

# 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)

**2002**

**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 2002 calendar year, or tax year beginning July 1, 2002, and ending June 30, 2003**

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

**C** Name of organization  
**Wall Watchers**

Number and street (or P.O. box if mail is not delivered to street address) Room/suite  
**2514 Plantation Center Drive**

City or town, state or country, and ZIP + 4  
**Matthews, NC 28105**

**D** Employer identification number  
**56 ; 2091339**

**E** Telephone number  
**( 704 ) 841-7828**

**F** Accounting method:  Cash  Accrual  
 Other (specify) ▶

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

- H and I are not applicable to section 527 organizations.*
- H(a)** Is this a group return for affiliates?  Yes  No
- H(b)** If "Yes," enter number of affiliates ▶
- H(c)** Are all affiliates included?  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

**G** Web site: ▶ **www.wallwatchers.org / www.ministrywatch.com**

**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 ▶ **432,178**

**I** Enter 4-digit GEN ▶

**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** (See page 17 of the instructions.)

<b>Revenue</b>	<b>1</b> Contributions, gifts, grants, and similar amounts received:				
	<b>a</b> Direct public support	<b>1a</b>	<b>213,601</b>		
	<b>b</b> Indirect public support	<b>1b</b>			
	<b>c</b> Government contributions (grants)	<b>1c</b>			
	<b>d</b> Total (add lines 1a through 1c) (cash \$ <b>213,601</b> noncash \$ _____)	<b>1d</b>			<b>213,601</b>
	<b>2</b> Program service revenue including government fees and contracts (from Part VII, line 93)	<b>2</b>			
	<b>3</b> Membership dues and assessments	<b>3</b>			
	<b>4</b> Interest on savings and temporary cash investments	<b>4</b>			
	<b>5</b> Dividends and interest from securities	<b>5</b>			<b>407</b>
	<b>6a</b> Gross rents	<b>6a</b>			
	<b>b</b> Less: rental expenses	<b>6b</b>			
	<b>c</b> Net rental income or (loss) (subtract line 6b from line 6a)	<b>6c</b>			
<b>7</b> Other investment income (describe ▶)	<b>7</b>				
<b>8a</b> Gross amount from sales of assets other than inventory	(A) Securities		(B) Other		
	<b>218,170</b>	<b>8a</b>			
	<b>215,736</b>	<b>8b</b>			
	<b>2,434</b>	<b>8c</b>			
<b>d</b> Net gain or (loss) (combine line 8c, columns (A) and (B))	<b>8d</b>			<b>2,434</b>	
<b>9</b> Special events and activities (attach schedule)					
<b>a</b> Gross revenue (not including \$ _____ of contributions reported on line 1a)	<b>9a</b>				
<b>b</b> Less: direct expenses other than fundraising expenses	<b>9b</b>				
<b>c</b> Net income or (loss) from special events (subtract line 9b from line 9a)	<b>9c</b>				
<b>10a</b> Gross sales of inventory, less returns and allowances	<b>10a</b>				
	<b>b</b> Less: cost of goods sold	<b>10b</b>			
	<b>c</b> Gross profit or (loss) from sales of inventory (attach schedule) (subtract line 10b from line 10a)	<b>10c</b>			
<b>11</b> Other revenue (from Part VII, line 103)	<b>11</b>				
<b>12</b> Total revenue (add lines 1d, 2, 3, 4, 5, 6c, 7, 8d, 9c, 10c, and 11)	<b>12</b>			<b>216,442</b>	
<b>Expenses</b>	<b>13</b> Program services (from line 44, column (B))	<b>13</b>			<b>288,076</b>
	<b>14</b> Management and general (from line 44, column (C))	<b>14</b>			<b>46,219</b>
	<b>15</b> Fundraising (from line 44, column (D))	<b>15</b>			<b>25,555</b>
	<b>16</b> Payments to affiliates (attach schedule)	<b>16</b>			
	<b>17</b> Total expenses (add lines 16 and 44, column (A))	<b>17</b>			<b>359,850</b>
<b>Net Assets</b>	<b>18</b> Excess or (deficit) for the year (subtract line 17 from line 12)	<b>18</b>			<b>-143,408</b>
	<b>19</b> Net assets or fund balances at beginning of year (from line 73, column (A))	<b>19</b>			<b>206,774</b>
	<b>20</b> Other changes in net assets or fund balances (attach explanation)	<b>20</b>			<b>646</b>
	<b>21</b> Net assets or fund balances at end of year (combine lines 18, 19, and 20)	<b>21</b>			<b>64,012</b>

