

Form **990**

**Return of Organization Exempt From Income Tax**

OMB No 1545-0047

**2002**

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 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

Please use IRS label or print or type See Specific Instructions

**C** Name of organization  
**AMERICAN EDUCATION REFORM COUNCIL, INC.**

Number and street (or P O box if mail is not delivered to street address) Room/suite  
**2025 NORTH SUMMIT AVENUE 103**

City or town, state or country, and ZIP + 4  
**MILWAUKEE, WI 53202**

**D** Employer identification number  
**52-2111508**

**E** Telephone number  
**414-319-9160**

**F** Accounting method  Cash  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  
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 Enter 4-digit GEN ▶

**G** Web site ▶

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

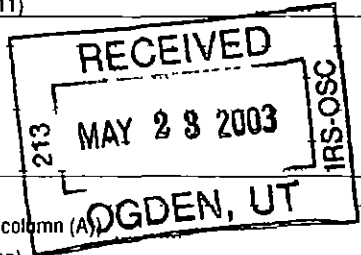
**K** Check here  if the organization's gross receipts are normally not more than \$25,000. The organization need not file a return with the IRS, but if the organization received a Form 990 Package in the mail, it should file a return without financial data. Some states require a complete return.

**L** Gross receipts Add lines 6b, 8b, 9b, and 10b to line 12 ▶ **2,131,683.**

**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	1,872,972.			
	b	Indirect public support	1b				
	c	Government contributions (grants)	1c				
	d	Total (add lines 1a through 1c) (cash \$ 1,872,972. noncash \$ )	1d		1,872,972.		
	2	Program service revenue including government fees and contracts (from Part VII line 93)	2		248,517.		
	3	Membership dues and assessments	3				
	4	Interest on savings and temporary cash investments	4		10,737.		
	5	Dividends and interest from securities	5				
	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	<543.>	8a	(B) Other	
	b	Less cost or other basis and sales expenses	8b				
	c	Gain or (loss) (attach schedule)	8c	<543.>			
	d	Net gain or (loss) (combine line 8c columns (A) and (B))	8d	STMT 1		<543.>	
	9	Special events and activities (attach schedule)					
	a	Gross revenue (not including \$ 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					
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		2,131,683.			
13	Program services (from line 44, column (B))	13		1,899,055.			
14	Management and general (from line 44, column (C))	14		80,613.			
15	Fundraising (from line 44, column (D))	15		41,090.			
16	Payments to affiliates (attach schedule)	16					
17	Total expenses (add lines 16 and 44, column (A))	17		2,020,758.			
18	Excess or (deficit) for the year (subtract line 17 from line 12)	18		110,925.			
19	Net assets or fund balances at beginning of year (from line 73, column (A))	19		1,597,837.			
20	Other changes in net assets or fund balances (attach explanation)	20		0.			
21	Net assets or fund balances at end of year (combine lines 18, 19, and 20)	21		1,708,762.			



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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 \$ 64,350. noncash \$	64,350.	64,350.	STATEMENT 2	
23	Specific assistance to individuals (attach schedule)				
24	Benefits paid to or for members (attach schedule)				
25	Compensation of officers directors, etc	165,038.	150,441.	10,397.	4,200.
26	Other salaries and wages	628,468.	556,697.	39,594.	32,177.
27	Pension plan contributions				
28	Other employee benefits	89,198.	83,579.	5,619.	
29	Payroll taxes	53,447.	47,170.	3,367.	2,910.
30	Professional fundraising fees				
31	Accounting fees	12,678.		12,678.	
32	Legal fees	901.		901.	
33	Supplies	25,842.	23,289.	1,628.	925.
34	Telephone	13,114.	12,288.	826.	
35	Postage and shipping	8,129.	7,807.		322.
36	Occupancy	27,395.	25,669.	1,726.	
37	Equipment rental and maintenance	7,698.	7,213.	485.	
38	Printing and publications	19,528.	19,528.		
39	Travel	24,920.	24,364.		556.
40	Conferences, conventions, and meetings	896.	896.		
41	Interest				
42	Depreciation, depletion, etc (attach schedule)	2,776.	2,601.	175.	
43	Other expenses not covered above (itemize)				
a	CONTRACTED SERVICES	13,901.	13,025.	876.	
b	INSURANCE	1,972.		1,972.	
c	WEB SITE	401.	401.		
d	PROJECT EXPENSE	854,254.	854,254.		
e	MISCELLANEOUS	5,852.	5,483.	369.	
44	Total functional expenses (add lines 22 through 43) Organizations completing columns (B)-(D) carry these totals to lines 13-15	2,020,758.	1,899,055.	80,613.	41,090.

