



See a Social Security Number? Say Something!
Report Privacy Problems to <https://public.resource.org/privacy>
Or call the IRS Identity Theft Hotline at 1-800-908-4490



Return of Organization Exempt from Income Tax

2003

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

Open to Public Inspection

Department of the Treasury
Internal Revenue Service

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

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

B Check if applicable:
 Address change
 Name change
 Initial return
 Final return
 Amended return
 Application pending

C Name of organization: **Democracy North Carolina**
 Number and street (or P O box if mail is not delivered to street addr) Room/suite: **105 W. Main St**
 City, town or country: **Carrboro** State: **NC** ZIP code + 4: **27510**

D Employer Identification Number: **56-2271150**

E Telephone number: **(919) 967-9942**

F Accounting method: Cash Accrual
 Other (specify) ▶

G Web site: ▶ **www.democracy-nc.org**

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.**

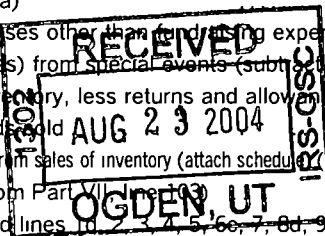
L Gross receipts. Add lines 6b, 8b, 9b, and 10b to line 12 ▶ **506,159.**

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? Yes No (If "No," attach a list. See instructions.)
H (d) Is this a separate return filed by an organization covered by a group ruling? Yes No
I Group Exemption Number ▶
M Check if the organization is not required to attach Schedule B (Form 990, 990-EZ, or 990-PF).

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

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

REVENUE	1 Contributions, gifts, grants, and similar amounts received:				
	a Direct public support	1 a	483,820.		
	b Indirect public support	1 b			
	c Government contributions (grants)	1 c			
	d Total (add lines 1a through 1c) (cash \$ _____ noncash \$ _____)	1 d		483,820.	
	2 Program service revenue including government fees and contracts (from Part VII, line 93)	2			
	3 Membership dues and assessments	3			
	4 Interest on savings and temporary cash investments	4		2,502.	
	5 Dividends and interest from securities	5			
	6a Gross rents	6 a			
	b Less: rental expenses	6 b			
	c Net rental income or (loss) (subtract line 6b from line 6a)	6 c			
7 Other investment income (describe _____)	7				
8a Gross amount from sales of assets other than inventory	(A) Securities		(B) Other		
		8 a			
		8 b			
		8 c			
d Net gain or (loss) (combine line 8c, columns (A) and (B)).	8 d				
9 Special events and activities (attach schedule) If any amount is from gaming, check here <input type="checkbox"/>	a Gross revenue (not including \$ _____ of contributions reported on line 1a)	9 a	8,430.		
	b Less: direct expenses other than fundraising expenses	9 b			
	c Net income or (loss) from special events (subtract line 9b from line 9a)	9 c		8,430.	
10a Gross sales of inventory, less returns and allowances		10 a			
	b Less: cost of goods sold	10 b			
	c Gross profit or (loss) from sales of inventory (attach schedule) (subtract line 10b from line 10a)	10 c			
11 Other revenue (from Part VII, line 10)	11		11,407.		
12 Total revenue (add lines 1d, 2, 3, 4, 5, 6c, 7, 8d, 9c, 10c, and 11)	12		506,159.		
EXPENSES	13 Program services (from line 44, column (B))	13	408,564.		
	14 Management and general (from line 44, column (C))	14	22,161.		
	15 Fundraising (from line 44, column (D))	15	21,880.		
	16 Payments to affiliates (attach schedule)	16			
	17 Total expenses (add lines 16 and 44, column (A))	17	452,604.		
ASSETS	18 Excess or (deficit) for the year (subtract line 17 from line 12)	18	53,555.		
	19 Net assets or fund balances at beginning of year (from line 73, column (A))	19	171.		
	20 Other changes in net assets or fund balances (attach explanation)	20			
	21 Net assets or fund balances at end of year (combine lines 18, 19, and 20)	21	53,726.		



