

Return of Organization Exempt From Income Tax

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

Department of the Treasury Internal Revenue Service

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

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

B Check if applicable: C Name of organization: FOUNDATION FOR RESEARCH ON ECONOMICS AND THE ENVIRONMENT; D Employer identification number: 94-3170425; E Telephone number: (406) 585-1776

H and I are not applicable to section 527 organizations; H(a) Is this a group return for affiliates? No; H(b) If "Yes," enter number of affiliates; H(c) Are all affiliates included? N/A; H(d) Is this a separate return filed by an organization covered by a group ruling? No

G Web site WWW.FREE-ECO.ORG; J Organization type (check only one) [X] 501(c)(3) (insert no) 4947(a)(1) or 527

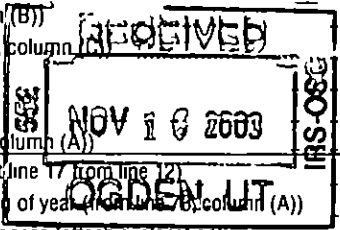
K Check here [] if the organization's gross receipts are normally not more than \$25,000; L Gross receipts Add lines 6b, 8b, 9b, and 10b to line 12 972,762.

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 and 4 columns: Description, Sub-description, Amount, Total. Includes Revenue (Total 972,762), Expenses (Total 806,379), and Net Assets (Total 1,066,959).

SCANNED DEC 0 1 03 Revenue



**FOUNDATION FOR RESEARCH ON ECONOMICS AND
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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

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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 \$ _____ noncash \$ _____				
23	Specific assistance to individuals (attach schedule)				
24	Benefits paid to or for members (attach schedule)				
25	Compensation of officers, directors, etc	140,000.	70,000.	70,000.	0.
26	Other salaries and wages	126,061.	51,998.	47,880.	26,183.
27	Pension plan contributions	25,569.	25,569.		
28	Other employee benefits	22,940.	7,411.	8,462.	7,067.
29	Payroll taxes	20,939.	14,655.	3,143.	3,141.
30	Professional fundraising fees				
31	Accounting fees				
32	Legal fees				
33	Supplies				
34	Telephone				
35	Postage and shipping				
36	Occupancy				
37	Equipment rental and maintenance				
38	Printing and publications				
39	Travel	220,713.	163,435.	24,441.	32,837.
40	Conferences, conventions, and meetings	6,423.	4,510.	1,913.	
41	Interest	1,890.		1,890.	
42	Depreciation, depletion, etc (attach schedule)	29,056.		24,439.	4,617.
43	Other expenses not covered above (itemize)				
a	_____				
b	_____				
c	_____				
d	_____				
e	See Statement 3	212,788.	103,605.	90,151.	19,032.
44	Total functional expenses (add lines 22 through 43) <small>Organizations completing columns (B)-(D) carry these totals to lines 13-15</small>	806,379.	441,183.	272,319.	92,877.

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? **▶**

EDUCATION AND RESEARCH

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	FIVE FEDERAL JUDGES / LAW PROFESSORS CONFERENCES AND SEMINARS	(Grants and allocations \$ 0.)	385,536.
b	ONE ENVIRONMENTAL ENTREPRENEURS SEMINAR	(Grants and allocations \$ 0.)	55,647.
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)	▶	441,183.

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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	30,315.	45	450,549.	
	46	Savings and temporary cash investments	840,764.	46	552,952.	
	47 a	Accounts receivable	15,867.			
		b Less allowance for doubtful accounts		14,336.	47c	15,867.
	48 a	Pledges receivable				
		b Less allowance for doubtful accounts			48c	
	49	Grants receivable			49	
	50	Receivables from officers, directors, trustees, and key employees			50	
	51 a	Other notes and loans receivable				
		b Less allowance for doubtful accounts			51c	
	52	Inventories for sale or use			52	
	53	Prepaid expenses and deferred charges			53	
	54	Investments - securities	▶ <input type="checkbox"/> Cost <input type="checkbox"/> FMV		54	
	55 a	Investments - land, buildings, and equipment: basis				
		b Less accumulated depreciation			55c	
56	Investments - other			56		
57 a	Land, buildings, and equipment: basis	191,679.				
	b Less accumulated depreciation Stmt 4	96,037.	104,973.	57c	95,642.	
58	Other assets (describe ▶ <u>LODGING DEPOSIT</u>)		5,000.	58	13,050.	
59	Total assets (add lines 45 through 58) (must equal line 74)		995,388.	59	1,128,060.	
Liabilities	60	Accounts payable and accrued expenses	27,419.	60	14,416.	
	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		50,189.	64b	44,846.
	65	Other liabilities (describe ▶ <u>RETIREMENT ACCOUNT PAYABLE</u>)		6,009.	65	1,839.
66	Total liabilities (add lines 60 through 65)		83,617.	66	61,101.	
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	231,910.	67	1,066,959.	
	68	Temporarily restricted	679,861.	68	0.	
	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)		911,771.	73	1,066,959.	
74	Total liabilities and net assets / fund balances (add lines 66 and 73)		995,388.	74	1,128,060.	