**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. (See page 21 of the instructions.)

<i>Do not include amounts reported on line 6b, 8b, 9b, 10b, or 16 of Part I.</i>		(A) Total	(B) Program services	(C) Management and general	(D) Fundraising
22	Grants and allocations (attach schedule) . . . . . (cash \$ _____ noncash \$ _____)	22			
23	Specific assistance to individuals (attach schedule)	23			
24	Benefits paid to or for members (attach schedule).	24			
25	Compensation of officers, directors, etc. . . . .	25			
26	Other salaries and wages . . . . .	26			
27	Pension plan contributions . . . . .	27			
28	Other employee benefits . . . . .	28			
29	Payroll taxes . . . . .	29			
30	Professional fundraising fees . . . . .	30			
31	Accounting fees . . . . .	31			
32	Legal fees . . . . .	32			
33	Supplies . . . . .	33			
34	Telephone . . . . .	34			
35	Postage and shipping . . . . .	35			
36	Occupancy . . . . .	36			
37	Equipment rental and maintenance . . . . .	37			
38	Printing and publications . . . . .	38			
39	Travel . . . . .	39			
40	Conferences, conventions, and meetings . . . . .	40			
41	Interest . . . . .	41			
42	Depreciation, depletion, etc. (attach schedule)	42			
43	Other expenses not covered above (itemize): a . . . . .	43a			
b	<b>See Statement 3</b> . . . . .	43b			
c	. . . . .	43c			
d	. . . . .	43d			
e	. . . . .	43e			
44	<b>Total functional expenses</b> (add lines 22 through 43). <i>Organizations completing columns (B)-(D), carry these totals to lines 13-15 .</i>	44	<b>359,850</b>	<b>288,076</b>	<b>46,219</b>

**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** (See page 24 of the instructions.)

What is the organization's primary exempt purpose? <b>Stewardship Education</b>		Program Service Expenses
<small>(Required for 501(c)(3) and (4) orgs., and 4947(a)(1) trusts; but optional for others.)</small>		
a	<b>See Statement 4</b> . . . . . _____ _____ _____ (Grants and allocations \$ _____)	<b>288,076</b>
b	. . . . . _____ _____ _____ (Grants and allocations \$ _____)	
c	. . . . . _____ _____ _____ (Grants and allocations \$ _____)	
d	. . . . . _____ _____ _____ (Grants and allocations \$ _____)	
e	Other program services (attach schedule) (Grants and allocations \$ _____)	
f	<b>Total of Program Service Expenses</b> (should equal line 44, column (B), Program services) . . . . .	<b>288,076</b>

