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Form 990

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)

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

Department of the Treasury
Internal Revenue Service

OMB No 1545 0047

2002

Open to Public Inspection

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

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

Please use IRS label or print or type. See Specific Instructions.

C Name of organization: Discovery Institute

Number and street (or P O box if mail is not delivered to street address): 1402 3rd Ave — Room/suite: 400

City or town state or country and ZIP + 4: Seattle WA 98101

D Employer ID number: 91-1521697

E Telephone number: 206-292-0401

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 no of affiliates ▶

H(c) Are all affiliates included? ☐ Yes ☐ No (If "No" attach a list See instr)

H(d) Is this a separate return filed by an organization covered by a group ruling? ☐ Yes ☐ No

I Enter 4-digit GEN ▶

G Web site ▶ www.discovery.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

M Check ▶ ☐ if the organization is not required to attach Sch B (Form 990, 990-EZ, or 990-PF)

L Gross receipts Add lines 6b, 8b, 9b, and 10b to line 12 ▶ 2,457,721

Part I Revenue, Expenses, and Changes in Net Assets or Fund Balances (See page 17 of the instructions)

Revenue	1	Contributions gifts grants, and similar amounts received					
	a	Direct public support		1a	2,293,047		
	b	Indirect public support		1b			
	c	Government contributions (grants)		1c			
	d	Total (add lines 1a through 1c) (cash $ 2,221,851 noncash $ 71,196)				1d	2,293,047
	2	Program service revenue including government fees and contracts (from Part VII line 93)				2	29,469
	3	Membership dues and assessments				3	34,017
	4	Interest on savings and temporary cash investments				4	13,611
	5	Dividends and interest from securities				5	
	6a	Gross rents		6a			
	b	Less rental expenses		6b			
	c	Net rental income or (loss) (subtract line 6b from line 6a)				6c	
	7	Other investment income (describe ▶)				7	
	8a	Gross amount from sales of assets other than inventory	(A) Securities: 651	8a	(B) Other		
	b	Less cost or other basis and sales expenses	1,901	8b			
	c	Gain or (loss) (attach schedule)	-1,250	8c			
	d	Net gain or (loss) (combine line 8c, columns (A) and (B)) See Stmt 1				8d	-1,250
	9	Special events and activities (attach schedule)					
	a	Gross revenue (not including $ of contributions reported on line 1a)		9a			
	b	Less direct expenses other than fundraising expenses		9b			
	c	Net income or (loss) from special events (subtract line 9b from line 9a)				9c	
	10a	Gross sales of inventory, less returns and allowances		10a	83,025		
	b	Less cost of goods sold		10b	69,748		
	c	Gross profit or (loss) from sales of inventory (att sch) (subtract line 10b from line 10a) Stmt 2				10c	13,277
	11	Other revenue (from Part VII line 103)				11	3,901
	12	Total revenue (add lines 1d, 2, 3, 4, 5, 6c, 7, 8d, 9c, 10c, and 11)				12	2,386,072
Expenses	13	Program services (from line 44 column (B))				13	1,834,131
	14	Management and general (from line 44 column (C))				14	430,046
	15	Fundraising (from line 44 column (D))				15	140,065
	16	Payments to affiliates (attach schedule)				16	
	17	Total expenses (add lines 16 and 44, column (A))				17	2,404,242
Net Assets	18	Excess or (deficit) for the year (subtract line 17 from line 12)				18	-18,170
	19	Net assets or fund balances at beginning of year (from line 73 column (A))				19	1,836,978
	20	Other changes in net assets or fund balances (attach explanation) See Stmt 3				20	486
	21	Net assets or fund balances at end of year (combine lines 18, 19, and 20)				21	1,819,294

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For Paperwork Reduction Act Notice, see the separate instructions

DAA

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)

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 $ non-cash $)	22				
23 Specific assistance to individuals	23				
24 Benefits paid to or for members	24				
25 Compensation of officers, directors etc	25	238,035		204,135	33,900
26 Other salaries and wages	26	756,659	604,763	82,956	68,940
27 Pension plan contributions	27				
28 Other employee benefits	28	80,360	63,419	8,699	8,242
29 Payroll taxes	29	116,140	91,638	12,570	11,932
30 Professional fundraising fees	30				
31 Accounting fees	31				
32 Legal fees	32				
33 Supplies	33	14,499	6,031	8,468	
34 Telephone	34	21,593	12,462	9,131	
35 Postage and shipping	35	18,108	13,325	4,783	
36 Occupancy	36	60,780	4,270	56,510	
37 Equipment rental and maintenance	37				
38 Printing and publications	38	23,942	3,348	20,594	
39 Travel	39	99,822	96,501	3,321	
40 Conferences, conventions, and meetings	40				
41 Interest	41	218	54	164	
42 Depreciation, depletion, etc (attach schedule)	42	31,750	7,648	24,102	
43 Other expenses not covered above (itemize) a	43a				
b See Statement 4	43b	942,336	1,492,687	-567,401	17,050
c	43c				
d	43d				
e	43e				
44 **Total functional expenses** (add lines 22 - 43) **Organizations completing columns (B)-(D), carry these totals to lines 13-15**	44	2,404,242	2,396,146	-131,968	140,064

