

Form **990**

Return of Organization Exempt From Income Tax

OMB No 1545-0047

2003

Department of the Treasury
Internal Revenue Service

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

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

A For the 2003 calendar year, or tax year beginning **JUL 1, 2003** and ending **JUN 30, 2004**

B Check if applicable: <input type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial return <input type="checkbox"/> Final return <input type="checkbox"/> Amended return <input type="checkbox"/> Application pending	C Name of organization ALABAMA POLICY INSTITUTE, INC.	D Employer identification number 63-0809568
	Please use IRS label or print of type See Specific Instructions Number and street (or P.O. box if mail is not delivered to street address) Room/suite P.O. BOX 59692	E Telephone number (205) 870-9900
	City or town, state or country, and ZIP + 4 BIRMINGHAM, AL 35259	F Accounting method: <input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual <input type="checkbox"/> 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).

G Website: ▶ **N/A**

J Organization type (check only one) ▶ 501(c) (3) ◀ (insert no) 4947(a)(1) or 527

K Check here if the organization's gross receipts are normally not more than \$25,000. The organization need not file a return with the IRS, but if the organization received a Form 990 Package in the mail, it should file a return without financial data. Some states require a complete return.

H and **I** are not applicable to section 527 organizations.

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

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

H(c) Are all affiliates included? **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

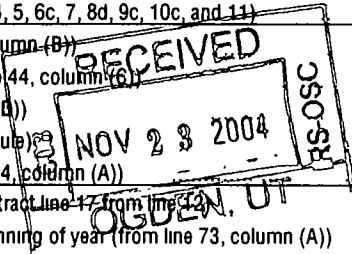
I Group Exemption Number ▶

L Gross receipts: Add lines 6b, 8b, 9b, and 10b to line 12 ▶ **792,413.**

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	530,892.		
	b Indirect public support	1b			
	c Government contributions (grants)	1c			
	d Total (add lines 1a through 1c) (cash \$ 530,892. noncash \$ _____)	1d		530,892.	
	2 Program service revenue including government fees and contracts (from Part VII, line 93)	2			
	3 Membership dues and assessments	3			
	4 Interest on savings and temporary cash investments	4		678.	
	5 Dividends and interest from securities	5			
	6 a 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				
	8 a Gross amount from sales 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			
	9 Special events and activities (attach schedule) If any amount is from gaming, check here <input type="checkbox"/>				
	a Gross revenue (not including \$ 0. of contributions reported on line 1a)	9a	260,843.		
	b Less direct expenses other than fundraising expenses	9b	85,853.		
	c Net income or (loss) from special events (subtract line 9b from line 9a)	9c	SEE STATEMENT 1	174,990.	
	10 a Gross sales of inventory, less returns and allowances	10a			
	b Less cost of goods sold	10b			
	c Gross profit or (loss) from sales of inventory (attach schedule) (subtract line 10b from line 10a)	10c			
11 Other revenue (from Part VII, line 103)	11				
12 Total revenue (add lines 1d, 2, 3, 4, 5, 6c, 7, 8d, 9c, 10c, and 11)	12		706,560.		
Expenses	13 Program services (from line 44, column (B))	13	313,275.		
	14 Management and general (from line 44, column (C))	14	164,074.		
	15 Fundraising (from line 44, column (D))	15	204,312.		
	16 Payments to affiliates (attach schedule)	16			
	17 Total expenses (add lines 16 and 44, column (A))	17	681,661.		
18 Excess or (deficit) for the year (subtract line 17 from line 12)	18		24,899.		
Net Assets	19 Net assets or fund balances at beginning of year (from line 73, column (A))	19	131,534.		
	20 Other changes in net assets or fund balances (attach explanation)	20	SEE STATEMENT 2	<21,445.>	
	21 Net assets or fund balances at end of year (combine lines 18, 19, and 20)	21		134,988.	