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

Do not include amounts reported on line 6b, 8b, 9b, 10b, or 16 of Part I		(A) Total	(B) Program services	(C) Management and general	(D) Fundraising
22 Grants and allocations (att sch) (cash \$ _____ non-cash \$ _____)	22				
23 Specific assistance to individuals (att sch)	23				
24 Benefits paid to or for members (att sch)	24				
25 Compensation of officers, directors, etc	25	91,573.	82,416.	4,579.	4,579.
26 Other salaries and wages	26	196,569.	176,912.	9,828.	9,829.
27 Pension plan contributions	27	1,800.	1,620.	90.	90.
28 Other employee benefits	28	26,029.	23,426.	1,301.	1,302.
29 Payroll taxes	29	23,877.	21,489.	1,194.	1,194.
30 Professional fundraising fees	30				
31 Accounting fees	31				
32 Legal fees	32				
33 Supplies	33	10,893.	9,804.	545.	544.
34 Telephone	34	15,922.	14,330.	796.	796.
35 Postage and shipping	35	5,435.	4,891.	272.	272.
36 Occupancy	36	30,283.	27,255.	1,514.	1,514.
37 Equipment rental and maintenance	37	5,455.	5,182.	273.	0.
38 Printing and publications	38	10,141.	9,634.	507.	0.
39 Travel	39	18,121.	17,215.	906.	0.
40 Conferences, conventions, and meetings	40	795.	755.	40.	0.
41 Interest	41				
42 Depreciation, depletion, etc (attach schedule)	42				
43 Other expenses not covered above (itemize).					
a Advertising	43a	247.	235.	12.	0.
b Bank service charges	43b	390.	370.	20.	0.
c Conferences hosted	43c	773.	773.	0.	0.
d Contract labor	43d	2,545.	2,545.	0.	0.
e See Other Expenses Stmt	43e	11,756.	9,712.	284.	1,760.
44 Total functional expenses (add lines 22 - 43) Organizations completing columns (B) - (D), carry these totals to lines 13 - 15	44	452,604.	408,564.	22,161.	21,880.

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 on campaign finance of elections
 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) & (4) organizations and 4947(a)(1) nonexempt charitable trusts must also enter the amount of grants & allocations to others)

Program Service Expenses (Required for 501(c)(3) and (4) organizations and 4947(a)(1) trusts, but optional for others)

a Non-partizan organization committed to fulfilling the promise of "one person, one vote" and ensuring equal access and full participation of all voters in the electoral process. (Grants and allocations \$ 0.)	408,564.
b _____ (Grants and allocations \$ _____)	
c _____ (Grants and allocations \$ _____)	
d _____ (Grants and allocations \$ _____)	
e Other program services (Grants and allocations \$ _____)	
f Total of Program Service Expenses (should equal line 44, column (B), Program services)	408,564.

Part IV Balance Sheets (See Instructions)

Note: Where required, attached schedules and amounts within the description column should be for end-of-year amounts only

		(A) Beginning of year		(B) End of year
ASSETS	45 Cash – non-interest-bearing	171.	45	317.
	46 Savings and temporary cash investments		46	51,437.
	47 a Accounts receivable	47 a		
	b Less: allowance for doubtful accounts	47 b	47 c	
	48 a Pledges receivable	48 a		
	b Less: allowance for doubtful accounts	48 b	48 c	
	49 Grants receivable		49	
	50 Receivables from officers, directors, trustees, and key employees (attach schedule)		50	
	51 a Other notes & loans receivable (attach sch)	51 a		
	b Less: allowance for doubtful accounts	51 b	51 c	
	52 Inventories for sale or use		52	
	53 Prepaid expenses and deferred charges		53	
	54 Investments – securities (attach schedule)	<input type="checkbox"/> Cost <input type="checkbox"/> FMV	54	
	55 a Investments – land, buildings, & equipment basis	55 a		
	b Less: accumulated depreciation (attach schedule)	55 b	55 c	
56 Investments – other (attach schedule)		56		
57 a Land, buildings, and equipment basis	57 a			
b Less: accumulated depreciation (attach schedule)	57 b	57 c		
58 Other assets (describe ► <u>Security Deposit</u>)		58	2,000.	
59 Total assets (add lines 45 through 58) (must equal line 74)	171.	59	53,754.	
LIABILITIES	60 Accounts payable and accrued expenses		60	28.
	61 Grants payable		61	
	62 Deferred revenue		62	
	63 Loans from officers, directors, trustees, and key employees (attach schedule)		63	
	64 a Tax-exempt bond liabilities (attach schedule)		64 a	
	b Mortgages and other notes payable (attach schedule)		64 b	
	65 Other liabilities (describe ► _____)		65	
66 Total liabilities (add lines 60 through 65)	0.	66	28.	
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	171.	67	53,726.
	68 Temporarily restricted		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)	171.	73	53,726.
	74 Total liabilities and net assets/fund balances (add lines 66 and 73)	171.	74	53,754.