**Part IV Balance Sheets** (See page 24 of the instructions.)

		<b>Note:</b> 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
<b>Assets</b>	<b>45</b>	Cash—non-interest-bearing . . . . .		<b>16,838</b>	<b>45</b>	<b>51,418</b>
	<b>46</b>	Savings and temporary cash investments . . . . .		<b>146,986</b>	<b>46</b>	
	<b>47a</b>	Accounts receivable . . . . .	<b>47a</b>			
	<b>b</b>	Less: allowance for doubtful accounts . . . . .	<b>47b</b>		<b>47c</b>	
	<b>48a</b>	Pledges receivable . . . . .	<b>48a</b>			
	<b>b</b>	Less: allowance for doubtful accounts . . . . .	<b>48b</b>		<b>48c</b>	
	<b>49</b>	Grants receivable . . . . .			<b>49</b>	
	<b>50</b>	Receivables from officers, directors, trustees, and key employees (attach schedule) . . . . .			<b>50</b>	
	<b>51a</b>	Other notes and loans receivable (attach schedule). . . . .	<b>51a</b>			
	<b>b</b>	Less: allowance for doubtful accounts . . . . .	<b>51b</b>		<b>51c</b>	
	<b>52</b>	Inventories for sale or use . . . . .			<b>52</b>	
	<b>53</b>	Prepaid expenses and deferred charges . . . . .		<b>3,133</b>	<b>53</b>	<b>7,790</b>
	<b>54</b>	Investments—securities (attach schedule). . . . .		<b>6,635</b>	<b>54</b>	<b>3,201</b>
	<b>55a</b>	Investments—land, buildings, and equipment: basis . . . . .	<b>55a</b>			
	<b>b</b>	Less: accumulated depreciation (attach schedule). . . . .	<b>55b</b>		<b>55c</b>	
<b>56</b>	Investments—other (attach schedule) . . . . .			<b>56</b>		
<b>57a</b>	Land, buildings, and equipment: basis . . . . .	<b>57a</b>	<b>42,019</b>			
<b>b</b>	Less: accumulated depreciation (attach schedule). . . . .	<b>57b</b>	<b>30,631</b>	<b>57c</b>	<b>11,388</b>	
<b>58</b>	Other assets (describe ► <b>See Statement 6</b> ) . . . . .		<b>39,613</b>	<b>58</b>	<b>7,442</b>	
<b>59</b>	<b>Total assets</b> (add lines 45 through 58) (must equal line 74) . . . . .		<b>226,889</b>	<b>59</b>	<b>81,239</b>	
<b>Liabilities</b>	<b>60</b>	Accounts payable and accrued expenses . . . . .		<b>16,556</b>	<b>60</b>	<b>16,145</b>
	<b>61</b>	Grants payable . . . . .			<b>61</b>	
	<b>62</b>	Deferred revenue . . . . .			<b>62</b>	
	<b>63</b>	Loans from officers, directors, trustees, and key employees (attach schedule). . . . .			<b>63</b>	
	<b>64a</b>	Tax-exempt bond liabilities (attach schedule) . . . . .			<b>64a</b>	
	<b>b</b>	Mortgages and other notes payable (attach schedule) . . . . .			<b>64b</b>	
	<b>65</b>	Other liabilities (describe ► <b>See Statement 7</b> ) . . . . .		<b>3,559</b>	<b>65</b>	<b>1,082</b>
<b>66</b>	<b>Total liabilities</b> (add lines 60 through 65) . . . . .		<b>20,115</b>	<b>66</b>	<b>17,173</b>	
<b>Net Assets or Fund Balances</b>	<b>Organizations that follow SFAS 117, check here ► <input checked="" type="checkbox"/> and complete lines 67 through 69 and lines 73 and 74.</b>					
	<b>67</b>	Unrestricted. . . . .		<b>206,774</b>	<b>67</b>	<b>64,012</b>
	<b>68</b>	Temporarily restricted . . . . .			<b>68</b>	
	<b>69</b>	Permanently restricted . . . . .			<b>69</b>	
	<b>Organizations that do not follow SFAS 117, check here ► <input type="checkbox"/> and complete lines 70 through 74.</b>					
	<b>70</b>	Capital stock, trust principal, or current funds . . . . .			<b>70</b>	
	<b>71</b>	Paid-in or capital surplus, or land, building, and equipment fund . . . . .			<b>71</b>	
	<b>72</b>	Retained earnings, endowment, accumulated income, or other funds . . . . .			<b>72</b>	
<b>73</b>	<b>Total net assets or fund balances</b> (add lines 67 through 69 or lines 70 through 72; column (A) <b>must</b> equal line 19; column (B) <b>must</b> equal line 21). . . . .		<b>206,774</b>	<b>73</b>	<b>64,012</b>	
<b>74</b>	<b>Total liabilities and net assets / fund balances</b> (add lines 66 and 73) . . . . .		<b>226,889</b>	<b>74</b>	<b>81,239</b>	

