

Return of Organization Exempt From Income Tax

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)

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

Open to Public Inspection

A For the 2003 calendar year, or tax year beginning and ending

B Check if applicable: Address change, Name change, Initial return, Final return, Amended return, Application pending. C Name of organization: AMERICAN EDUCATION REFORM COUNCIL, INC. D Employer identification number: 52-2111508. E Telephone number: 414-319-9160. F Accounting method: Cash, Accrual.

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.

G Website: N/A. H(a) Is this a group return for affiliates? Yes, No. H(b) If "Yes," enter number of affiliates.

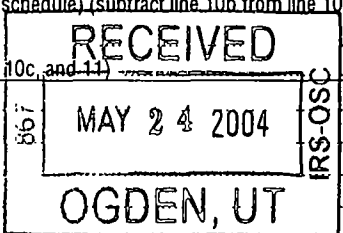
J Organization type: 501(c)(3). H(c) Are all affiliates included? N/A. H(d) Is this a separate return filed by an organization covered by a group ruling?

K Check here if the organization's gross receipts are normally not more than \$25,000. I Group Exemption Number.

L Gross receipts Add lines 6b, 8b, 9b, and 10b to line 12: 1,816,449. 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

Table with 21 rows. Revenue section (lines 1-12) and Expenses section (lines 13-17). Total revenue: 1,816,449. Total expenses: 2,729,879. Net assets at end of year: 795,332.



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Part II Statement of Functional Expenses

All organizations must complete column (A) Columns (B), (C), and (D) are required for section 501(c)(3) and (4) organizations and section 4947(a)(1) nonexempt charitable trusts but optional for others

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 \$ 1,007,600. noncash \$	1,007,600.	1,007,600.	STATEMENT 4	
23	Specific assistance to individuals (attach schedule)				
24	Benefits paid to or for members (attach schedule)				
25	Compensation of officers, directors, etc	161,351.	146,874.	10,585.	3,892.
26	Other salaries and wages	567,237.	478,825.	37,211.	51,201.
27	Pension plan contributions				
28	Other employee benefits	86,054.	80,409.	5,645.	
29	Payroll taxes	55,212.	47,375.	3,622.	4,215.
30	Professional fundraising fees				
31	Accounting fees	12,957.		12,957.	
32	Legal fees	48,097.		48,097.	
33	Supplies	12,787.	10,998.	839.	950.
34	Telephone	24,935.	22,302.	1,636.	997.
35	Postage and shipping	7,844.	7,509.		335.
36	Occupancy	52,716.	49,258.	3,458.	
37	Equipment rental and maintenance	6,969.	6,512.	457.	
38	Printing and publications	5,229.	5,229.		
39	Travel	61,441.	53,264.		8,177.
40	Conferences, conventions, and meetings	2,827.	2,827.		
41	Interest				
42	Depreciation, depletion, etc (attach schedule)	1,886.	1,762.	124.	
43	Other expenses not covered above (itemize)				
a					
b					
c					
d					
e	SEE STATEMENT 3	614,737.	610,137.	4,600.	
44	Total functional expenses (add lines 22 through 43) Organizations completing columns (B)-(D), carry these totals to lines 13-15	2,729,879.	2,530,881.	129,231.	69,767.

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?

RESEARCH AND EDUCATE THE PUBLIC ON SCHOOL CHOICE

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	BUILD AWARENESS OF SCHOOL CHOICE	(Grants and allocations \$ 1,007,600.)	2,530,881.
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)		2,530,881.

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		45	
	46 Savings and temporary cash investments	687,106.	46	1,506,228.
	47 a Accounts receivable	47a		
	b Less allowance for doubtful accounts	47b	47c	
	48 a Pledges receivable	48a 200,000.		
	b Less allowance for doubtful accounts	48b	48c	200,000.
	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	17,687.	53	17,174.
	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	57a 19,468.			
b Less accumulated depreciation	57b 18,030.	57c	1,438.	
58 Other assets (describe <input type="checkbox"/> DUE FROM AERF)	9,290.	58	50,773.	
59 Total assets (add lines 45 through 58) (must equal line 74)	1,764,423.	59	1,775,613.	
Liabilities	60 Accounts payable and accrued expenses	55,661.	60	105,281.
	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 <input type="checkbox"/> SEE STATEMENT 5)		65	875,000.
66 Total liabilities (add lines 60 through 65)	55,661.	66	980,281.	
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	331,746.	67	415,332.
	68 Temporarily restricted	1,377,016.	68	380,000.
	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)	1,708,762.	73	795,332.	
74 Total liabilities and net assets / fund balances (add lines 66 and 73)	1,764,423.	74	1,775,613.	