Form 990 is available for public inspection and, for some people, serves as the primary or sole source of information about a particular organization. How the public perceives an organization in such cases may be determined by the information presented on its return. Therefore, please make sure the return is complete and accurate and fully describes, in Part III, the organization's programs and accomplishments.

BAA

Part IV-A Reconciliation of Revenue per Audited Financial Statements with Revenue per Return (See instructions.)			Part IV-B Reconciliation of Expenses per Audited Financial Statements with Expenses per Return		
a Total revenue, gains, and other support per audited financial statements	▶	a 506,159.	a Total expenses and losses per audited financial statements	▶	a 452,604.
b Amounts included on line a but not on line 12, Form 990.			b Amounts included on line a but not on line 17, Form 990.		
(1) Net unrealized gains on investments \$			(1) Donated services and use of facilities \$		
(2) Donated services and use of facilities \$			(2) Prior year adjustments reported on line 20, Form 990 \$		
(3) Recoveries of prior year grants \$			(3) Losses reported on line 20, Form 990 \$		
(4) Other (specify):			(4) Other (specify):		
----- \$			----- \$		
Add amounts on lines (1) through (4)	▶	b	Add amounts on lines (1) through (4)	▶	b
c Line a minus line b	▶	c 506,159.	c Line a minus line b	▶	c 452,604.
d Amounts included on line 12, Form 990 but not on line a :			d Amounts included on line 17, Form 990 but not on line a :		
(1) Investment expenses not included on line 6b, Form 990 \$			(1) Investment expenses not included on line 6b, Form 990 \$		
(2) Other (specify):			(2) Other (specify):		
----- \$			----- \$		
Add amounts on lines (1) and (2)	▶	d	Add amounts on lines (1) and (2)	▶	d
e Total revenue per line 12, Form 990 (line c plus line d)	▶	e 506,159.	e Total expenses per line 17, Form 990 (line c plus line d)	▶	e 452,604.

Part V List of Officers, Directors, Trustees, and Key Employees (List each one even if not compensated, see instructions.)

(A) Name and address	(B) Title and average hours per week devoted to position	(C) Compensation (if not paid, enter -0-)	(D) Contributions to employee benefit plans and deferred compensation	(E) Expense account and other allowances
Judy Harrison Barry Charlotte, NC	Director 1	0.	0.	0.
Cynthia Brown Durham, NC	Director 1	0.	0.	0.
Peg Chapin Charlotte, NC	Chair 5	0.	0.	0.
Tom Coulson Marshall, NC	Director 1	0.	0.	0.
Michelle Hughes Durham, NC	Secretary 5	0.	0.	0.
See List of Officers, Etc. Statement		91,573.	0.	0.