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



**Part VI Other Information** (See page 27 of the 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 . . . . .		<input checked="" type="checkbox"/>
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.		<input checked="" type="checkbox"/>
78a	Did the organization have unrelated business gross income of \$1,000 or more during the year covered by this return? . . . . .		<input checked="" type="checkbox"/>
78b	b If "Yes," has it filed a tax return on <b>Form 990-T</b> for this year? . . . . .		
79	Was there a liquidation, dissolution, termination, or substantial contraction during the year? If "Yes," attach a statement . . . . .		<input checked="" type="checkbox"/>
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? . . . . .		<input checked="" type="checkbox"/>
80a	b If "Yes," enter the name of the organization ▶ _____ _____ and check whether it is <input type="checkbox"/> exempt or <input type="checkbox"/> nonexempt.		
81a	Enter direct or indirect political expenditures. See line 81 instructions . . . . . <b>81a</b>   _____		
81b	b Did the organization file <b>Form 1120-POL</b> for this year? . . . . .		<input checked="" type="checkbox"/>
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? . . . . .	<input checked="" type="checkbox"/>	
82b	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.) . . . . . <b>82b</b>   <b>\$36,000</b>		
83a	Did the organization comply with the public inspection requirements for returns and exemption applications? . . . . .	<input checked="" type="checkbox"/>	
83b	b Did the organization comply with the disclosure requirements relating to quid pro quo contributions? . . . . .	<input checked="" type="checkbox"/>	
84a	Did the organization solicit any contributions or gifts that were not tax deductible? . . . . .		<input checked="" type="checkbox"/>
84b	b If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible? . . . . .		
85a	<b>501(c)(4), (5), or (6) organizations.</b> a Were substantially all dues nondeductible by members? . . . . .		
85b	b Did the organization make only in-house lobbying expenditures of \$2,000 or less? . . . . .		
85c	If "Yes" was answered to either 85a or 85b, <b>do not</b> complete 85c through 85h below unless the organization received a waiver for proxy tax owed for the prior year.		
85c	c Dues, assessments, and similar amounts from members . . . . . <b>85c</b>   _____		
85d	d Section 162(e) lobbying and political expenditures . . . . . <b>85d</b>   _____		
85e	e Aggregate nondeductible amount of section 6033(e)(1)(A) dues notices . . . . . <b>85e</b>   _____		
85f	f Taxable amount of lobbying and political expenditures (line 85d less 85e) . . . . . <b>85f</b>   _____		
85g	g Does the organization elect to pay the section 6033(e) tax on the amount on line 85f? . . . . . <b>85g</b>   _____		
85h	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? . . . . . <b>85h</b>   _____		
86a	<b>501(c)(7) orgs.</b> Enter: a Initiation fees and capital contributions included on line 12 . . . . . <b>86a</b>   _____		
86b	b Gross receipts, included on line 12, for public use of club facilities . . . . . <b>86b</b>   _____		
87a	<b>501(c)(12) orgs.</b> Enter: a Gross income from members or shareholders . . . . . <b>87a</b>   _____		
87b	b Gross income from other sources. (Do not net amounts due or paid to other sources against amounts due or received from them.) . . . . . <b>87b</b>   _____		
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 . . . . .		<input checked="" type="checkbox"/>
89a	<b>501(c)(3) organizations.</b> Enter: Amount of tax imposed on the organization during the year under: section 4911 ▶ _____ ; section 4912 ▶ _____ ; section 4955 ▶ _____		
89b	b <b>501(c)(3) and 501(c)(4) orgs.</b> Did the organization engage in any section 4958 excess benefit transaction during the year or did it become aware of an excess benefit transaction from a prior year? If "Yes," attach a statement explaining each transaction. . . . .		<input checked="" type="checkbox"/>
	c Enter: Amount of tax imposed on the organization managers or disqualified persons during the year under sections 4912, 4955, and 4958. . . . . ▶ _____		<b>0</b>
	d Enter: Amount of tax on line 89c, above, reimbursed by the organization. . . . . ▶ _____		<b>0</b>
90a	List the states with which a copy of this return is filed ▶ <b>NC</b>		
90b	b Number of employees employed in the pay period that includes March 12, 2002 (See instructions.) <b>90b</b>   <b>8</b>		
91	The books are in care of ▶ <b>Howard J. "Rusty" Leonard</b> Telephone no. ▶ ( <b>704</b> ) <b>841-7828</b> Located at ▶ <b>2514 Plantation Center Drive, Matthews, NC</b> ZIP + 4 ▶ <b>28105</b>		
92	<b>Section 4947(a)(1) nonexempt charitable trusts filing Form 990 in lieu of Form 1041</b> —Check here <input type="checkbox"/> and enter the amount of tax-exempt interest received or accrued during the tax year . . . . . ▶ <b>92</b>   _____		