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	a	1,816,449.
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	0.
c	Line a minus line b	c	1,816,449.
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	0.
e	Total revenue per line 12, Form 990 (line c plus line d)	e	1,816,449.

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

a	Total expenses and losses per audited financial statements	a	2,729,879.
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	0.
c	Line a minus line b	c	2,729,879.
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	0.
e	Total expenses per line 17, Form 990 (line c plus line d)	e	2,729,879.

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
SUSAN MITCHELL MILWAUKEE, WISCONSIN	PRESIDENT			
	35	161,351.	16,813.	0.
SEE ATTACHMENT A FOR LISTING OF BOARD OF DIRECTORS				
		0.	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? If "Yes," attach schedule Yes No **STMT 6**

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	76	X
77	Were any changes made in the organizing or governing documents but not reported to the IRS? If "Yes," attach a conformed copy of the changes	77	X
78 a	Did the organization have unrelated business gross income of \$1,000 or more during the year covered by this return?	78a	X
b	If "Yes," has it filed a tax return on Form 990-T for this year? N/A	78b	
79	Was there a liquidation, dissolution, termination, or substantial contraction during the year? If "Yes," attach a statement	79	X
80 a	Is the organization related (other than by association with a statewide or nationwide organization) through common membership, governing bodies, trustees, officers, etc., to any other exempt or nonexempt organization?	80a	X
b	If "Yes," enter the name of the organization AMERICAN EDUCATION REFORM FOUNDATION 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 81a 0.		
b	Did the organization file Form 1120-POL for this year?	81b	X
82 a	Did the organization receive donated services or the use of materials, equipment, or facilities at no charge or at substantially less than fair rental value?	82a	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) 82b N/A		
83 a	Did the organization comply with the public inspection requirements for returns and exemption applications?	83a	X
b	Did the organization comply with the disclosure requirements relating to quid pro quo contributions?	83b	X
84 a	Did the organization solicit any contributions or gifts that were not tax deductible?	84a	X
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible? N/A	84b	
85	501(c)(4), (5), or (6) organizations. a Were substantially all dues nondeductible by members? N/A	85a	
b	Did the organization make only in-house lobbying expenditures of \$2,000 or less? N/A	85b	
	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 85c N/A		
d	Section 162(e) lobbying and political expenditures 85d N/A		
e	Aggregate nondeductible amount of section 6033(e)(1)(A) dues notices 85e N/A		
f	Taxable amount of lobbying and political expenditures (line 85d less 85e) 85f N/A		
g	Does the organization elect to pay the section 6033(e) tax on the amount on line 85f? N/A	85g	
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? N/A	85h	
86	501(c)(7) organizations. Enter a Initiation fees and capital contributions included on line 12 86a N/A		
b	Gross receipts, included on line 12, for public use of club facilities 86b N/A		
87	501(c)(12) organizations. Enter a Gross income from members or shareholders 87a N/A		
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them) 87b N/A		
88	At any time during the year, did the organization own a 50% or greater interest in a taxable corporation or partnership, or an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? If "Yes," complete Part IX	88	X
89 a	501(c)(3) organizations. Enter Amount of tax imposed on the organization during the year under section 4911 <u>0.</u> , section 4912 <u>0.</u> , section 4955 <u>0.</u>		
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? If "Yes," attach a statement explaining each transaction	89b	X
c	Enter. Amount of tax imposed on the organization managers or disqualified persons during the year under sections 4912, 4955, and 4958 0.		
d	Enter Amount of tax on line 89c, above, reimbursed by the organization 0.		
90 a	List the states with which a copy of this return is filed WISCONSIN		
b	Number of employees employed in the pay period that includes March 12, 2003 90b 10		
91	The books are in care of SUSAN MITCHELL Telephone no 414-319-9160		
Located at 2025 N. SUMMIT AVE, SUITE 103, MILWAUKEE, WI ZIP + 4 53202			
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 92 N/A		

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	2,950.	
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			18	<38.>	
101 Net income or (loss) from special events					
102 Gross profit or (loss) from sales of inventory					
103 Other revenue					
a WASHINGTON POST REFUND					4,114.
b					
c					
d					
e					
104 Subtotal (add columns (B), (D), and (E))		0.		2,912.	4,114.
105 Total (add line 104, columns (B), (D), and (E))					7,026.