75 Did any officer, director, trustee, or key employee receive aggregate compensation of more than \$100,000 from your organization and all related organizations, of which more than \$10,000 was provided by the related organizations? ▶ Yes No
 If 'Yes,' attach schedule – see instructions

Part VI Other Information (See instructions)		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
78a	Did the organization have unrelated business gross income of \$1,000 or more during the year covered by this return?		X
78b	If 'Yes,' has it filed a tax return on Form 990-T for this year?		X
79	Was there a liquidation, dissolution, termination, or substantial contraction during the year? If 'Yes,' attach a statement		X
80a	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 <u>NC Voters for Clean Elections</u>			
----- and check whether it is <input checked="" type="checkbox"/> exempt or <input type="checkbox"/> nonexempt			
81a	Enter direct and indirect political expenditures. See line 81 instructions	81a	0.
81b	Did the organization file Form 1120-POL for this year?		X
82a	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.)			
82b		82b	
83a	Did the organization comply with the public inspection requirements for returns and exemption applications?	X	
83b	Did the organization comply with the disclosure requirements relating to quid pro quo contributions?	X	
84a	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?			
84b		84b	
85a	501(c)(4), (5), or (6) organizations a Were substantially all dues nondeductible by members?		
85b	b Did the organization make only in-house lobbying expenditures of \$2,000 or less? 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			
d Section 162(e) lobbying and political expenditures			
e Aggregate nondeductible amount of section 6033(e)(1)(A) dues notices			
f Taxable amount of lobbying and political expenditures (line 85d less 85e)			
g Does the organization elect to pay the section 6033(e) tax on the amount on line 85f?			
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?			
85c		85c	
85d		85d	
85e		85e	
85f		85f	
85g		85g	
85h		85h	
86a	501(c)(7) organizations. Enter a Initiation fees and capital contributions included on line 12	86a	
86b	b Gross receipts, included on line 12, for public use of club facilities.	86b	
87a	501(c)(12) organizations Enter a Gross income from members or shareholders	87a	
87b	b Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them.)	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		X
89a	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>		
89b	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		X
c Enter Amount of tax imposed on the organization managers or disqualified persons during the year under sections 4912, 4955, and 4958			
d Enter Amount of tax on line 89c, above, reimbursed by the organization			
90a	List the states with which a copy of this return is filed <u>None</u>		
90b	b Number of employees employed in the pay period that includes March 12, 2003 (See instructions)	90b	8
91	The books are in care of <u>Leigh Bradley</u> Telephone number <u>(919) 967-9942</u> Located at <u>105 W. Main St, Carrboro, NC</u> ZIP + 4 <u>27510</u>		
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. <u>92</u>		

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

Note: Enter gross amounts unless otherwise indicated

	Unrelated business income		Excluded by section 512, 513, or 514		(E) Related or exempt function income
	(A) Business code	(B) Amount	(C) Exclusion code	(D) Amount	
93 Program service revenue:					
a _____					
b _____					
c _____					
d _____					
e _____					
f Medicare/Medicaid payments					
g Fees & contracts from government agencies					
94 Membership dues and assessments					
95 Interest on savings & temporary cash invmtns			14	2,502.	
96 Dividends & interest from securities					
97 Net rental income or (loss) from real estate:					
a debt-financed property					
b not debt-financed property					
98 Net rental income or (loss) from pers prop					
99 Other investment income					
100 Gain or (loss) from sales of assets other than inventory					
101 Net income or (loss) from special events					
102 Gross profit or (loss) from sales of inventory					
103 Other revenue:					
a _____					
b Honoraria					4,563.
c Rent Income					6,844.
d _____					
e _____					
104 Subtotal (add columns (B), (D), and (E))				2,502.	11,407.
105 Total (add line 104, columns (B), (D), and (E))					13,909.

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

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

Line No.	Explain how each activity for which income is reported in column (E) of Part VII contributed importantly to the accomplishment of the organization's exempt purposes (other than by providing funds for such purposes)
103B	Honoraria received by the staff and given to the organization
103C	Rent income for excess office space

Part IX Information Regarding Taxable Subsidiaries and Disregarded Entities (See instructions.) N/A

(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
	%			
	%			
	%			
	%			

Part X Information Regarding Transfers Associated with Personal Benefit Contracts (See instructions.)

- a Did the organization, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract? Yes No
- b Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? Yes No

Note: If 'Yes' to (b), file Form 8870 and Form 4720 (see instructions)

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.