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? ▶ See Statement 5 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) & (4) orgs & 4947(a)(1) trusts but optional for others)
a See Statement 6 (Grants and allocations $)	542,580
b See Statement 7 (Grants and allocations $)	1,215,893
c See Statement 8 (Grants and allocations $)	570,875
d Production of public service books. (Grants and allocations $)	1,462
e Other program services (attach schedule) See Stmt 9 (Grants and allocations $)	65,336
f **Total of Program Service Expenses** (should equal line 44, column (B), Program services) ▶	2,396,146

Part IV Balance Sheets (See page 24 of the 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			109,870	45	627,421
	46	Savings and temporary cash investments			1,086,785	46	272,219
	47a	Accounts receivable	47a	3,154			
	b	Less allowance for doubtful accounts	47b		24,056	47c	3,154
	48a	Pledges receivable	48a	775,000			
	b	Less allowance for doubtful accounts	48b		545,000	48c	775,000
	49	Grants receivable				49	
	50	Receivables from officers, directors, trustees, and key employees (attach schedule)				50	
	51a	Other notes and loans receivable (attach schedule)	51a				
	b	Less allowance for doubtful accounts	51b			51c	
	52	Inventories for sale or use			16,352	52	13,169
	53	Prepaid expenses and deferred charges				53	
	54	Investments-securities See Stmt 6 ▶ ☐ Cost ☐ FMV			1,416	54	1,022
	55a	Investments-land buildings, and equipment basis	55a				
	b	Less accumulated depreciation (attach schedule)	55b			55c	
	56	Investments-other (attach schedule)				56	
	57a	Land, buildings, and equipment basis	57a	266,605			
	b	Less accumulated depreciation (attach schedule) See Stmt 7	57b	116,752	63,013	57c	149,853
	58	Other assets (describe ▶ See Stmt 8)			24,235	58	9,999
	59	**Total assets** (add lines 45 through 58) (must equal line 74)			1,870,727	59	1,851,837
Liabilities	60	Accounts payable and accrued expenses			33,749	60	32,543
	61	Grants payable				61	
	62	Deferred revenue				62	
	63	Loans from officers, directors, trustees and key employees (attach schedule)				63	
	64a	Tax-exempt bond liabilities (attach schedule)				64a	
	b	Mortgages and other notes payable (attach schedule)				64b	
	65	Other liabilities (describe ▶)				65	
	66	**Total liabilities** (add lines 60 through 65)			33,749	66	32,543
Net Assets or Fund Balances		**Organizations that follow SFAS 117, check here** ▶ ☒ and complete lines 67 through 69 and lines 73 and 74					
	67	Unrestricted			175,535	67	316,874
	68	Temporarily restricted			1,661,443	68	1,502,420
	69	Permanently restricted				69	
		Organizations that do not follow SFAS 117, check here ▶ ☐ and complete lines 70 through 74					
	70	Capital stock trust principal or current funds				70	
	71	Paid-in or capital surplus or land, building and equipment fund				71	
	72	Retained earnings endowment, accumulated income or other funds				72	
	73	**Total net assets or fund balances** (add lines 67 through 69 or lines 70 through 72 column (A) **must** equal line 19 column (B) **must** equal line 21)			1,836,978	73	1,819,294
	74	**Total liabilities and net assets / fund balances** (add lines 66 and 73)			1,870,727	74	1,851,837

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

Part IV-A Reconciliation of Revenue per Audited Financial Statements with Revenue per Return (See page 26 of the instructions)

N/A

a	Total revenue, gains, & other support per audited financial statements ▶	a	
b	Amounts included on line a but not on line 12 Form 990		
(1)	Net unrealized gains on investments $		
(2)	Donated services and use of facilities $		
(3)	Recoveries of prior year grants $		
(4)	Other (specify) $		
	Add amounts on lines (1) through (4) ▶	b	
c	Line a minus line b ▶	c	
d	Amounts included on line 12, Form 990 but not on line a		
(1)	Investment expenses not included on line 6b, Form 990 $		
(2)	Other (specify) $		
	Add amounts on lines (1) and (2) ▶	d	
e	Total revenue per line 12 Form 990 (line c plus line d) ▶	e	

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

N/A

a	Total expenses and losses per audited financial statements ▶	a	
b	Amounts included on line a but not on line 17, Form 990		
(1)	Donated services and use of facilities $		
(2)	Prior year adjustments reported on line 20, Form 990 $		
(3)	Losses reported on line 20, Form 990 $		
(4)	Other (specify) $		
	Add amounts on lines (1) through (4) ▶	b	
c	Line a minus line b ▶	c	
d	Amounts included on line 17, Form 990 but not on line a		
(1)	Investment expenses not included on line 6b, Form 990 $		
(2)	Other (specify) $		
	Add amounts on lines (1) and (2) ▶	d	
e	Total expenses per line 17, Form 990 (line c plus line d) ▶	e	

Part V List of Officers, Directors, Trustees, and Key Employees (List each one even if not compensated see page 26 of the instructions)