**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) Exclusion code	(D) Amount	
<b>93</b> Program service revenue:					
<b>a</b> _____					
<b>b</b> _____					
<b>c</b> _____					
<b>d</b> _____					
<b>e</b> _____					
<b>f</b> Medicare/Medicaid payments . . . . .					
<b>g</b> Fees and contracts from government agencies					
<b>94</b> Membership dues and assessments . . . . .					
<b>95</b> Interest on savings and temporary cash investments					
<b>96</b> Dividends and interest from securities . . . . .			<b>14</b>	<b>407</b>	
<b>97</b> Net rental income or (loss) from real estate:					
<b>a</b> debt-financed property . . . . .					
<b>b</b> not debt-financed property . . . . .					
<b>98</b> Net rental income or (loss) from personal property					
<b>99</b> Other investment income . . . . .					
<b>100</b> Gain or (loss) from sales of assets other than inventory			<b>18</b>	<b>2,434</b>	
<b>101</b> Net income or (loss) from special events . . . . .					
<b>102</b> Gross profit or (loss) from sales of inventory . . . . .					
<b>103</b> Other revenue: <b>a</b> _____					
<b>b</b> _____					
<b>c</b> _____					
<b>d</b> _____					
<b>e</b> _____					
<b>104</b> Subtotal (add columns (B), (D), and (E)) . . . . .				<b>2,841</b>	
<b>105</b> <b>Total</b> (add line 104, columns (B), (D), and (E)). . . . .					<b>2,841</b>

**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).
	NA

**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
	%			
	%			
	%			
	%			

**Part X Information Regarding Transfers Associated with Personal Benefit Contracts** (See page 33 of the instructions.)

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

**Note:** If "Yes" to (b), file Form 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: **Howard J. Leonard**      Date: **February 24, 2004**

Type or print name and title.

**Paid Preparer's Use Only**

Preparer's signature: \_\_\_\_\_      Date: \_\_\_\_\_      Check if self-employed:       Preparer's SSN or PTIN (See Gen. Inst. W): \_\_\_\_\_

Firm's name (or yours if self-employed), address, and ZIP + 4: \_\_\_\_\_      EIN: \_\_\_\_\_      Phone no.: \_\_\_\_\_



**SCHEDULE A**  
**(Form 990 or 990-EZ)**

**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.)**

OMB No. 1545-0047

**2002**

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

**Wall Watchers**

Employer identification number

**56 2091339**

**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
<b>Rodney Pitzer</b> ----- <b>2514 Plantation Center Drive, Matthews, NC</b>	<b>Managing Director of Research</b>	<b>\$50,731</b>		
-----				
-----				
-----				
-----				
Total number of other employees paid over \$50,000 . . . . . ▶	<b>1</b>			

**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
<b>None</b> -----		
-----		
-----		
-----		
-----		
Total number of others receiving over \$50,000 for professional services . . . . . ▶	<b>0</b>	

**Part III** Statements About Activities (See page 2 of the instructions.)

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

**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.)

**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.) . . . . .	149,265	65,415	25,000	505,002	744,682
16 Membership fees received . . . . .					0
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 . . . . .					0
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 . . . . .	954	9,542	15,388	18,142	44,026
19 Net income from unrelated business activities not included in line 18 . . . . .					0
20 Tax revenues levied for the organization's benefit and either paid to it or expended on its behalf. . . . .					0
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. . . . .					0
22 Other income. Attach a schedule. Do not include gain or (loss) from sale of capital assets . . . . .					0
23 Total of lines 15 through 22. . . . .	150,219	74,957	40,388	523,144	788,708
24 Line 23 minus line 17. . . . .	150,219	74,957	40,388	523,144	788,708
25 Enter 1% of line 23 . . . . .	1,502	750	404	5,231	
26 Organizations described on lines 10 or 11: a Enter 2% of amount in column (e), line 24. . . . . ▶					15,774
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. <b>Do not file this list with your return.</b> Enter the total of all these excess amounts ▶					652,936
c Total support for section 509(a)(1) test: Enter line 24, column (e) . . . . . ▶					788,708
d Add: Amounts from column (e) for lines: 18 <u>44,026</u> 19 <u>0</u> 22 <u>0</u> 26b <u>652,936</u> . . . . . ▶					696,962
e Public support (line 26c minus line 26d total) . . . . . ▶					91,746
f Public support percentage (line 26e (numerator) divided by line 26c (denominator)) . . . . . ▶					8.59 %
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." <b>Do not file this list with your return.</b> Enter the sum of such amounts for each year:  (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.) <b>Do not file this list with your return.</b> 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:  (2001) ..... (2000) ..... (1999) ..... (1998) .....					
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 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. <b>Do not file this list with your return.</b> Do not include these grants in line 15.					