Please Sign Here:
 Signature of officer: Elizabeth D. Messersmith Date: 8/15/04
 Type or print name and title: Elizabeth D. Messersmith, Co-Executive Director

Paid Preparer's Use Only:
 Preparer's signature: Kim E. Anglin, CPA Date: 8-14-04 Check if self-employed: Preparer's SSN or PTIN (see General Instruction W): _____
 Firm's name (or yours if self-employed): MINOR & ASSOCIATES, PA
 address, and ZIP + 4: 3329 CHAPEL HILL BLVD., STE 101 EIN: _____
DURHAM NC 27707 Phone no: _____

SCHEDULE A
(Form 990 or 990-EZ)

Organization Exempt Under
Section 501(c)(3)

OMB No 1545-0047

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

2003

Department of the Treasury
Internal Revenue Service

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

Name of the organization

Democracy North Carolina

Employer identification number

56-2271150

Part I Compensation of the Five Highest Paid Employees Other Than Officers, Directors, and Trustees

(See instructions List each one If there are none, enter 'None.')

(a) Name and address of each employee paid more than \$50,000	(b) Title and average hours per week devoted to position	(c) Compensation	(d) Contributions to employee benefit plans and deferred compensation	(e) Expense account and other allowances
None -----				

Total number of other employees paid over \$50,000 ▶

None

Part II Compensation of the Five Highest Paid Independent Contractors for Professional Services

(See instructions List each one (whether individuals or firms). If there are none, enter 'None')

(a) Name and address of each independent contractor paid more than \$50,000	(b) Type of service	(c) Compensation
None -----		

Total number of others receiving over \$50,000 for professional services ▶

None

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

Schedule A (Form 990 or 990-EZ) 2003

Part III Statements About Activities (See instructions)

	Yes	No
<p>1 During the year, has the organization attempted to influence national, state, or local legislation, including any attempt to influence public opinion on a legislative matter or referendum? If 'Yes,' enter the total expenses paid or incurred in connection with the lobbying activities. ▶ \$ <u>12,398.</u> <u>12,398.</u> (Must equal amounts on line 38, Part VI-A, or line i of Part VI-B)</p> <p>Organizations that made an election under section 501(h) by filing Form 5768 must complete Part VI-A. Other organizations checking 'Yes,' must complete Part VI-B AND attach a statement giving a detailed description of the lobbying activities.</p>	X	
<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)</p>		
<p>a Sale, exchange, or leasing of property? . . .</p>		X
<p>b Lending of money or other extension of credit? . . .</p>		X
<p>c Furnishing of goods, services, or facilities? . . .</p>		X
<p>d Payment of compensation (or payment or reimbursement of expenses if more than \$1,000)?</p> <p align="right">See Part V, Form 990</p>	X	
<p>e Transfer of any part of its income or assets?</p>		X
<p>3a Do you make grants for scholarships, fellowships, student loans, etc? (If 'Yes,' attach an explanation of how you determine that recipients qualify to receive payments)</p>		X
<p>b Do you have a section 403(b) annuity plan for your employees?</p>	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>		X

Part IV Reason for Non-Private Foundation Status (See instructions)

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

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

Provide the following information about the supported organizations (See instructions.)

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

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

Part IV-A Support Schedule (Complete only if you checked a box on line 10, 11, or 12) *Use cash method of accounting.*

Note: You may use the worksheet in the instructions for converting from the accrual to the cash method of accounting.