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?	Program Service Expenses (Required for 501(c)(3) and (4) orgs and 4947(a)(1) trusts but optional for others)
RESEARCH AND EDUCATE THE PUBLIC ON SCHOOL CHOICE	
a BUILD AWARENESS OF SCHOOL CHOICE	
(Grants and allocations \$ 64,350.)	1,899,055.
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)	1,899,055.

**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	627,998.	45	
	46 Savings and temporary cash investments	54,340.	46	
	47 a Accounts receivable		47a	
	b Less allowance for doubtful accounts		47b	
	47 c		47c	
	48 a Pledges receivable	1,047,016.	48a	
	b Less allowance for doubtful accounts		48b	
	48 c	151,000.	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	
	51 c		51c	
	52 Inventories for sale or use		52	
	53 Prepaid expenses and deferred charges	10,803.	53	
54 Investments - securities		54		
55 a Investments - land, buildings, and equipment basis		55a		
b Less accumulated depreciation		55b		
55 c		55c		
56 Investments - other	SEE STATEMENT 3	10,098.	56	
57 a Land, buildings and equipment basis	19,468.	57a		
b Less accumulated depreciation	16,144.	57b		
57 c	3,200.	57c		
58 Other assets (describe )	SEE STATEMENT 4	873,969.	58	
58 c		9,290.	58c	
59 Total assets (add lines 45 through 58) (must equal line 74)	1,731,408.	59	1,764,423.	
Liabilities	60 Accounts payable and accrued expenses	103,234.	60	
	61 Grants payable		61	
	62 Deferred revenue	30,337.	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 )		65	
66 Total liabilities (add lines 60 through 65)	133,571.	66	55,661.	
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	775,087.	67	
	68 Temporarily restricted	822,750.	68	
	69 Permanently restricted		69	
	Organizations that do not follow SFAS 117, check here <input type="checkbox"/> and complete lines 70 through 74			
	70 Capital stock trust principal, or current funds		70	
	71 Paid-in or capital surplus, or land, building, and equipment fund		71	
	72 Retained earnings, endowment, accumulated income, or other funds		72	
	73 Total net assets or fund balances (add lines 67 through 69 or lines 70 through 72, column (A) must equal line 19, column (B) must equal line 21)	1,597,837.	73	1,708,762.
	74 Total liabilities and net assets / fund balances (add lines 66 and 73)	1,731,408.	74	1,764,423.