2

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 Page 2

Do not include amounts reported on line 6b, 8b, 9b, 10b, or 16 of Part I		(A) Total	(B) Program services	(C) Management and general	(D) Fundraising
22	Grants and allocations (attach schedule)				
	cash \$ _____ noncash \$ _____	22			
23	Specific assistance to individuals (attach schedule)	23			
24	Benefits paid to or for members (attach schedule)	24			
25	Compensation of officers, directors, etc	25	239,500.	57,480.	71,850.
26	Other salaries and wages	26	148,097.	35,543.	44,429.
27	Pension plan contributions	27			
28	Other employee benefits	28	32,434.	7,784.	9,730.
29	Payroll taxes	29	29,810.	7,154.	8,943.
30	Professional fundraising fees	30			
31	Accounting fees	31	9,087.	2,181.	2,726.
32	Legal fees	32			
33	Supplies	33	8,600.	2,064.	2,580.
34	Telephone	34	15,196.	3,647.	4,559.
35	Postage and shipping	35	7,424.	1,782.	2,227.
36	Occupancy	36	49,979.	11,995.	14,994.
37	Equipment rental and maintenance	37	2,870.	689.	861.
38	Printing and publications	38	10,488.	2,517.	3,147.
39	Travel	39	11,894.	2,855.	3,568.
40	Conferences, conventions, and meetings	40			
41	Interest	41	627.	627.	
42	Depreciation, depletion, etc (attach schedule)	42	30,938.	7,425.	9,281.
43	Other expenses not covered above (itemize)				
	a _____	43a			
	b _____	43b			
	c _____	43c			
	d _____	43d			
	e SEE STATEMENT 3	43e	84,717.	20,331.	25,417.
44	Total functional expenses (add lines 22 through 43) Organizations completing columns (B)-(D), carry these totals to lines 13-15	44	681,661.	313,275.	204,312.

Joint Costs. Check if you are following SOP 98-2
 Are any joint costs from a combined educational campaign and fundraising solicitation reported in (B) Program services? Yes No
 If "Yes," enter (i) the aggregate amount of these joint costs \$ _____, (ii) the amount allocated to Program services \$ _____,
 (iii) the amount allocated to Management and general \$ _____, and (iv) the amount allocated to Fundraising \$ _____

Part III Statement of Program Service Accomplishments

What is the organization's primary exempt purpose? **SEE STATEMENT 4**

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.)

a	THE ORGANIZATION IS A NON-PROFIT RESEARCH AND EDUCATIONAL ORGANIZATION FORMED TO PROMOTE AND PRESERVE TRADITIONAL FAMILY VALUES PRIMARILY IN ALABAMA.				
	(Grants and allocations \$ _____)				313,275.
b	_____				
	(Grants and allocations \$ _____)				
c	_____				
	(Grants and allocations \$ _____)				
d	_____				
	(Grants and allocations \$ _____)				
e	Other program services (attach schedule)				
	(Grants and allocations \$ _____)				
f	Total of Program Service Expenses (should equal line 44, column (B), Program services)				313,275.

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	109,908.	45	157,449.
	46 Savings and temporary cash investments		46	
	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		52	
	53 Prepaid expenses and deferred charges	8,000.	53	
	54 Investments - securities	<input type="checkbox"/> Cost <input type="checkbox"/> FMV	54	
	55 a Investments - land, buildings, and equipment basis		55a	
	b Less accumulated depreciation		55b	55c
56 Investments - other		56		
57 a Land, buildings, and equipment: basis	157,164.	57a		
b Less accumulated depreciation STMT 5	120,061.	57b	57c	
58 Other assets (describe ▶)		58		
59 Total assets (add lines 45 through 58) (must equal line 74)	175,366.	59	194,552.	
Liabilities	60 Accounts payable and accrued expenses	4,383.	60	33,178.
	61 Grants payable		61	
	62 Deferred revenue		62	
	63 Loans from officers, directors, trustees, and key employees		63	
	64 a Tax-exempt bond liabilities		64a	
	b Mortgages and other notes payable		64b	
	65 Other liabilities (describe ▶ SEE STATEMENT 6)	39,449.	65	26,386.
66 Total liabilities (add lines 60 through 65)	43,832.	66	59,564.	
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	81,634.	67	91,088.
	68 Temporarily restricted	49,900.	68	43,900.
	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)	131,534.	73	134,988.	
74 Total liabilities and net assets / fund balances (add lines 66 and 73)	175,366.	74	194,552.	