Calendar year (or fiscal year beginning in)	(a) 2002	(b) 2001	(c) 2000	(d) 1999	(e) Total	
15 Gifts, grants, and contributions received (Do not include unusual grants. See line 28)	10,250.				10,250.	
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	5.				5.	
19 Net income from unrelated business activities not included in line 18						
20 Tax revenues levied for the organization's benefit and either paid to it or expended on its behalf						
21 The value of services or facilities furnished to the organization by a governmental unit without charge. Do not include the value of services or facilities generally furnished to the public without charge.						
22 Other income. Attach a schedule. Do not include gain or (loss) from sale of capital assets.						
23 Total of lines 15 through 22	10,255.				10,255.	
24 Line 23 minus line 17	10,255.				10,255.	
25 Enter 1% of line 23	103.					
26 Organizations described on lines 10 or 11:						
a Enter 2% of amount in column (e), line 24					26a 205.	
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	
c Total support for section 509(a)(1) test. Enter line 24, column (e).					26c 10,255.	
d Add: Amounts from column (e) for lines:	18 5.	19	22	26b	26d 5.	
e Public support (line 26c minus line 26d total)					26e 10,250.	
f Public support percentage (line 26e (numerator) divided by line 26c (denominator))					26f 99.95 %	
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:						
(2002) _____ (2001) _____ (2000) _____ (1999) _____						
b For any amount included in line 17 that was received from each person (other than 'disqualified persons'), prepare a list for your records to show the name of, and amount received for each year, that was more than the larger of (1) the amount on line 25 for the year or (2) \$5,000. (Include in the list organizations described in lines 5 through 11, as well as individuals.) Do not file this list with your return. After computing the difference between the amount received and the larger amount described in (1) or (2), enter the sum of these differences (the excess amounts) for each year:						
(2002) _____ (2001) _____ (2000) _____ (1999) _____						
c Add: Amounts from column (e) for lines:	15	16	17	20	21	27c
d Add: Line 27a total _____ and line 27b total _____					27d	
e Public support (line 27c total minus line 27d total)					27e	
f Total support for section 509(a)(2) test. Enter amount from line 23, column (e)					27f	
g Public support percentage (line 27e (numerator) divided by line 27f (denominator))					27g %	
h Investment income percentage (line 18, column (e) (numerator) divided by line 27f (denominator))					27h %	
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.						

Part V Private School Questionnaire (See instructions.)
 (To be completed ONLY by schools that checked the box on line 6 in Part IV)

N/A

		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.) ----- ----- -----		
32a	Does the organization maintain the following a Records indicating the racial composition of the student body, faculty, and administrative staff?		
32b	b Records documenting that scholarships and other financial assistance are awarded on a racially nondiscriminatory basis?		
32c	c Copies of all catalogues, brochures, announcements, and other written communications to the public dealing with student admissions, programs, and scholarships?		
32d	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) ----- -----		
33a	33 Does the organization discriminate by race in any way with respect to a Students' rights or privileges?		
33b	b Admissions policies?		
33c	c Employment of faculty or administrative staff?		
33d	d Scholarships or other financial assistance?		
33e	e Educational policies?		
33f	f Use of facilities?		
33g	g Athletic programs?		
33h	h Other extracurricular activities? If you answered 'Yes' to any of the above, please explain (If you need more space, attach a separate statement) ----- ----- -----		
34a	34a Does the organization receive any financial aid or assistance from a governmental agency?		
34b	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	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 instructions.)
(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		(a) Affiliated group totals	(b) To be completed for ALL electing organizations
(The term 'expenditures' means amounts paid or incurred.)			
36	Total lobbying expenditures to influence public opinion (grassroots lobbying)	36	6,395.
37	Total lobbying expenditures to influence a legislative body (direct lobbying)	37	6,003.
38	Total lobbying expenditures (add lines 36 and 37)	38	12,398.
39	Other exempt purpose expenditures	39	440,206.
40	Total exempt purpose expenditures (add lines 38 and 39)	40	452,604.
41	Lobbying nontaxable amount Enter the amount from the following table –		
	If the amount on line 40 is –		
	Not over \$500,000		
	Over \$500,000 but not over \$1,000,000		
	Over \$1,000,000 but not over \$1,500,000		
	Over \$1,500,000 but not over \$17,000,000		
	Over \$17,000,000		
	The lobbying nontaxable amount is –		
	20% of the amount on line 40		
	\$100,000 plus 15% of the excess over \$500,000		
	\$175,000 plus 10% of the excess over \$1,000,000		
	\$225,000 plus 5% of the excess over \$1,500,000		
	\$1,000,000	41	90,521.
42	Grassroots nontaxable amount (enter 25% of line 41)	42	22,630.
43	Subtract line 42 from line 36 Enter -0- if line 42 is more than line 36	43	0.
44	Subtract line 41 from line 38. Enter -0- if line 41 is more than line 38	44	0.