**Part V Private School Questionnaire** (See page 7 of the instructions.)  
**(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? . . . . .		
b	Records documenting that scholarships and other financial assistance are awarded on a racially nondiscriminatory basis? . . . . .		
c	Copies of all catalogues, brochures, announcements, and other written communications to the public dealing with student admissions, programs, and scholarships? . . . . .		
d	Copies of all material used by the organization or on its behalf to solicit contributions? . . . . .		
	If you answered "No" to any of the above, please explain. (If you need more space, attach a separate statement.) ..... ..... .....		
33	Does the organization discriminate by race in any way with respect to:		
a	Students' rights or privileges? . . . . .		
b	Admissions policies? . . . . .		
c	Employment of faculty or administrative staff? . . . . .		
d	Scholarships or other financial assistance? . . . . .		
e	Educational policies? . . . . .		
f	Use of facilities? . . . . .		
g	Athletic programs? . . . . .		
h	Other extracurricular activities? . . . . .		
	If you answered "Yes" to any of the above, please explain. (If you need more space, attach a separate statement.) ..... ..... .....		
34a	Does the organization receive any financial aid or assistance from a governmental agency? . . . . .		
b	Has the organization's right to such aid ever been revoked or suspended? . . . . . If you answered "Yes" to either 34a or b, please explain using an attached statement.		
35	Does the organization certify that it has complied with the applicable requirements of sections 4.01 through 4.05 of Rev. Proc. 75-50, 1975-2 C.B. 587, covering racial nondiscrimination? If "No," attach an explanation . . . . .		

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

<b>Limits on Lobbying Expenditures</b>		(a) Affiliated group totals	(b) To be completed for ALL electing organizations
(The term "expenditures" means amounts paid or incurred.)			
<b>36</b>	Total lobbying expenditures to influence public opinion (grassroots lobbying) . . . . .	<b>36</b>	
<b>37</b>	Total lobbying expenditures to influence a legislative body (direct lobbying) . . . . .	<b>37</b>	
<b>38</b>	Total lobbying expenditures (add lines 36 and 37) . . . . .	<b>38</b>	
<b>39</b>	Other exempt purpose expenditures . . . . .	<b>39</b>	
<b>40</b>	Total exempt purpose expenditures (add lines 38 and 39). . . . .	<b>40</b>	
<b>41</b>	Lobbying nontaxable amount. Enter the amount from the following table—		
	<b>If the amount on line 40 is—</b> <b>The lobbying nontaxable amount is—</b>		
	Not over \$500,000 . . . . . 20% of the amount on line 40. . . . .	<b>41</b>	
	Over \$500,000 but not over \$1,000,000 . . \$100,000 plus 15% of the excess over \$500,000		
	Over \$1,000,000 but not over \$1,500,000 . \$175,000 plus 10% of the excess over \$1,000,000		
	Over \$1,500,000 but not over \$17,000,000 . \$225,000 plus 5% of the excess over \$1,500,000		
	Over \$17,000,000 . . . . . \$1,000,000 . . . . .		
<b>42</b>	Grassroots nontaxable amount (enter 25% of line 41) . . . . .	<b>42</b>	
<b>43</b>	Subtract line 42 from line 36. Enter -0- if line 42 is more than line 36 . . . . .	<b>43</b>	
<b>44</b>	Subtract line 41 from line 38. Enter -0- if line 41 is more than line 38 . . . . .	<b>44</b>	

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

**4-Year Averaging Period Under Section 501(h)**

(Some organizations that made a section 501(h) election do not have to complete all of the five columns below.  
 See the instructions for lines 45 through 50 on page 11 of the instructions.)

Calendar year (or fiscal year beginning in) ▶	Lobbying Expenditures During 4-Year Averaging Period				
	(a) 2002	(b) 2001	(c) 2000	(d) 1999	(e) Total
<b>45</b> Lobbying nontaxable amount. . . . .					
<b>46</b> Lobbying ceiling amount (150% of line 45(e)).					
<b>47</b> Total lobbying expenditures . . . . .					
<b>48</b> Grassroots nontaxable amount . . . . .					
<b>49</b> Grassroots ceiling amount (150% of line 48(e)).					
<b>50</b> Grassroots lobbying expenditures . . . . .					

