more space, attach a separate statement.) ----- ----- -----		X
34a Does the organization receive any financial aid or assistance from a governmental agency?		X
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.		X
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.	X	

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.)

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

Calendar year (or fiscal year beginning in) ▶	Lobbying Expenditures During 4-Year Averaging Period				
	(a) 2004	(b) 2003	(c) 2002	(d) 2001	(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.)

Yes	No	Amount

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

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

Table with 2 columns: Yes, No. Rows: 51 a (i), a (ii), b (i), b (ii), b (iii), b (iv), b (v), b (vi), c. All 'No' boxes are marked with an 'X'.

Table with 4 columns: (a) Line no., (b) Amount involved, (c) Name of noncharitable exempt organization, (d) Description of transfers, transactions, and sharing arrangements. Row 1 contains 'N/A' in column (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 (Yes box is unchecked, No box is checked)

b If 'Yes,' complete the following schedule.

Table with 3 columns: (a) Name of organization, (b) Type of organization, (c) Description of relationship. Row 1 contains 'N/A' in column (a).

Client MAC

Mendocino Art Center, Inc.

94-6050398

11/08/05

07.13PM

Statement 1
Form 990, Part I, Line 7
Other Investment Income

ED Jones
 Interest

Total \$ 2,794.
 \$ 2,794.

Statement 2
Form 990, Part I, Line 9
Net Income (Loss) from Special Events

<u>Special Events</u>	<u>Gross Receipts</u>	<u>Less Contri- butions</u>	<u>Gross Revenue</u>	<u>Less Direct Expenses</u>	<u>Net Income (Loss)</u>
Summer & Thanksgiving Fairs	25,476.	0.	25,476.	1,106.	24,370.
Japan Week	14,638.	0.	14,638.	3,660.	10,978.
Garden Tour	12,428.	0.	12,428.	180.	12,248.
Dine out with local Restaurants					
	10,102.	0.	10,102.	6,334.	3,768.
Total	\$ <u>62,644.</u>	\$ <u>0.</u>	\$ <u>62,644.</u>	\$ <u>11,280.</u>	\$ <u>51,364.</u>

Statement 3
Form 990, Part I, Line 10
Gross Profit (Loss) From Sales Of Inventory

Gift Shop	\$ 182,455.
vol discounts	-9,230.
Gross Sales	\$ 173,225.
Less Returns & Allowances	0.
Net Sales	\$ 173,225.
Less Cost Of Goods Sold	114,414.
Gross Profit From Sales Of Inventory	\$ <u>58,811.</u>

Statement 4
Form 990, Part I, Line 20
Other Changes in Net Assets or Fund Balances

rounding

Total \$ 3.
 \$ 3.

Client MAC

Mendocino Art Center, Inc.

94-6050398

11/08/05

07.13PM

Statement 5
Form 990, Part II, Line 43
Other Expenses

	(A)	(B)	(C)	(D)
	Total	Program Services	Management & General	Fundraising
Advertising	46,831.	42,428.		4,403.
Bad Debts	2,904.	2,904.		
Bank Charges	15,732.	15,732.		
Commission A & E	21,597.	21,597.		
Dues & Subscriptions	584.		584.	
Gardening	13,434.	13,434.		
Health Insurance	20,550.	16,440.	4,110.	
Hospitality	12,355.	12,355.		
Instructor & Coordinar. Fee	154,156.	154,156.		
Insurance	17,187.	15,468.	1,719.	
Miscellaneous	17,258.	17,258.		
Outside Services	8,043.	8,043.		
Repairs and Maintenance	22,900.	16,591.	6,309.	
Tax & Licenses	2,547.		2,547.	
Workers Compensation	12,576.	10,061.	2,515.	
Total	\$ 368,654.	\$ 346,467.	\$ 17,784.	\$ 4,403.

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

Description	Grants and Allocations	Program Service Expenses
The Art Center provided: educational and professional training in arts and crafts; direct services in the arts; temporary housing for students enrolled in the arts and crafts educational programs; promotion of arts and crafts through artist showings, advertising, and retail stores for students and other artists, and publishing a monthly magazine; and public advertising for students and businesses.		670,482.
	\$ 0.	\$ 670,482.

Statement 7
Form 990, Part IV, Line 57
Land, Buildings, and Equipment

Category	Basis	Accum. Deprec.	Book Value
Furniture and Fixtures	\$ 212,928.	\$ 185,437.	\$ 27,491.
Machinery and Equipment	79,001.	39,422.	39,579.
Buildings	367,431.	307,487.	59,944.
Land	358,098.		358,098.
Miscellaneous	5,121.	604.	4,517.
Total	\$ 1,022,579.	\$ 532,950.	\$ 489,629.

Client MAC

Mendocino Art Center, Inc.

94-6050398

11/08/05

07.13PM

Statement 8
Form 990, Part IV, Line 58
Other Assets

Barter/Trade

Total	\$	16,759.
	\$	<u>16,759.</u>

Statement 9
Form 990, Part IV, Line 65
Other Liabilities

Gift Certificates
 Payroll Taxes Payable
 Prepaid Tuition
 Sales tax Payable
 Security Deposits

	\$	1,652.
		4,744.
		-7,276.
		2,552.
		<u>2,375.</u>
Total	\$	<u>4,047.</u>

Statement 10
Form 990, Part V
List of Officers, Directors, Trustees, and Key Employees

<u>Name and Address</u>	<u>Title and Average Hours Per Week Devoted</u>	<u>Compen- sation</u>	<u>Contri- bution to EBP & DC</u>	<u>Expense Account/ Other</u>
Richard Bilas PO Box 2466 Mendocino, CA 95460	President 4	\$ 0.	\$ 0.	\$ 0.
Chuck Bush 31531 Middle Ridge Rd. Albion, CA 95410	Secretary 1	0.	0.	0.
James Cook PO Box 209 Mendocino, CA 95460	Member 4	0.	0.	0.
Allan Cone PO Box 2360 Mendocino, CA 95460	Member 1	0.	0.	0.
Joan Gates 1701 Cameron Rd. Elk, CA 95432	Member 1	0.	0.	0.
Peggy Templer 20117 Hanson Rd. Ft. Bragg, CA 95437	Executive Direc 40	33,000.	0.	0.
Terry Lyon PO Box 209 Mendocino, CA 95460	Member 1	0.	0.	0.

Client MAC

Mendocino Art Center, Inc.

94-6050398

11/08/05

07.13PM

Statement 10 (continued)
Form 990, Part V
List of Officers, Directors, Trustees, and Key Employees

<u>Name and Address</u>	<u>Title and Average Hours Per Week Devoted</u>	<u>Compen- sation</u>	<u>Contri- bution to EBP & DC</u>	<u>Expense Account/ Other</u>
Lucia Zacha PO Box 250 Mendocino, CA 95460	Member 1	\$ 0.	\$ 0.	\$ 0.
Leona Walden PO Box 745 Mendocino, CA 95460	Vice President 4	0.	0.	0.
Janis Porter 45351 So. Caspar Dr. Mendocino, CA 95460	Member 1	0.	0.	0.
Jerry Karabensh 45275 Mar Vista Dr. Mendocino, CA 95460	Treasurer 1	0.	0.	0.
		Total \$ <u>33,000.</u>	\$ <u>0.</u>	\$ <u>0.</u>