Caution: If there is an amount on either line 43 or line 44, you must file Form 4720

4-Year Averaging Period Under Section 501(h)

(Some organizations that made a section 501(h) election do not have to complete all of the five columns below. See the instructions for lines 45 through 50)

Calendar year (or fiscal year beginning in) ▶	Lobbying Expenditures During 4-Year Averaging Period				
	(a) 2003	(b) 2002	(c) 2001	(d) 2000	(e) Total
45 Lobbying nontaxable amount	90,521.	2,017.			92,538.
46 Lobbying ceiling amount (150% of line 45(e))					138,807.
47 Total lobbying expenditures	6,003.	0.			6,003.
48 Grassroots non-taxable amount	22,630.	504.			23,134.
49 Grassroots ceiling amount (150% of line 48(e))					34,701.
50 Grassroots lobbying expenditures	6,395.	0.			6,395.

Part VI-B Lobbying Activity by Nonelecting Public Charities

(For reporting only by organizations that did not complete Part VI-A) (See instructions)

N/A

During the year, did the organization attempt to influence national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of:

- a** Volunteers
- b** Paid staff or management (Include compensation in expenses reported on lines c through h.)
- c** Media advertisements
- d** Mailings to members, legislators, or the public
- e** Publications, or published or broadcast statements
- f** Grants to other organizations for lobbying purposes
- g** Direct contact with legislators, their staffs, government officials, or a legislative body
- h** Rallies, demonstrations, seminars, conventions, speeches, lectures, or any other means
- i** Total lobbying expenditures (add lines c through h.)

Yes	No	Amount

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

Form 990, Page 2, Part II, Line 43

Other Expenses Stmt

	(A) Total	(B) Program services	(C) Management and general	(D) Fundraising
Other expenses not covered above (itemize):				
Dues and subscriptions	610.	610.	0.	0.
Fundraising	1,760.	0.	0.	1,760.
Insurance	3,421.	3,250.	171.	0.
Licenses and permits	1,188.	1,129.	59.	0.
Misc expenses	1,086.	1,032.	54.	0.
Outreach grants/coalition	300.	300.	0.	0.
Professional services	3,391.	3,391.	0.	0.
Total	11,756.	9,712.	284.	1,760.

Form 990, Page 4, Part V

List of Officers, Etc. Statement

(A) Name and address	(B) Title and average hours per week devoted to position	(C) Compensation (if not paid, enter -0-)	(D) Contributions to employee benefit plans and deferred compensation	(E) Expense account and other allowances
June Mabry Albemarle, NC	Director 1	0.	0.	0.
Brock Towler Charlotte, NC	Director 1	0.	0.	0.
Reginald Watson Greenville, NC	Director 1	0.	0.	0.
Bob Hall Carrboro, NC	Co-Director 40	49,573.	0.	0.
Beth Messersmith Carrboro, NC	Co-Director 40	42,000.	0.	0.
Total		91,573.	0.	0.

Application for Extension of Time to File an Exempt Organization Return

Department of the Treasury
Internal Revenue Service

▶ 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 File by the due date for filing your return. See instructions	Name of Exempt Organization	Employer identification number
	Democracy North Carolina	56-2271150
	Number, street, and room or suite number If a P O box, see instructions	
	105 W. Main St	
	City, town or post office For a foreign address, see instructions	state ZIP code
	Carrboro	NC 27510

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 (Section 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 Aug 16, 20 04, to file the exempt organization return for the organization named above. The extension is for the organization's return for:

- ▶ calendar year 20 03 or
- ▶ tax year beginning _____, 20 _____, and ending _____, 20 _____

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. \$ _____

Signature and Verification

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, and that I am authorized to prepare this form

Signature ▶ Kim E. Anglin Title ▶ CPA Date ▶ 05/11/04

BAA For Paperwork Reduction Act Notice, see instructions.