**Part VI-B Lobbying Activity by Nonelecting Public Charities**

(For reporting only by organizations that did not complete Part VI-A) (See page 11 of the instructions.)

During the year, did the organization attempt to influence national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of:	Yes	No	Amount
<b>a</b> Volunteers . . . . .			
<b>b</b> Paid staff or management (Include compensation in expenses reported on lines c through h.) . . . . .			
<b>c</b> Media advertisements . . . . .			
<b>d</b> Mailings to members, legislators, or the public . . . . .			
<b>e</b> Publications, or published or broadcast statements . . . . .			
<b>f</b> Grants to other organizations for lobbying purposes . . . . .			
<b>g</b> Direct contact with legislators, their staffs, government officials, or a legislative body . . . . .			
<b>h</b> Rallies, demonstrations, seminars, conventions, speeches, lectures, or any other means . . . . .			
<b>i</b> Total lobbying expenditures (Add lines c through h.) . . . . .			

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



# Attachments

## For the 2002 IRS Form 990

Wall Watchers  
EIN: 56-2091339

**Statement 1**  
**Form 990, Part 1, Line 8**

Publicly Traded Securities

Gross Sales Price:	\$218,170
Cost or Other Basis:	215,354
Expenses of Sale:	<u>382</u>
<b>Total Gain</b> from Publicly Traded Securities	<b><u>\$2,434</u></b>

**Statement 2**  
**Form 990, Part 1, Line 20**

Other Changes in Net Assets

Increase in value of securities:	\$646
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**Statement 3**  
**Form 990, Part II**

Statement of Functional Expenses

<u>Personnel</u>	<b>Program</b>	<b>M &amp; G</b>	<b>Fundraising</b>	<b>TOTAL</b>
Salaries and wages	\$147,412	\$27,984	\$16,273	\$191,669
Payroll taxes	12,539	2,380	1,384	16,303
Benefits	24,858	4,719	2,744	32,321
Deferred Compensation	<u>&lt;1,905&gt;</u>	<u>&lt;362&gt;</u>	<u>&lt;210&gt;</u>	<u>&lt;2,477&gt;</u>
<b>Total Personnel</b>	<b><u>182,904</u></b>	<b><u>34,721</u></b>	<b><u>20,191</u></b>	<b><u>237,816</u></b>
<u>Other Expenses</u>	<b>Program</b>	<b>M &amp; G</b>	<b>Fundraising</b>	<b>TOTAL</b>
Editor	\$15,000	\$0	\$0	\$15,000
Research fellowship	22,625	0	0	22,625
Employee training and resources	938	221	104	1,263
Promotion and advertising	7,407	0	1,429	8,836
Technology services	1,184	225	131	1,540
Conferences and meetings	2,434	14	8	2,456
Travel and meals	676	129	74	879
Rent and occupancy costs	1,476	185	185	1,846
Utilities	3,324	415	415	4,154
Telephone	5,319	586	586	6,491
Insurance	1,194	2,718	149	4,061
Office and computer supplies	4,074	469	1,714	6,257
Printing and publications	297	56	33	386
Postage and shipping	710	135	78	923
Dues and subscriptions	803	152	89	1,044
Professional fees	0	3,000	0	3,000
Depreciation and amortization	37,711	1,477	369	39,557
Miscellaneous	<u>0</u>	<u>1,716</u>	<u>0</u>	<u>1,716</u>
<b>Total Other Expenses</b>	<b><u>105,172</u></b>	<b><u>11,498</u></b>	<b><u>5,364</u></b>	<b><u>122,034</u></b>
<b>TOTAL EXPENSES</b>	<b><u>\$288,076</u></b>	<b><u>\$46,219</u></b>	<b><u>\$25,555</u></b>	<b><u>\$359,850</u></b>

# Attachments

## For the 2002 IRS Form 990

Wall Watchers  
EIN: 56-2091339

**Statement 4**  
**Form 990, Part III**

Program Services

Wall Watchers is a nonprofit Christian ministry established in July 1998 to promote the Biblical principles of stewardship and help people apply those principles in their lives. Wall Watchers is an information intermediary; it collects, processes and disseminates information, primarily to help donors make better informed giving decisions, but also to promote Christian stewardship in general. During the fiscal year ended June 30, 2003, Wall Watchers continued to carry out this mission by conducting research on more than 500 Christian ministries, developing the databases and websites used to capture and convey this research and promoting Wall Watchers' products and mission to the public.