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		Yes	No
76	Did the organization engage in any activity not previously reported to the IRS? If "Yes," attach a detailed description of each activity		X
77	Were any changes made in the organizing or governing documents but not reported to the IRS? If "Yes," attach a conformed copy of the changes		X
78 a	Did the organization have unrelated business gross income of \$1,000 or more during the year covered by this return?		X
b	If "Yes," has it filed a tax return on Form 990-T for this year? <span style="float:right">N/A</span>		
79	Was there a liquidation, dissolution, termination, or substantial contraction during the year? If "Yes," attach a statement		X
80 a	Is the organization related (other than by association with a statewide or nationwide organization) through common membership, governing bodies, trustees, officers, etc., to any other exempt or nonexempt organization?	X	
b	If "Yes," enter the name of the organization <b>AMERICAN EDUCATION REFORM FOUNDATION</b> and check whether it is <input checked="" type="checkbox"/> exempt or <input type="checkbox"/> nonexempt		
81 a	Enter direct or indirect political expenditures See line 81 instructions <span style="float:right">81a 0.</span>		
b	Did the organization file Form 1120-POL for this year?		X
82 a	Did the organization receive donated services or the use of materials, equipment, or facilities at no charge or at substantially less than fair rental value?		X
b	If "Yes," you may indicate the value of these items here Do not include this amount as revenue in Part I or as an expense in Part II (See instructions in Part III) <span style="float:right">82b N/A</span>		
83 a	Did the organization comply with the public inspection requirements for returns and exemption applications?	X	
b	Did the organization comply with the disclosure requirements relating to quid pro quo contributions?	X	
84 a	Did the organization solicit any contributions or gifts that were not tax deductible?		X
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible? <span style="float:right">N/A</span>		
85	<b>501(c)(4), (5), or (6) organizations</b> a Were substantially all dues nondeductible by members? <span style="float:right">N/A</span>		
b	Did the organization make only in-house lobbying expenditures of \$2,000 or less? <span style="float:right">N/A</span> If "Yes" was answered to either 85a or 85b, do not complete 85c through 85h below unless the organization received a waiver for proxy tax owed for the prior year		
c	Dues, assessments, and similar amounts from members <span style="float:right">85c N/A</span>		
d	Section 162(e) lobbying and political expenditures <span style="float:right">85d N/A</span>		
e	Aggregate nondeductible amount of section 6033(e)(1)(A) dues notices <span style="float:right">85e N/A</span>		
f	Taxable amount of lobbying and political expenditures (line 85d less 85e) <span style="float:right">85f N/A</span>		
g	Does the organization elect to pay the section 6033(e) tax on the amount on line 85f? <span style="float:right">N/A</span>		
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? <span style="float:right">N/A</span>		
86	<b>501(c)(7) organizations</b> Enter a Initiation fees and capital contributions included on line 12 <span style="float:right">86a N/A</span>		
b	Gross receipts, included on line 12, for public use of club facilities <span style="float:right">86b N/A</span>		
87	<b>501(c)(12) organizations</b> Enter a Gross income from members or shareholders <span style="float:right">87a N/A</span>		
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them) <span style="float:right">87b N/A</span>		
88	At any time during the year, did the organization own a 50% or greater interest in a taxable corporation or partnership, or an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? If "Yes," complete Part IX		X
89 a	<b>501(c)(3) organizations</b> Enter Amount of tax imposed on the organization during the year under section 4911 <span style="float:right">0.</span> , section 4912 <span style="float:right">0.</span> , section 4955 <span style="float:right">0.</span>		
b	<b>501(c)(3) and 501(c)(4) organizations</b> Did the organization engage in any section 4958 excess benefit transaction during the year or did it become aware of an excess benefit transaction from a prior year? If "Yes," attach a statement explaining each transaction		X
c	Enter Amount of tax imposed on the organization managers or disqualified persons during the year under sections 4912, 4955, and 4958 <span style="float:right">0.</span>		
d	Enter Amount of tax on line 89c, above, reimbursed by the organization <span style="float:right">0.</span>		
90 a	List the states with which a copy of this return is filed <b>WISCONSIN</b>		
b	Number of employees employed in the pay period that includes March 12, 2002 <span style="float:right">90b 14</span>		
91	The books are in care of <b>SUSAN MITCHELL</b> Telephone no <b>414-319-9160</b>		
Located at <b>2025 N. SUMMIT AVE, SUITE 103, MILWAUKEE, WI</b> ZIP + 4 <b>53202</b>			
92	Section 4947(a)(1) nonexempt charitable trusts filing Form 990 in lieu of Form 1041- Check here <input type="checkbox"/> and enter the amount of tax-exempt interest received or accrued during the tax year <span style="float:right">92 N/A</span>		

**Part VII Analysis of Income-Producing Activities** (See page 31 of the instructions)

	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	
<b>93</b> Program service revenue					
<b>a</b> MARQUETTE PRJCT REVENUE					223,517.
<b>b</b> UW CONTRACT REVENUE					25,000.
<b>c</b>					
<b>d</b>					
<b>e</b>					
<b>f</b> Medicare/Medicaid payments					
<b>g</b> Fees and contracts from government agencies					
<b>94</b> Membership dues and assessments					
<b>95</b> Interest on savings and temporary cash investments			14	10,737.	
<b>96</b> Dividends and interest from securities					
<b>97</b> Net rental income or (loss) from real estate					
<b>a</b> debt-financed property					
<b>b</b> not debt-financed property					
<b>98</b> Net rental income or (loss) from personal property					
<b>99</b> Other investment income					
<b>100</b> Gain or (loss) from sales of assets other than inventory			18	<543.>	
<b>101</b> Net income or (loss) from special events					
<b>102</b> Gross profit or (loss) from sales of inventory					
<b>103</b> Other revenue					
<b>a</b>					
<b>b</b>					
<b>c</b>					
<b>d</b>					
<b>e</b>					
<b>104</b> Subtotal (add columns (B), (D), and (E))		0.		10,194.	248,517.
<b>105</b> Total (add line 104, columns (B), (D) and (E))					258,711.