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.

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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?	78b	X
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 <input type="checkbox"/> and check whether it is <input type="checkbox"/> exempt or <input type="checkbox"/> nonexempt.		
81 a Enter direct or indirect political expenditures See line 81 instructions <input type="checkbox"/> 81a <input type="checkbox"/> 0.	81a	
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) <input type="checkbox"/> 82b <input type="checkbox"/> N/A	82b	
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?	84b	
85 501(c)(4), (5), or (6) organizations a Were substantially all dues nondeductible by members?	85a	
b Did the organization make only in-house lobbying expenditures of \$2,000 or less?	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 <input type="checkbox"/> 85c <input type="checkbox"/> N/A	85c	
d Section 162(e) lobbying and political expenditures <input type="checkbox"/> 85d <input type="checkbox"/> N/A	85d	
e Aggregate nondeductible amount of section 6033(e)(1)(A) dues notices <input type="checkbox"/> 85e <input type="checkbox"/> N/A	85e	
f Taxable amount of lobbying and political expenditures (line 85d less 85e) <input type="checkbox"/> 85f <input type="checkbox"/> N/A	85f	
g Does the organization elect to pay the section 6033(e) tax on the amount on line 85f?	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?	85h	
86 501(c)(7) organizations Enter a Initiation fees and capital contributions included on line 12 <input type="checkbox"/> 86a <input type="checkbox"/> N/A	86a	
b Gross receipts, included on line 12, for public use of club facilities <input type="checkbox"/> 86b <input type="checkbox"/> N/A	86b	
87 501(c)(12) organizations Enter a Gross income from members or shareholders <input type="checkbox"/> 87a <input type="checkbox"/> N/A	87a	
b Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them) <input type="checkbox"/> 87b <input type="checkbox"/> N/A	87b	
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 <input type="checkbox"/> 0., section 4912 <input type="checkbox"/> 0., section 4955 <input type="checkbox"/> 0.		
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 <input type="checkbox"/> 0.		
d Enter Amount of tax on line 89c, above, reimbursed by the organization <input type="checkbox"/> 0.		
90 a List the states with which a copy of this return is filed <input type="checkbox"/> NONE		
b Number of employees employed in the pay period that includes March 12, 2002 <input type="checkbox"/> 90b <input type="checkbox"/> 6	90b	6
91 The books are in care of <input type="checkbox"/> DR. JOHN BADEN Telephone no <input type="checkbox"/> (406) 585-1776		
Located at <input type="checkbox"/> 945 TECHNOLOGY BLVD, BOZEMAN, MT ZIP + 4 <input type="checkbox"/> 59718		
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 <input type="checkbox"/> 92 <input type="checkbox"/> N/A	92	

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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	
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					10,142.
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			01	2,914.	
101 Net income or (loss) from special events					
102 Gross profit or (loss) from sales of inventory					
103 Other revenue					
a MISC PROGRAM REVENUE		3,456.			
b _____					
c _____					
d _____					
e _____					
104 Subtotal (add columns (B), (D), and (E))		3,456.		2,914.	10,142.
105 Total (add line 104, columns (B), (D), and (E))					16,512.

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)
95	INTEREST INCOME

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

- (a) Did the organization, during the year, receive any funds, directly or indirectly, to pay for the organization's expenses?
 - (b) Did the organization, during the year, pay premiums, directly or indirectly, on a personal life insurance policy for an individual?
- Note If "Yes" to (b), file Form 8870 and Form 4720 (see instructions)

Please Sign Here

Under penalty 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: 11-7

Paid Preparer's Use Only

Preparer's signature: *[Signature]*

Firm's name (or your name if self-employed), address and ZIP + 4:
GUZA & NEWBERG PLLP
1934 STADIUM DRIVE, SUITE
BOZEMAN, MT 59718

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

Supplementary Information-(See separate instructions.)