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)
▼	SEE STATEMENT 7

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: *Susan Mitchell* Date: 5/17/04 Type or print name and title: SUSAN MITCHELL PRESIDENT

Paid Preparer's Use Only: Preparer's signature: *Ann M. Worth* Date: 5/14/04 Check if self-employed: Preparer's SSN or PTIN:
 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)

Department of the Treasury
Internal Revenue Service

Organization Exempt Under Section 501(c)(3)

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

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

OMB No 1545-0047

2003

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. 34	104,649.	0.	0.
WILLIAM WALSH ----- EVANSTON, IL	DEVELOP DIR. 40	115,003.	0.	0.
SHARON SCHMELING ----- JEFFERSON, WI	RESEARCH ASSC 40	64,777.	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
TODD & CASTELLANOS CREATIVE GROUP ----- ALEXANDRIA, VA	MEDIA	100,000.

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

<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 ▶ \$ _____ \$ _____ (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>	1		X
<p>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 8</p> <p>a Sale, exchange, or leasing of property?</p>	2a	X	
<p>b Lending of money or other extension of credit?</p>	2b		X
<p>c Furnishing of goods, services, or facilities?</p>	2c	X	
<p>d Payment of compensation (or payment or reimbursement of expenses if more than \$1,000)? SEE PART V, FORM 990</p>	2d	X	
<p>e Transfer of any part of its income or assets?</p>	2e		X
<p>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)</p>	3a		X
<p>b Do you have a section 403(b) annuity plan for your employees?</p>	3b		X
<p>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?</p>	4		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)

323111
12-05-03

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)	976,956.	3,445,431.	1,884,158.	894,380.	7,200,925.
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	248,517.	245,214.	58,449.		552,180.
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	10,737.	9,839.	7,081.	5,435.	33,092.
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			SEE STATEMENT 9 858.		858.
23 Total of lines 15 through 22	1,236,210.	3,700,484.	1,950,546.	899,815.	7,787,055.
24 Line 23 minus line 17	987,693.	3,455,270.	1,892,097.	899,815.	7,234,875.
25 Enter 1% of line 23	12,362.	37,005.	19,505.	8,998.	
26 Organizations described on lines 10 or 11: a Enter 2% of amount in column (e), line 24 ▶					26a 144,698.
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 ▶					26b 3,649,364.
c Total support for section 509(a)(1) test Enter line 24, column (e) ▶					26c 7,234,875.
d Add Amounts from column (e) for lines 18 <u>33,092.</u> 19 <u>858.</u> 22 <u>858.</u> 26b <u>3,649,364.</u> ▶					26d 3,683,314.
e Public support (line 26c minus line 26d total) ▶					26e 3,551,561.
f Public support percentage (line 26e (numerator) divided by line 26c (denominator)) ▶					26f 49.0895%
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					
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					
c Add Amounts from column (e) for lines 15 _____ 16 _____ 17 _____ 20 _____ 21 _____ ▶					27c N/A
d Add Line 27a total _____ and line 27b total _____ ▶					27d N/A
e Public support (line 27c total minus line 27d total) ▶					27e N/A
f Total support for section 509(a)(2) test Enter amount on line 23, column (e) ▶					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 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/>			
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/>			
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)

Table with 5 columns: Line number, Description, (a) Affiliated group totals, (b) To be completed for ALL electing organizations. Rows include lines 36-44 for various lobbying expenditure categories and nontaxable amounts.

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)

Table for 4-Year Averaging Period. Columns: Calendar year (or fiscal year beginning in), (a) 2003, (b) 2002, (c) 2001, (d) 2000, (e) Total. Rows include lines 45-50 for lobbying nontaxable amount, ceiling, and total expenditures.

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

- 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.)

Table with 3 columns: Yes, No, Amount. Rows correspond to items a-i, with a total amount of 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** **2**

DESCRIPTION	GROSS SALES PRICE	COST OR OTHER BASIS	EXPENSE OF SALE	NET GAIN OR (LOSS)
SALE OF PUBLICLY TRADED SECURITIES	<38.>	0.	0.	<38.>
TO FORM 990, PART I, LINE 8	<38.>	0.	0.	<38.>

FORM 990 **OTHER EXPENSES** **STATEMENT** **3**

DESCRIPTION	(A) TOTAL	(B) PROGRAM SERVICES	(C) MANAGEMENT AND GENERAL	(D) FUNDRAISING
CONTRACTED SERVICES	38,348.	35,832.	2,516.	
INSURANCE	2,014.		2,014.	
WEB SITE	14,078.	14,078.		
PROJECT EXPENSE	276,707.	276,707.		
MISCELLANEOUS CONTRIBUTION	3,590.	3,520.	70.	
REDIRECTED TO SCW	280,000.	280,000.		
TOTAL TO FM 990, LN 43	614,737.	610,137.	4,600.	