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)
6	SEE STATEMENT 6

**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 33 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 709 and Form 4720 (see instructions)

Please Sign Here: *[Signature]* Date: 5/14/03 Type or print name and title: SUSAN MITCHELL PRESIDENT

Preparer's signature: *[Signature]* Date: 5-12-03 Check if self-employed:  Preparer's SSN or PTIN: P00048166

Firm's name (or yours if self-employed) address, and ZIP + 4: GRANT THORNTON LLP, 100 E. WISCONSIN AVE, MILWAUKEE, WI 53202

EIN: Phone no: (414) 289-8200

**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

AMERICAN EDUCATION REFORM COUNCIL, INC.

Employer identification number

52 2111508

**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
JAMES BLEW ----- VALENCIA, CA	PROJECT DIR. 40	116,496.	0.	0.
MICHELE ZSCHAU ----- GOLD RIVER, CA	PROJECT DIR. 40	78,174.	0.	0.
SHARON SCHMELING ----- JEFFERSON, WI	RESEARCH ASSC 40	65,033.	0.	0.
MICHAEL CAIRE ----- BOWIE, MARYLAND	PROJECT DIR. 40	59,054.	0.	0.
SHERRY STREET ----- MILWAUKEE, WI	PROJECT DIR. 40	51,125.	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
THE ANDERSON GROUP ----- BOWIE, MD	CONSULTING	90,492.
VERSANT ----- MILWAUKEE, WI	MARKETING	160,330.
WINTON DUPONT FILMS ----- SAN FRANCISCO, CA	FILM PRODUCTION	268,408.
----- ----- -----		
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 8 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)		X
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)? SEE FORM 990, PART V	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 (See pages 3 through 5 of the instructions)

**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.)	3,445,431.	1,884,158.	894,380.	1,429,000.	7,652,969.
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	245,214.	58,449.			303,663.
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	9,839.	7,081.	5,435.	1,933.	24,288.
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.		858.	SEE STATEMENT 7		858.
23 Total of lines 15 through 22	3,700,484.	1,950,546.	899,815.	1,430,933.	7,981,778.
24 Line 23 minus line 17	3,455,270.	1,892,097.	899,815.	1,430,933.	7,678,115.
25 Enter 1% of line 23	37,005.	19,505.	8,998.	14,309.	
26 Organizations described on lines 10 or 11	a Enter 2% of amount in column (e), line 24				26a 153,562.
	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 4,164,576.
	c Total support for section 509(a)(1) test. Enter line 24, column (e).				26c 7,678,115.
	d Add Amounts from column (e) for lines 18	24,288.	19		
	22	858.	26b	4,164,576.	26d 4,189,722.
	e Public support (line 26c minus line 26d total)				26e 3,488,393.
	f Public support percentage (line 26e (numerator) divided by line 26c (denominator))				26f 45.4329%
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 (a) 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).				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.)		
<hr/>			
<hr/>			
<hr/>			
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.)		
<hr/>			
<hr/>			
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.)		
<hr/>			
<hr/>			
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) 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

		(a) Affiliated group totals	(b) To be completed for ALL electing organizations
<b>Limits on Lobbying Expenditures</b> (The term "expenditures" means amounts paid or incurred)			
		N/A	
<b>36</b> Total lobbying expenditures to influence public opinion (grassroots lobbying)	<b>36</b>		
<b>37</b> Total lobbying expenditures to influence a legislative body (direct lobbying)	<b>37</b>		
<b>38</b> Total lobbying expenditures (add lines 36 and 37)	<b>38</b>		
<b>39</b> Other exempt purpose expenditures	<b>39</b>		
<b>40</b> Total exempt purpose expenditures (add lines 38 and 39)	<b>40</b>		
<b>41</b> 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		
<b>42</b> Grassroots nontaxable amount (enter 25% of line 41)	<b>42</b>		
<b>43</b> Subtract line 42 from line 36 Enter -0- if line 42 is more than line 36	<b>43</b>		
<b>44</b> Subtract line 41 from line 38 Enter -0- if line 41 is more than line 38	<b>44</b>		

**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
	(a) 2002	(b) 2001	(c) 2000	(d) 1999	(e) Total
<b>45</b> Lobbying nontaxable amount					0.
<b>46</b> Lobbying ceiling amount (150% of line 45(e))					0.
<b>47</b> Total lobbying expenditures					0.
<b>48</b> Grassroots nontaxable amount					0.
<b>49</b> Grassroots ceiling amount (150% of line 48(e))					0.
<b>50</b> 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 )

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
	X	
	X	
	X	
	X	
	X	
	X	
	X	
	X	
		0.