▶ **MUST be completed by the above organizations and attached to their Form 990 or 990-EZ**

Department of the Treasury
Internal Revenue Service

Name of the organization **FOUNDATION FOR RESEARCH ON ECONOMICS AND THE ENVIRONMENT** Employer identification number **94 3170425**

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
DR. JOHN A. BADEN 945 TECHNOLOGY BLVD BOZEMAN, MT 59718	CHAIRMAN 40	140,000.	14,000.	
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	

**FOUNDATION FOR RESEARCH ON ECONOMICS AND
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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 1 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	1	X
2 During the year, has the organization, either directly or indirectly, engaged in any of the following acts with any substantial contributors, trustees, directors, officers, creators, key employees, or members of their families, or with any taxable organization with which any such person is affiliated as an officer, director, trustee, majority owner, or principal beneficiary? (If the answer to any question is "Yes," attach a detailed statement explaining the transactions)		
a Sale, exchange, or leasing of property?	2a	X
b Lending of money or other extension of credit?	2b	X
c Furnishing of goods, services, or facilities?	2c	X
d Payment of compensation (or payment or reimbursement of expenses if more than \$1,000)?	2d	X
e Transfer of any part of its income or assets?	2e	X
3 Does the organization make grants for scholarships, fellowships, student loans, etc ? (See Note below)	3	X
4 Do you have a section 403(b) annuity plan for your employees?	4	X
Note Attach a statement to explain how the organization determines that individuals or organizations receiving grants or loans from it in furtherance of its charitable programs "qualify" to receive payments		

Part IV Reason for Non-Private Foundation Status (See pages 3 through 5 of the instructions)

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

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

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

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

- 14 An organization organized and operated to test for public safety Section 509(a)(4) (See page 5 of the instructions)

**FOUNDATION FOR RESEARCH ON ECONOMICS AND
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Schedule A (Form 990 or 990-EZ) 2002

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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.)	696,822.	984,171.	680,956.	823,210.	3,185,159.
16 Membership fees received					
17 Gross receipts from admissions, merchandise sold or services performed, or furnishing of facilities in any activity that is related to the organization's charitable, etc., purpose					
18 Gross income from interest, dividends, amounts received from payments on securities loans (section 512(a)(5)), rents, royalties, and unrelated business taxable income (less section 511 taxes) from businesses acquired by the organization after June 30, 1975	31,353.	44,814.	19,277.	22,915.	118,359.
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.	11,404.	-4,354.	6,785.	See Statement 6	13,835.
23 Total of lines 15 through 22	739,579.	1,024,631.	707,018.	846,125.	3,317,353.
24 Line 23 minus line 17	739,579.	1,024,631.	707,018.	846,125.	3,317,353.
25 Enter 1% of line 23	7,396.	10,246.	7,070.	8,461.	
26 Organizations described on lines 10 or 11	a Enter 2% of amount in column (e), line 24				26a 66,347.
	b Prepare a list for your records to show the name of and amount contributed by each person (other than a governmental unit or publicly supported organization) whose total gifts for 1998 through 2001 exceeded the amount shown in line 26a. Do not file this list with your return. Enter the sum of all these excess amounts.				26b 1,459,030.
	c Total support for section 509(a)(1) test. Enter line 24, column (e)				26c 3,317,353.
	d Add: Amounts from column (e) for lines 18 <u>118,359.</u> 19 <u>1,459,030.</u> 22 <u>13,835.</u> 26b <u>1,459,030.</u>				26d 1,591,224.
	e Public support (line 26c minus line 26d total)				26e 1,726,129.
	f Public support percentage (line 26e (numerator) divided by line 26c (denominator))				26f 52.0333%
27 Organizations described on line 12	a For amounts included in lines 15, 16, and 17 that were received from a "disqualified person," prepare a list for your records to show the name of, and total amounts received in each year from, each "disqualified person." Do not file this list with your return. Enter the sum of such amounts for each year				N/A
	(2001)	(2000)	(1999)	(1998)	
	b For any amount included in line 17 that was received from each person (other than "disqualified persons"), prepare a list for your records to show the name of, and amount received for each year, that was more than the larger of (1) the amount on line 25 for the year or (2) \$5,000. (Include in the list organizations described in lines 5 through 11, as well as individuals.) Do not file this list with your return. After computing the difference between the amount received and the larger amount described in (1) or (2), enter the sum of these differences (the excess amounts) for each year				N/A
	(2001)	(2000)	(1999)	(1998)	
	c Add: Amounts from column (e) for lines 15 _____ 16 _____ 17 _____ 20 _____ 21 _____				27c N/A
	d Add: Line 27a total _____ and line 27b total _____				27d N/A
	e Public support (line 27c total minus line 27d total)				27e N/A
	f Total support for section 509(a)(2) test. Enter amount on line 23, column (e)				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