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	
a Total revenue, gains, and other support per audited financial statements	792,413.
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): STMT 7 \$ 85,853.	
Add amounts on lines (1) through (4)	85,853.
c Line a minus line b	706,560.
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)	0.
e Total revenue per line 12, Form 990 (line c plus line d)	706,560.

Part IV-B Reconciliation of Expenses per Audited Financial Statements with Expenses per Return	
a Total expenses and losses per audited financial statements	767,514.
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): STMT 8 \$ 85,853.	
Add amounts on lines (1) through (4)	85,853.
c Line a minus line b	681,661.
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)	0.
e Total expenses per line 17, Form 990 (line c plus line d)	681,661.

Part V List of Officers, Directors, Trustees, and Key Employees (List each one even if not compensated.)				
(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
TOM BRADFORD, JR 3920 ROYAL OAK DRIVE BIRMINGHAM, AL 35243	CHAIRMAN	0.	0.	0.
DARREL C. WEAVER 772 HEATHERWOOD DRIVE BIRMINGHAM, AL 35244	VICE-CHAIRMAN	0.	0.	0.
JONATHAN C. PUTMAN 1500 HAMILTON LANE BIRMINGHAM, AL 35243	TREASURER	0.	0.	0.
SUSAN STEPHENS 2706 VICTORIAN DRIVE JASPER, AL 35504	SECRETARY	0.	0.	0.
MICHAEL A. CIAMARRA 116 OAKMONT ROAD BIRMINGHAM, AL 35244	VP DIRECTOR LEGISLATIVE	0.	71,500.	0.
JEFFERY J. FINK 1106 GLENWOOD TERRACE ANNISTON, AL 36207	CHIEF OPERATING OFFICER	0.	78,000.	0.
GARY J. PALMER 1973 CAHABA CREST DR BIRMINGHAM, AL 35242	PRESIDENT	0.	90,000.	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? If "Yes," attach schedule. Yes No

Part VI Other Information

76 Did the organization engage in any activity not previously reported to the IRS? If "Yes," attach a detailed description of each activity
77 Were any changes made in the organizing or governing documents but not reported to the IRS?
78 a Did the organization have unrelated business gross income of \$1,000 or more during the year covered by this return?
78 b If "Yes," has it filed a tax return on Form 990-T for this year?
79 Was there a liquidation, dissolution, termination, or substantial contraction during the year?
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?
81 a Enter direct or indirect political expenditures See line 81 instructions
81 b Did the organization file Form 1120-POL for this year?
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?
82 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)
83 a Did the organization comply with the public inspection requirements for returns and exemption applications?
83 b Did the organization comply with the disclosure requirements relating to quid pro quo contributions?
84 a Did the organization solicit any contributions or gifts that were not tax deductible?
84 b If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?
85 501(c)(4), (5), or (6) organizations. a Were substantially all dues nondeductible by members?
85 b Did the organization make only in-house lobbying expenditures of \$2,000 or less?
85 c Dues, assessments, and similar amounts from members
85 d Section 162(e) lobbying and political expenditures
85 e Aggregate nondeductible amount of section 6033(e)(1)(A) dues notices
85 f Taxable amount of lobbying and political expenditures (line 85d less 85e)
85 g Does the organization elect to pay the section 6033(e) tax on the amount on line 85f?
85 h If section 6033(e)(1)(A) dues notices were sent, does the organization agree to add the amount on line 85f to its reasonable estimate of dues allocable to nondeductible lobbying and political expenditures for the following tax year?
86 501(c)(7) organizations. Enter a Initiation fees and capital contributions included on line 12
86 b Gross receipts, included on line 12, for public use of club facilities
87 501(c)(12) organizations. Enter a Gross income from members or shareholders
87 b Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)
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?
89 a 501(c)(3) organizations. Enter Amount of tax imposed on the organization during the year under section 4911
89 b 501(c)(3) and 501(c)(4) organizations. Did the organization engage in any section 4958 excess benefit transaction during the year or did it become aware of an excess benefit transaction from a prior year?
90 a List the states with which a copy of this return is filed
90 b Number of employees employed in the pay period that includes March 12, 2003
91 The books are in care of
Located at
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 33 of the instructions)

Note: Enter gross amounts unless otherwise indicated.