FORM 990 **CASH GRANTS AND ALLOCATIONS** **STATEMENT** **4**

CLASSIFICATION	DONEE'S NAME	DONEE'S ADDRESS	DONEE'S RELATIONSHIP	AMOUNT
EDUCATION	PARTNERSHIP FOR CHOICE IN EDUCATION	ST. PAUL, MN	NONE	30,600.
EDUCATION	CLARA MOHAMMAD SCHOOL	MILWAUKEE, WI	NONE	1,500.
EDUCATION	HOPE CHRISTIAN SCHOOL	MILWAUKEE, WI	NONE	1,500.
AMICUS BRIEF	BLACK ALLIANCE FOR WASHINGTON, DC EDU. OPTIONS		NONE	30,000.
SYMPOSIUM 2004	BLACK ALLIANCE FOR WASHINGTON, DC EDU. OPTIONS		NONE	50,000.

EDUCATION	PARTNERSHIP FOR CHOICE IN EDUCATION	ST. PAUL, MN	NONE	134,000.
RESEARCH	FORDHAM INSTITUTE	WASHINGTON, DC	NONE	10,000.
GENERAL OPERATIONS	SCHOOL CHOICE WISCONSIN	MILWAUKEE, WI	NONE	750,000.
TOTAL INCLUDED ON FORM 990, PART II, LINE 22				<u>1,007,600.</u>

FORM 990	OTHER LIABILITIES	STATEMENT	5
DESCRIPTION		AMOUNT	
CONTRIBUTION PAYABLE TO SCHOOL CHOICE WISCONSIN		875,000.	
TOTAL TO FORM 990, PART IV, LINE 65, COLUMN B		<u>875,000.</u>	

FORM 990	PART V - OFFICER COMPENSATION FROM RELATED ORGANIZATIONS	STATEMENT	6
OFFICER'S NAME	NAME OF RELATED ORGANIZATION	COMPEN-SATION	EMPLOYEE BEN PLAN CONTRIB EXPENSE ACCOUNT
SUSAN MITCHELL	AMERICAN EDUCATION REFORM FOUNDATION	22,404.	2,967. 0.

FORM 990	PART VIII - RELATIONSHIP OF ACTIVITIES TO ACCOMPLISHMENT OF EXEMPT PURPOSES	STATEMENT	7
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	REFUND OF ADVERTISING EXPENSE PRIOR-YEAR OVERPAYMENT RELATED TO THE ORGANIZATION'S PROGRAM SERVICES.		

SCHEDULE A STATEMENT REGARDING ACTIVITIES WITH STATEMENT 8
 SUBSTANTIAL CONTRIBUTORS, TRUSTEES, DIRECTORS,
 CREATORS, KEY EMPLOYEES, ETC, .
 PART III, LINE 2

THE PRESIDENT OF THE COUNCIL IS ALSO THE SPOUSE OF THE OWNER OF THE COMPANY FROM WHICH THE COUNCIL OBTAINS CERTAIN SERVICES. PAYMENTS TO THIS COMPANY FOR EXPENSE REIMBURSEMENTS BY THE COUNCIL AND THE FOUNDATION TOTALED \$4,787 IN 2003. IN ADDITION, THE COMPANY LEASED OFFICE SPACE FROM THE COUNCIL AND THE FOUNDATION.

SCHEDULE A	OTHER INCOME				STATEMENT 9
DESCRIPTION	2002 AMOUNT	2001 AMOUNT	2000 AMOUNT	1999 AMOUNT	
OTHER INCOME	0.	0.	858.	0.	
TOTAL TO SCHEDULE A, LINE 22	0.	0.	858.	0.	

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January, 2003**

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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	19,468	16,144
Additions	-	-
Retirements	-	-
Transfers/Other	-	-
Total Depreciation Expense	-	-
Depr. Exp.-Program Services	-	1,762
Depr. Exp -M&G	-	124
Depr. Exp -Fundraising	-	-
Ending Balance	19,468	18,030