**FOUNDATION FOR RESEARCH ON ECONOMICS AND
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Part V Private School Questionnaire (See page 7 of the instructions)

N/A

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

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

32	Does the organization maintain the following		
a	Records indicating the racial composition of the student body, faculty, and administrative staff?	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	

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	

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	

Application for Extension of Time To File an Exempt Organization Return

OMB No 1545 1709

▶ File a separate application for each return

- If you are filing for an Automatic 3-Month Extension, complete only Part I and check this box ▶
 - If you are filing for an Additional (not automatic) 3-Month Extension, complete only Part II (on page 2 of this form)
- Note Do not complete Part II unless you have already been granted an automatic 3-month extension on a previously filed Form 8868

Part I Automatic 3-Month Extension of Time - Only submit original (no copies needed)

Note Form 990-T corporations requesting an automatic 6-month extension - check this box and complete Part I only ▶
All other corporations (including Form 990-C filers) must use Form 7004 to request an extension of time to file income tax returns Partnerships, REMICs and trusts must use Form 8736 to request an extension of time to file Form 1065, 1066, or 1041

Type or print	Name of Exempt Organization FOUNDATION FOR RESEARCH ON ECONOMICS AND THE ENVIRONMENT	Employer identification number 94-3170425
File by the due date for filing your return See instructions	Number, street and room or suite no. If a P O box, see instructions 945 TECHNOLOGY BLVD, No. #101F	
	City, town or post office state, and ZIP code For a foreign address, see instructions BOZEMAN, MT 59718	

Check type of return to be filed (file a separate application for each return)

- | | | |
|--|--|------------------------------------|
| <input checked="" type="checkbox"/> Form 990 | <input type="checkbox"/> Form 990 T (corporation) | <input type="checkbox"/> Form 4720 |
| <input type="checkbox"/> Form 990 BL | <input type="checkbox"/> Form 990 T (sec 401(a) or 408(a) trust) | <input type="checkbox"/> Form 5227 |
| <input type="checkbox"/> Form 990 EZ | <input type="checkbox"/> Form 990 T (trust other than above) | <input type="checkbox"/> Form 6069 |
| <input type="checkbox"/> Form 990 PF | <input type="checkbox"/> Form 1041 A | <input type="checkbox"/> Form 8870 |

- If the organization does not have an office or place of business in the United States, check this box ▶
- If this is for a Group Return, enter the organization's four digit Group Exemption Number (GEN) _____ If this is for the whole group, check this box ▶ If it is for part of the group, check this box ▶ and attach a list with the names and EINs of all members the extension will cover

1 I request an automatic 3 month (6 month, for 990-T corporation) extension of time until August 15, 2003 to file the exempt organization return for the organization named above The extension is for the organization's return for
▶ calendar year 2002 or
▶ tax year beginning _____, and ending _____

2 If this tax year is for less than 12 months, check reason Initial return Final return Change in accounting period

3a If this application is for Form 990 BL, 990 PF, 990 T, 4720 or 6069, enter the tentative tax, less any nonrefundable credits See instructions \$ _____

b If this application is for Form 990 PF or 990 T, enter any refundable credits and estimated tax payments made Include any prior year overpayment allowed as a credit \$ _____

c Balance Due Subtract line 3b from line 3a Include your payment with this form, or, if required, deposit with FTD coupon or, if required, by using EFTPS (Electronic Federal Tax Payment System) See instructions \$ N/A

Signature and Verification

Under penalties of perjury, I declare that I have examined this form, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete, and that I am authorized to prepare this form

Signature ▶ Catherine Shen Title ▶ CPA Date ▶ 5/15/2003

1 For Paperwork Reduction Act Notice, see instruction Form 8868 (12 2000)

COPY

If you are filing for an Additional (not automatic) 3-Month Extension, complete only Part II and check this box

Note Only complete Part II if you have already been granted an automatic 3-month extension on a previously filed Form 8868

If you are filing for an Automatic 3-Month Extension, complete only Part I (on page 1)

Part II Additional (not automatic) 3-Month Extension of Time - Must file Original and One Copy.