\$288,076

Wall Watchers is convinced that donors armed with credible analysis from a reliable, free, independent source will respond with larger and more frequent giving. Wall Watchers is driven by donor needs. By providing quality information services, Wall Watchers seeks to contribute to the enlightenment of the philanthropic community while empowering donors with charity-specific knowledge that will lead to increased giving and enhanced accountability.

**www.MinistryWatch.com** is the free online database component of Wall Watchers that profiles and reports on nonprofit ministries. MinistryWatch.com includes a searchable database, a transparency grade, organizational details, descriptive information, analyst comments, financial efficiency ratings, Education Center, Ministry Finder and My Ministries.

**www.thegoodsteward.com** is Wall Watchers' free online magazine that provides readers with articles covering topics such as Biblical Stewardship, Life Stewardship, Financial matters, Giving Wisely, and The Environment.

Wall Watchers' **goal** is to help donors make informed giving decisions by guiding them toward more effective giving to nonprofit ministries. We hope that by doing so, we will see the gospel of Jesus Christ furthered.

**Statement 5**  
**Form 990, Part IV, Line 57**

Land, Buildings, and Equipment

Category	Basis	Accum. Deprec.	Book Value	Fair Market Value
Machinery and Equipment	\$42,019	\$30,631	\$11,388	\$11,388
<b>TOTAL</b>	<b>\$42,019</b>	<b>\$30,613</b>	<b>\$11,388</b>	<b>\$11,388</b>

# Attachments

## For the 2002 IRS Form 990

Wall Watchers  
EIN: 56-2091339

**Statement 6**  
**Form 990, Part IV, Line 58**

**Other Assets**

Category	Book Value	Fair Market Value
Net Intangible Assets	\$7,442	\$7,442
<b>TOTAL</b>	<b>\$7,442</b>	<b>\$7,442</b>

**Statement 7**  
**Form 990, Part IV, Line 65**

**Other Liabilities**

Category	Amount
Deferred Compensation	\$1,082
<b>TOTAL</b>	<b>\$1,082</b>

**Statement 8**  
**Form 990, Part V**

**Officers, Directors, Trustees, and Key Employees**

Name and Address	Title	Hrs	Comp.	Benefits	Expenses
Howard "Rusty" Leonard 3006 Savannah Hills Drive Matthews, NC 28105	CEO Chairman Founder	10	\$0	\$0	\$0
Carolynn Leonard 3006 Savannah Hills Drive Matthews, NC 28105	Board Member	0	0	0	0
Jeff Everett P.O. Box N-7776, Lyford Cay Nassau	Board Member	0	0	0	0
Jerry Ledzinski 8073 Lake Pl. Carmel, CA 93923	Board Member	0	0	0	0
Martina Ledzinski 8073 Lake Pl. Carmel, CA 93923	Board Member	0	0	0	0
Mark Long 1917 Lawton Bluff Charlotte, NC 28226	Board Member	0	0	0	0
Steve Maye 2501 Plantation Center Dr. Matthews, NC 28105	Board Member	0	0	0	0
Charles Noble 3505 Lewis Rd. Newtown Square, PA 19073	Board Member	0	0	0	0
Lynn Noble 3505 Lewis Rd. Newtown Square, PA 19073	Board Member	0	0	0	0
Warren Smith 4701 Beech Crest Pl. Charlotte, NC 28269	Board Member	0	0	0	0
Chris Hempe 2514 Plantation Center Dr. Matthews, NC 28105	Former President	40+	\$29,091	\$0	\$0

# Attachments

For the 2002 IRS Form 990

Wall Watchers  
EIN: 56-2091339

**Statement 9**  
**Schedule A, Part III, Line 2**

Transaction Explanations

**2c** – Use of facility – The CEO of Wall Watchers is the owner of the facility used by Wall Watchers to conduct its activities. This facility is made available rent-free to Wall Watchers.

**2d** – Payment of compensation to former President, Chris Hempe of \$29,091, which is included in Statement 8.

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