	Unrelated business income		Excluded by section 512, 513, or 514		(E) Related or exempt function income
	(A) Business code	(B) Amount	(C) Exclu- sion code	(D) Amount	
93 Program service revenue:					
a _____					
b _____					
c _____					
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			14	678.	
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			01	174,990.	
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))		0.		175,668.	0.
105 Total (add line 104, columns (B), (D), and (E))					175,668.

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

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

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

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

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

Part X Information Regarding Transfers Associated with Personal Benefit Contracts (See page 34 of the instructions)

(a) Did the organization, during the year, receive any funds, directly or indirectly, 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: [Signature] Date: 11/5/04 Type or print name and title: JEFF FINK - CHIEF OPERATING OFFICER

Preparer's signature: [Signature] Date: 11/05/04 Check if self-employed: Preparer's SSN or PTIN: _____

Firm's name (or yours if self-employed), address, and ZIP + 4: KIRKLAND & COMPANY OF ANNISTON, P.C.
P.O. BOX 68
ANNISTON, AL 36202

EIN: _____ Phone no: 256-237-7571

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

2003

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 **ALABAMA POLICY INSTITUTE, INC.** Employer identification number **63 0809568**

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
JOHN R. HILL ----- 111 STONEHAVEN DRIVE PELHAM, AL 35124	DIR. OF RES. 40	51,000.	0.	0.

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
NONE -----		

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.) SEE STATEMENT 9		
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 a 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
b Do you have a section 403(b) annuity plan for your employees?		X
4 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

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

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

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

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

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

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

Calendar year (or fiscal year beginning in)	(a) 2002	(b) 2001	(c) 2000	(d) 1999	(e) Total
15 Gifts, grants, and contributions received. (Do not include unusual grants. See line 28.)	451,664.	598,917.	531,225.	518,667.	2,100,473.
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	314,780.	216,963.	392,958.	380,384.	1,305,085.
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	318.	652.	1,460.	1,902.	4,332.
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	766,762.	816,532.	925,643.	900,953.	3,409,890.
24 Line 23 minus line 17	451,982.	599,569.	532,685.	520,569.	2,104,805.
25 Enter 1% of line 23	7,668.	8,165.	9,256.	9,010.	
26 Organizations described on lines 10 or 11: a Enter 2% of amount in column (e), line 24					42,096.
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 1999 through 2002 exceeded the amount shown in line 26a. Do not file this list with your return. Enter the total of all these excess amounts					501,915.
c Total support for section 509(a)(1) test. Enter line 24, column (e)					2,104,805.
d Add: Amounts from column (e) for lines 18 <u>4,332.</u> 19 <u> </u> 22 <u> </u> 26b <u>501,915.</u>					506,247.
e Public support (line 26c minus line 26d total)					1,598,558.
f Public support percentage (line 26e (numerator) divided by line 26c (denominator))					75.9480%
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					
(2002) (2001) (2000) (1999)					
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					
(2002) (2001) (2000) (1999)					
c Add: Amounts from column (e) for lines 15 <u> </u> 16 <u> </u> 17 <u> </u> 20 <u> </u> 21 <u> </u>					N/A
d Add Line 27a total <u> </u> and line 27b total <u> </u>					N/A
e Public support (line 27c total minus line 27d total)					N/A
f Total support for section 509(a)(2) test. Enter amount on line 23, column (e)					N/A
g Public support percentage (line 27e (numerator) divided by line 27f (denominator))					N/A %
h Investment income percentage (line 18, column (e) (numerator) divided by line 27f (denominator))					N/A %
28 Unusual Grants: For an organization described in line 10, 11, or 12 that received any unusual grants during 1999 through 2002, 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)		
<hr/> <hr/> <hr/>			
32	Does the organization maintain the following		
a	Records indicating the racial composition of the student body, faculty, and administrative staff?	32a	
b	Records documenting that scholarships and other financial assistance are awarded on a racially nondiscriminatory basis?	32b	
c	Copies of all catalogues, brochures, announcements, and other written communications to the public dealing with student admissions, programs, and scholarships?	32c	
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)	32d	
<hr/> <hr/> <hr/>			
33	Does the organization discriminate by race in any way with respect to		
a	Students' rights or privileges?	33a	
b	Admissions policies?	33b	
c	Employment of faculty or administrative staff?	33c	
d	Scholarships or other financial assistance?	33d	
e	Educational policies?	33e	
f	Use of facilities?	33f	
g	Athletic programs?	33g	
h	Other extracurricular activities? If you answered "Yes" to any of the above, please explain (If you need more space, attach a separate statement)	33h	
<hr/> <hr/> <hr/>			
34 a	Does the organization receive any financial aid or assistance from a governmental agency?	34a	
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	34b	
35	Does the organization certify that it has complied with the applicable requirements of sections 4 01 through 4 05 of Rev Proc 75-50, 1975-2 C.B. 587, covering racial nondiscrimination? If "No," attach an explanation	35	