Form with fields for Name of Exempt Organization (FOUNDATION FOR RESEARCH ON ECONOMICS AND THE ENVIRONMENT), Employer identification number (94-3170425), and address (945 TECHNOLOGY BLVD, No. #101F, BOZEMAN, MT 59718).

Check type of return to be filed (File a separate application for each return) with checkboxes for various forms like Form 990, Form 990 EZ, Form 990 T, etc.

STOP Do not complete Part II if you were not already granted an automatic 3-month extension on a previously filed Form 8868

If the organization does not have an office or place of business in the United States check this box. If this is for a Group Return, enter the organization's four digit Group Exemption Number (GEN).

4 I request an additional 3 month extension of time until November 17, 2003. 5 For calendar year 2002, or other tax year beginning and ending. 6 If this tax year is for less than 12 months, check reason. 7 State in detail why you need the extension: Additional time is needed to gather information for an accurate return.

8a If this application is for Form 990 BL, 990 PF, 990 T, 4720, or 6069 enter the tentative tax, less any nonrefundable credits. 8b If this application is for Form 990 PF, 990-T, 4720, or 6069, enter any refundable credits and estimated tax payments made. 8c Balance Due Subtract line 8b from line 8a.

Signature and Verification

Under penalties of perjury, I declare that I have examined this form, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete, and that I am authorized to prepare this form.

Signature: Catherine Spoon Title: CPA Date: 8/7/2003

Notice to Applicant - To Be Completed by the IRS

Checkboxes for IRS notice: We have approved this application, We have not approved this application (10 day grace period), We have not approved this application (cannot grant extension), We cannot consider this application, Other.

Director By Date

Alternate Mailing Address - Enter the address if you want the copy of this application for an additional 3 month extension returned to an address different than the one entered above

Form with fields for Name (Randall D. Newberg), Address (1934 STADIUM DRIVE, SUITE A, BOZEMAN, MT 59718).

COPY

Asset No	Description	Date Acquired	Method	Life	Line No	Unadjusted Cost Or Basis	Bus % Excl	Reduction In Basis	Basis For Depreciation	Accumulated Depreciation	Current Sec 179	Amount Of Depreciation
1	FURNITURE AND EQUIPMENT	010100	200DB	7.00	17	86,519.			86,519.	61,703.		8,431.
2	VEHICLES	010100	200DB	5.00	17	81,106.			81,106.	5,278.		15,931.
3	COMPUTER	011502	200DB	5.00	19B	5,465.		1,640.	3,825.			1,093.
4	COMPUTER	102302	200DB	5.00	19B	700.		210.	490.			23.
5	COPY MACHINE/PRINTER	121602	200DB	5.00	19B	17,889.		5,367.	12,522.			3,578.
	* Total 990 Page 2 Depr					191,679.		7,217.	184,462.	66,981.	0.	29,056.

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)	
VEHICLE	3,004.	90.	0.	2,914.	
To Form 990, Part I, line 8	3,004.	90.	0.	2,914.	

Form 990	Other Changes in Net Assets or Fund Balances		Statement	2
Description				Amount
Prior year correction to adjust net assets to audited financial statements				-11,105.
Total to Form 990, Part I, line 20				-11,105.

Form 990	Other Expenses				Statement	3
Description	(A) Total	(B) Program Services	(C) Management and General	(D) Fundraising		
ADVERTISING	41,157.		32,239.	8,918.		
CONTRIBUTIONS	9,522.		9,522.			
DUES & SUBSCRIPTIONS	5,774.	4,040.	868.	866.		
HONORARIA	68,540.	62,040.	6,500.			
LIBRARY ACQUISITION	1,262.		1,262.			
MISCELLANEOUS	1,419.		1,419.			
OCCUPANCY	37,325.	23,940.	6,083.	7,302.		
OFFICE EXPENSE	32,195.	10,342.	20,290.	1,563.		
OTHER	1,308.		1,308.			
PROFESSIONAL FEES	5,935.		5,935.			
VEHICLE EXPENSE	8,351.	3,243.	4,725.	383.		
Total to Fm 990, ln 43	212,788.	103,605.	90,151.	19,032.		