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



FORM 990 GAIN (LOSS) FROM PUBLICLY TRADED SECURITIES STATEMENT 1

DESCRIPTION	GROSS SALES PRICE	COST OR OTHER BASIS	EXPENSE OF SALE	NET GAIN OR (LOSS)
SEE ATTACHMENT	<543.>	0.	0.	<543.>
TO FORM 990, PART I, LINE 8	<543.>	0.	0.	<543.>

FORM 990 CASH GRANTS AND ALLOCATIONS STATEMENT 2

CLASSIFICATION	DONEE'S NAME	DONEE'S ADDRESS	DONEE'S RELATIONSHIP	AMOUNT
SEE ATTACHMENT			NONE	64,350.
TOTAL INCLUDED ON FORM 990, PART II, LINE 22				64,350.

FORM 990 OTHER INVESTMENTS STATEMENT 3

DESCRIPTION	VALUATION METHOD	AMOUNT
INVESTMENTS	COST	0.
TOTAL TO FORM 990, PART IV, LINE 56, COLUMN B		0.

FORM 990 OTHER ASSETS STATEMENT 4

DESCRIPTION	AMOUNT	
DUE FROM AERF	6,807.	
OTHER RECEIVABLE	2,483.	
TOTAL TO FORM 990, PART IV, LINE 58, COLUMN B		9,290.

FORM 990 PART V - OFFICER COMPENSATION FROM RELATED ORGANIZATIONS STATEMENT 5

OFFICER'S NAME	NAME OF RELATED ORGANIZATION	COMPEN-SATION	EMPLOYEE BEN PLAN CONTRIB	EXPENSE ACCOUNT
SUSAN MITCHELL	AMERICAN EDUCATION REFORM FOUNDATION	12,760.	0.	0.

FORM 990 PART VIII - RELATIONSHIP OF ACTIVITIES TO ACCOMPLISHMENT OF EXEMPT PURPOSES STATEMENT 6

LINE	EXPLANATION OF RELATIONSHIP OF ACTIVITIES
93A	REVENUE RELATES TO A CONTRACT WITH MARQUETTE UNIVERSITY'S INSTITUTE FOR THE TRANSFORMATION OF LEARNING TO PERFORM VARIOUS WORK AND RESEARCH ON THE SCHOOL CHOICE PROGRAM
93B	MISCELLANEOUS INCOME EARNED IN FURTHERANCE OF THE ORGANIZATION'S EXEMPT PURPOSE.

SCHEDULE A OTHER INCOME STATEMENT 7

DESCRIPTION	2001 AMOUNT	2000 AMOUNT	1999 AMOUNT	1998 AMOUNT
OTHER INCOME	0.	858.	0.	0.
TOTAL TO SCHEDULE A, LINE 22	0.	858.	0.	0.

ATTACHMENT TO STATEMENT 1

SUPPLEMENTARY STATEMENT

AMERICAN EDUCATION REFORM COUNCIL  
FOR THE YEAR ENDED 12/31/02

EIN 52-2111508

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STATEMENT Form 990, Part I, Line 8

Detail available in taxpayer's file

Amount  
(543)

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ATTACHMENT TO STATEMENT 2

SUPPLEMENTARY STATEMENT

AMERICAN EDUCATION REFORM COUNCIL  
FOR THE YEAR ENDED 12/31/02

EIN 52-2111508

<u>NAME</u>	<u>LOCATION</u>	<u>PURPOSE</u>	<u>AMOUNT</u>
Clara Mohammad School	Milwaukee, WI	Education	\$5,000
The Institute for Justice	Washington, DC	Amicus Bnef	\$3,750
Black Alliance for Educational Options	Washington, DC	Symposium	\$50,000
WI Council of Religious & Independent Schls	Madison, WI	Education	\$1,000
Honorarium Expense			\$4,600
<b>TOTAL GRANTS</b>			<b><u><u>\$64,350</u></u></b>



# AMERICAN EDUCATION REFORM COUNCIL

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January, 2003

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Mill Valley, CA 94941

**Betsy DeVos**

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**John Walton**

970 W Broadway  
PMB 496  
Jackson Hole, WY 83001

SUPPLEMENTARY STATEMENTS

AMERICAN EDUCATION REFORM COUNCIL

EIN

52-2111508

FORM 990 - DEPRECIABLE ASSETS

	Line 57a Land, Building, Etc Basis	Line 57b Accumulated Depreciation
Beginning Balance	16,568	13,368
Additions	2,900	
Retirements		
Transfers/Other		2,776
Total Depreciation Expense		
Depr Exp -Program Services		
Depr Exp -M &G		
Depr Exp -Fundraising		
Ending Balance	19,468	16,144