Part VI-A Lobbying Expenditures by Electing Public Charities (See page 9 of the instructions)

N/A

(To be completed ONLY by an eligible organization that filed Form 5768)

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

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	
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) 2003	(b) 2002	(c) 2001	(d) 2000	
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 12 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

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?**a** Transfers from the reporting organization to a noncharitable exempt organization of

(i) Cash

(ii) Other assets

b Other transactions

(i) Sales or exchanges of assets with a noncharitable exempt organization

(ii) Purchases of assets from a noncharitable exempt organization

(iii) Rental of facilities, equipment, or other assets

(iv) Reimbursement arrangements

(v) Loans or loan guarantees

(vi) Performance of services or membership or fundraising solicitations

c Sharing of facilities, equipment, mailing lists, other assets, or paid employees**d** If the answer to any of the above is "Yes," complete the following schedule. Column (b) should always show the fair market value of the goods, other assets, or services given by the reporting organization. If the organization received less than fair market value in any transaction or sharing arrangement, show in column (d) the value of the goods, other assets, or services received.

	Yes	No
51a(i)		X
a(ii)		X
b(i)		X
b(ii)		X
b(iii)		X
b(iv)		X
b(v)		X
b(vi)		X
c		X

N/A

(a) Line no	(b) Amount involved	(c) Name of noncharitable exempt organization	(d) Description of transfers, transactions, and sharing arrangements

52 a 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.

N/A

(a) Name of organization	(b) Type of organization	(c) Description of relationship

FORM 990	SPECIAL EVENTS AND ACTIVITIES	STATEMENT	1
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DESCRIPTION OF EVENT	GROSS RECEIPTS	CONTRIBUT. INCLUDED	GROSS REVENUE	DIRECT EXPENSES	NET INCOME
	260,843.		260,843.	85,853.	174,990.
TO FM 990, PART I, LINE 9	<u>260,843.</u>		<u>260,843.</u>	<u>85,853.</u>	<u>174,990.</u>

FORM 990	OTHER CHANGES IN NET ASSETS OR FUND BALANCES	STATEMENT	2
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DESCRIPTION	AMOUNT
RESTATEMENT OF FUND BALANCE DUE TO AUDIT	<21,445.>
TOTAL TO FORM 990, PART I, LINE 20	<u><21,445.></u>

FORM 990	OTHER EXPENSES	STATEMENT	3
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DESCRIPTION	(A) TOTAL	(B) PROGRAM SERVICES	(C) MANAGEMENT AND GENERAL	(D) FUNDRAISING
CONTRACT FEES NETWORK	9,034.	4,156.	2,168.	2,710.
ADMINISTRATION	9,705.	4,464.	2,329.	2,912.
DUES & SUBSCRIPTIONS	6,429.	2,957.	1,543.	1,929.
MISCELLANEOUS FEES	8,713.	4,008.	2,090.	2,615.
TAXES & LICENSES	426.	196.	102.	128.
RESEARCH/EDUCATION	680.	313.	163.	204.
INSURANCE	7,266.	3,342.	1,744.	2,180.
MEALS & ENTERTAINMENT	10,154.	4,671.	2,437.	3,046.
AUTO EXPENSE	3,580.	1,647.	859.	1,074.
NEWSLETTER	19,144.	8,806.	4,595.	5,743.
BOARD RETREAT	1,594.	733.	383.	478.
EVENTS	6,859.	3,155.	1,646.	2,058.
TOTAL TO FM 990, LN 43	<u>1,133.</u>	<u>521.</u>	<u>272.</u>	<u>340.</u>
	<u>84,717.</u>	<u>38,969.</u>	<u>20,331.</u>	<u>25,417.</u>