Form 990	Depreciation of Assets Not Held for Investment		Statement	4
Description	Cost or Other Basis	Accumulated Depreciation	Book Value	
FURNITURE AND EQUIPMENT	86,519.	70,134.	16,385.	
VEHICLES	81,106.	21,209.	59,897.	
COMPUTER	5,465.	1,093.	4,372.	
COMPUTER	700.	23.	677.	
COPY MACHINE/PRINTER	17,889.	3,578.	14,311.	
Total to Form 990, Part IV, ln 57	191,679.	96,037.	95,642.	

Form 990	Part V - List of Officers, Directors, Trustees and Key Employees	Statement	5
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Name and Address	Title and Avrg Hrs/Wk	Compensation	Employee Ben Plan Contrib	Expense Account
DR. JOHN A. BADEN 945 TECHNOLOGY BLVD, STE 101F BOZEMAN, MT 59718	CHAIRMAN 40	140,000.	14,000.	0.
THE HONORABLE DANNY J. BOGGS 501 WEST BROADWAY LOUISVILLE, KY 40202	DIRECTOR 0.	0.	0.	0.
MR. RICHARD A. DERHAM 524 WEST COMSTOCK SEATTLE, WA 98119	SECRETARY 0.	0.	0.	0.
THE HONORABLE DOUGLAS H. GINSBURG 3RD & CONSTITUTION AVE, NW WASHINGTON, DC 20001	DIRECTOR 0.	0.	0.	0.
PROFESSOR JAMES HUFFMAN 10015 SW TERWILLIGER BLVD PORTLAND, OR 97219	DIRECTOR 0.	0.	0.	0.
JOHN L. MCCORMACK 1345 AVENUE OF THE AMERICAS NEW YORK, NY 10105	DIRECTOR 0.	0.	0.	0.
DEECY STEPHENS GRAY 1742 N STREET NW WASHINGTON, DC 20036	VICE PRESIDENT 0.	0.	0.	0.

DR. R. NEAL WILKINS 111 NAGLE HALL COLLEGE STATION, TX 77843-2258	DIRECTOR	0.	0.	0.	0.
LEON ROYER 1632 W. MAIN BOZEMAN, MT 59715	DIRECTOR	0.	0.	0.	0.
THE HONORABLE JANE R. ROTH 844 KING STREET WILMINGTON, DE 19801	DIRECTOR 0		0.	0.	0.
SENATOR WILLIAM V. ROTH JR. 844 KING STREET WILMINGTON, DE 19801	DIRECTOR 0		0.	0.	0.
JOHN A. VON KANNON 214 MASSACHUSETTS AVENUE, NE WASHINGTON, DC 20002-4999	DIRECTOR 0		0.	0.	0.
Totals Included on Form 990, Part V			<u>140,000.</u>	<u>14,000.</u>	<u>0.</u>

Schedule A	Other Income			Statement	6
Description	2001 Amount	2000 Amount	1999 Amount	1998 Amount	
OTHER INVESTMENT INCOME	-880.	-6,862.	-437.		0.
MISCELLANEOUS INCOME	13,969.	2,508.	7,222.		0.
GAIN/LOSS ON SALE OF ASSET	-1,685.	0.	0.		0.
Total to Schedule A, line 22	<u>11,404.</u>	<u>-4,354.</u>	<u>6,785.</u>		<u>0.</u>

Depreciation and Amortization 990
 (Including Information on Listed Property)

▶ See separate instructions ▶ Attach to your tax return

Name(s) shown on return: **FOUNDATION FOR RESEARCH ON ECONOMICS AND THE ENVIRONMENT**
 Business or activity to which this form relates: **Form 990 Page 2**
 Identifying number: **94-3170425**