FORM 990 STATEMENT OF ORGANIZATION'S PRIMARY EXEMPT PURPOSE STATEMENT 4
PART III

EXPLANATION

THE ORGANIZATION IS A NON-PROFIT RESEARCH & EDUCATIONAL ORGANIZATION

FORM 990 DEPRECIATION OF ASSETS NOT HELD FOR INVESTMENT STATEMENT 5

DESCRIPTION	COST OR OTHER BASIS	ACCUMULATED DEPRECIATION	BOOK VALUE
COMPUTER STAND	247.	247.	0.
BOOKSHELVES	819.	819.	0.
PAINTING	1,000.	1,000.	0.
DESK	756.	756.	0.
FILE CABINET	346.	327.	19.
FILE CABINET	270.	186.	84.
FILE CABINET	332.	187.	145.
PAPER FOLDER	312.	312.	0.
PLASTIC SPINE BINDING MACHINE	418.	405.	13.
COLLATOR	864.	836.	28.
FASTBACK BINDING MACHINE	2,836.	2,743.	93.
LASER PRINTER	389.	389.	0.
COMPUTER NETWORK	2,337.	2,337.	0.
LAPTOP COMPUTER	1,523.	1,523.	0.
DOCKING STATION	450.	450.	0.
LASERJET PRINTER	486.	486.	0.
COMPUTER NETWORK SERVER	2,325.	2,325.	0.
LASERJET PRINTER	363.	363.	0.
LAPTOP COMPUTER	1,016.	1,016.	0.
REFRIGERATOR	421.	421.	0.
LASERJET PRINTER	270.	270.	0.
FAX MACHINE	1,506.	1,506.	0.
LEASED COPIER	22,437.	17,629.	4,808.
PAPER FOLDER	540.	419.	121.
DELL	304.	272.	32.
PAPER COLLATOR	2,700.	2,064.	636.
COMPUTER	3,215.	3,030.	185.
HP 3360 DESKTOP COMPUTER	594.	553.	41.
2 COMPAQ COMPUTERS	1,266.	1,188.	78.
TELEPHONE HEADSET	338.	317.	21.
COMPUTER	1,157.	1,078.	79.
SCANNER	411.	383.	28.
CSS COMPUTER	594.	553.	41.
NETWORK	8,133.	7,577.	556.
CD PUBLISHING MACHINE	5,495.	5,119.	376.
RISO GRAPCO DUPLICATOR	17,710.	13,264.	4,446.
SOFTWARE	1,968.	1,968.	0.