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

1	Maximum amount See instructions for a higher limit for certain businesses	1	24,000.
2	Total cost of section 179 property placed in service (see instructions)	2	
3	Threshold cost of section 179 property before reduction in limitation	3	\$200,000
4	Reduction in limitation Subtract line 3 from line 2 If zero or less, enter -0-	4	
5	Dollar limitation for tax year Subtract line 4 from line 1 If zero or less, enter 0 If married filing separately, see instructions	5	
6	(a) Description of property	(b) Cost (business use only)	(c) Elected cost
7	Listed property Enter amount from line 29	7	
8	Total elected cost of section 179 property Add amounts in column (c), lines 6 and 7	8	
9	Tentative deduction Enter the smaller of line 5 or line 8	9	
10	Carryover of disallowed deduction from line 13 of your 2001 Form 4562	10	
11	Business income limitation Enter the smaller of business income (not less than zero) or line 5	11	
12	Section 179 expense deduction Add lines 9 and 10, but do not enter more than line 11	12	
13	Carryover of disallowed deduction to 2003 Add lines 9 and 10, less line 12	13	

Note Do not use Part II or Part III below for listed property Instead, use Part V

Part II Special Depreciation Allowance and Other Depreciation (Do not include listed property)

14	Special depreciation allowance for qualified property (other than listed property) placed in service during the tax year (see instructions)	14	
15	Property subject to section 168(f)(1) election (see instructions)	15	
16	Other depreciation (including ACRS) (see instructions)	16	

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

Section A

17	MACRS deductions for assets placed in service in tax years beginning before 2002	17	24,362.
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 2002 Tax Year Using the General Depreciation System

(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only - see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
19a 3 year property						
b 5 year property		16,837.	5 Yrs.	MQ	200DB	4,694.
c 7 year property						
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 2002 Tax Year Using the Alternative Depreciation System

20a Class life					S/L	
b 12 year			12 yrs		S/L	
c 40-year	/		40 yrs	MM	S/L	

Part IV Summary (See instructions)

21	Listed property Enter amount from line 28	21	
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	29,056.
23	For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs	23	

Part V **Listed Property** (Include automobiles, certain other vehicles, cellular telephones, certain computers, and property used for entertainment, recreation, or amusement)
Note For any vehicle for which you are using the standard mileage rate or deducting lease expense, complete only 24a, 24b, columns (a) through (c) of Section A, all of Section B, and Section C if applicable

Section A - Depreciation and Other Information (Caution See instructions for limits for passenger automobiles)

24a Do you have evidence to support the business/investment use claimed? Yes No **24b** If "Yes," is the evidence written? Yes No

(a) Type of property (list vehicles first)	(b) Date placed in service	(c) Business/ investment use percentage	(d) Cost or other basis	(e) Basis for depreciation (business/investment use only)	(f) Recovery period	(g) Method/ Convention	(h) Depreciation deduction	(i) Elected section 179 cost
25 Special depreciation allowance for qualified listed property placed in service during the tax year and used more than 50% in a qualified business use							25	
26 Property used more than 50% in a qualified business use								
		%						
		%						
		%						
27 Property used 50% or less in a qualified business use								
		%				S/L		
		%				S/L		
		%				S/L		
28 Add amounts in column (h), lines 25 through 27 Enter here and on line 21, page 1							28	
29 Add amounts in column (i), line 26 Enter here and on line 7, page 1								29

Section B - Information on Use of Vehicles

Complete this section for vehicles used by a sole proprietor, partner, or other "more than 5% owner," or related person
 If you provided vehicles to your employees, first answer the questions in Section C to see if you meet an exception to completing this section for those vehicles

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

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

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

	Yes	No
37 Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees?		
38 Do you maintain a written policy statement that prohibits personal use of vehicles, except commuting, by your employees? See instructions for vehicles used by corporate officers, directors, or 1% or more owners		
39 Do you treat all use of vehicles by employees as personal use?		
40 Do you provide more than five vehicles to your employees, obtain information from your employees about the use of the vehicles, and retain the information received?		
41 Do you meet the requirements concerning qualified automobile demonstration use? Note If your answer to 37, 38, 39, 40, or 41 is "Yes," do not complete Section B for the covered vehicles		

Part VI **Amortization**

(a) Description of costs	(b) Date amortization begins	(c) Amortizable amount	(d) Code section	(e) Amortization period or percentage	(f) Amortization for this year
42 Amortization of costs that begins during your 2002 tax year					
43 Amortization of costs that began before your 2002 tax year					43
44 Total Add amounts in column (f) See instructions for where to report					44