CD BURNER	730.	604.	126.
3 COLOR MONITORS	477.	395.	82.
WIRELESS ACCESS POINT	686.	568.	118.
2 TOSHIBA SATELLITE COMPUTERS	1,798.	1,487.	311.
TELEPHONES	770.	637.	133.
COMPOSER, PRINTER	2,946.	2,437.	509.
POWIS PARKER P-31 PRINTER	2,118.	1,752.	366.
SONY AV SELECTOR	333.	275.	58.
COMPUTER, INTEL P3	944.	781.	163.
HP 4100 LASERJET PRINTER	1,571.	1,299.	272.
POWERMAC COMPUTER W/ MONITOR	2,099.	1,736.	363.
1500 LASERJET PRINTER	900.	745.	155.
SOFTWARE	762.	762.	0.
SOFTWARE	839.	839.	0.
AUTO DUPLEX ATTACHMENT	414.	343.	71.
PRINTER RAM & FUSER	921.	762.	159.
SOFTWARE	1,774.	1,774.	0.
TELEX COPYETTE	1,430.	1,183.	247.
SOFTWARE	1,182.	1,182.	0.
SOFTWARE	517.	517.	0.
SOFTWARE	1,800.	1,450.	350.
SOFTWARE	1,175.	1,175.	0.
PRINTER CD SOLUTIONS	239.	198.	41.
PALM III XE ORGANIZER	529.	438.	91.
SOFTWARE	796.	796.	0.
SOFTWARE	1,095.	1,095.	0.
SOFTWARE	1,287.	1,251.	36.
SOFTWARE	751.	688.	63.
SOFTWARE	1,037.	807.	230.
2003 FORD EXPLORER	28,479.	11,961.	16,518.
ADD. PURCH. PRICE OF ASSET #70	1,000.	310.	690.
CONFERENCE TABLE AND CHAIRS	2,012.	1,150.	862.
OFFICE CHAIRS	728.	416.	312.
RENOVATION	6,877.	3,930.	2,947.
TOTAL TO FORM 990, PART IV, LN 57	157,164.	120,061.	37,103.

FORM 990	OTHER LIABILITIES	STATEMENT	6
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DESCRIPTION	AMOUNT
NOTES PAYABLE	22,783.
CAPITAL LEASE OBLIGATION	3,603.
TOTAL TO FORM 990, PART IV, LINE 65, COLUMN B	26,386.

FORM 990	OTHER REVENUE NOT INCLUDED ON FORM 990	STATEMENT	7
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DESCRIPTION	AMOUNT
DIRECT EXPENSES FROM SPECIAL EVENTS	85,853.
TOTAL TO FORM 990, PART IV-A	85,853.

FORM 990	OTHER EXPENSES NOT INCLUDED ON FORM 990	STATEMENT	8
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DESCRIPTION	AMOUNT
DIRECT EXPENSES FROM SPECIAL EVENTS	85,853.
TOTAL TO FORM 990, PART IV-B	85,853.

SCHEDULE A	STATEMENT REGARDING ACTIVITIES WITH SUBSTANTIAL CONTRIBUTORS, TRUSTEES, DIRECTORS, CREATORS, KEY EMPLOYEES, ETC, . PART III, LINE 2	STATEMENT	9
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THE ORGANIZATION LEASES OFFICE SPACE FROM A BOARD MEMBER. THE SPACE IS COMPARABLE WITH OTHER OFFICE SPACE IN THE AREA AND COMPARABLES WERE OBTAINED TO ENSURE THAT THE TRANSACTION WAS WITHIN AN ARMS LENGTH.

Depreciation and Amortization 990
(Including Information on Listed Property)

▶ See separate instructions. ▶ Attach to your tax return.

Name(s) shown on return

Business or activity to which this form relates

Identifying number

ALABAMA POLICY INSTITUTE, INC.

FORM 990 PAGE 2

63-0809568

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	100,000.
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	400,000.
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 the amount from line 29	7	
8 Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7	8	
9 Tentative deduction. Enter the smaller of line 5 or line 8	9	
10 Carryover of disallowed deduction from line 13 of your 2002 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 2004. 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	4,809.
15 Property subject to section 168(f)(1) election (see instructions)	15	
16 Other depreciation (including ACRS) (see instructions)	16	5,845.

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 2003	17	19,597.
18 If you are electing under section 168(i)(4) to group any assets placed in service during the tax year into one or more general asset accounts, check here	<input type="checkbox"/>	

Section B - Assets Placed in Service During 2003 Tax Year Using the General Depreciation System

(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only - see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
19a 3-year property						
b 5-year property						
c 7-year property		4,808.	7 YRS.	HY	200DB	687.
d 10-year property						
e 15-year property						
f 20-year property						
g 25-year property			25 yrs.		S/L	
h Residential rental property	/		27.5 yrs.	MM	S/L	
	/		27.5 yrs.	MM	S/L	
i Nonresidential real property	/		39 yrs.	MM	S/L	
	/			MM	S/L	

Section C - Assets Placed in Service During 2003 Tax Year Using the Alternative Depreciation System

20a Class life	(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
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	
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	30,938.
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	