(A) Name and address	(B) Title and average hours per week devoted to position	(C) Compensation (If not paid, enter -0-.)	(D) Contrib to employee benefit plans & deferred compensation	(E) Expense account and other allowances
See Statement 9				

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 page 26 of the instructions

Part VI Other Information (See page 27 of the instructions)

			Line	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
78a	Did the organization have unrelated business gross inc 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		
79	Was there a liquidation, dissolution, termination, or substantial contraction during the year? If "Yes attach a statement		79		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?		80a		X
b	If "Yes enter the name of the organization ▶ and check whether it is ☐ exempt or ☐ nonexempt				
81a	Enter direct or indirect political expenditures See line 81 instr	81a			
b	Did the organization file Form 1120-POL for this year?		81b		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?		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) See Stmt 10	82b 71,196			
83a	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
84a	Did the organization solicit any contributions or gifts that were not tax deductible?		84a		X
b	If "Yes, did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	N/A	84b		
85	501(c)(4), (5), or (6) organizations a Were substantially all dues nondeductible by members?	N/A	85a		
b	Did the organization make only in-house lobbying expenditures of $2,000 or less?	N/A	85b		
	If "Yes" was answered to either 85a or 85b, do not complete 85c through 85h below unless the organization received a waiver for proxy tax owed for the prior year				
c	Dues assessments, and similar amounts from members	85c			
d	Section 162(e) lobbying and political expenditures	85d			
e	Aggregate nondeductible amount of section 6033(e)(1)(A) dues notices	85e			
f	Taxable amount of lobbying and political expenditures (line 85d less 85e)	85f			
g	Does the organization elect to pay the section 6033(e) tax on the amount in 85f?	N/A	85g		
h	If section 6033(e)(1)(A) dues notices were sent, does the organization agree to add the amount in 85f to its reasonable estimate of dues allocable to nondeductible lobbying and political expenditures for the following tax year?	N/A	85h		
86	501(c)(7) orgs Enter a Initiation fees and capital contributions included on line 12	86a			
b	Gross receipts, included on line 12, for public use of club facilities	86b			
87	501(c)(12) orgs Enter a Gross income from members or shareholders	87a			
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		88		X
89a	501(c)(3) organizations Enter Amount of tax imposed on the organization during the year under section 4911 ▶ 0 , section 4912 ▶ 0 section 4955 ▶ 0				
b	501(c)(3) and 501(c)(4) orgs Did the organization engage in any section 4958 excess benefit transaction during the year or did it become aware of an excess benefit transaction from a prior year? If "Yes, attach a statement explaining each transaction		89b		X
c	Enter Amount of tax imposed on the organization managers or disqualified persons during the year under sections 4912 4955, and 4958	▶ 0			
d	Enter Amount of tax on line 89c above reimbursed by the organization	▶ 0			

90a List the states with which a copy of this return is filed ▶ None

b Number of employees employed in the pay period that includes March 12 2002 (See instructions) 90b

91 The books are in care of ▶ DOUGLAS BILDERBACK Telephone no ▶ 206-292-0401

Located at ▶ 1402 3RD AVENUE, SUITE 400, SEATTLE WA ZIP + 4 ▶ 98101

92 Section 4947(a)(1) nonexempt charitable trusts filing Form 990 in lieu of Form 1041- Check here ▶ ☐

and enter the amount of tax-exempt interest received or accrued during the tax year ▶ 92

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

Note Enter gross amounts unless otherwise indicated	Unrelated business income (A) Business code	Unrelated business income (B) Amount	Excluded by sec 512, 513, or 514 (C) Exclusion code	Excluded by sec 512, 513, or 514 (D) Amount	(E) Related or exempt function income
93 Program service revenue					
a Program Service Revenue					29,469
b					
c					
d					
e					
f Medicare/Medicaid payments					
g Fees and contracts from government agencies					
94 Membership dues and assessments					34,017
95 Interest on savings and temporary cash investments			14	13,611	
96 Dividends and interest from securities					
97 Net rental income or (loss) from real estate					
a debt-financed property					
b not debt-financed property					
98 Net rental income or (loss) from personal property					
99 Other investment income					
100 Gain or (loss) from sales of assets other than inventory			18	-1,250	
101 Net income or (loss) from special events					
102 Gross profit or (loss) from sales of inventory					13,277
103 Other revenue a					
b Miscellaneous Income					3,901
c					
d					
e					
104 Subtotal (add columns (B), (D), and (E))		0		12,361	80,664
105 Total (add line 104, columns (B), (D), and (E)) ▶					93,025

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)
93a	TO PROMOTE THOUGHTFUL ANALYSIS AND EFFECTIVE ACTION ON
	LOCAL, REGIONAL, NATIONAL, AND INTERNATIONAL ISSUES.
94	SAME AS ABOVE
103	SAME AS ABOVE

Part IX Information Regarding Taxable Subsidiaries and Disregarded Entities (See page 32 of the instructions)

(A) Name, address and EIN of corporation partnership, or disregarded entity	(B) Percentage of ownership interest	(C) Nature of activities	(D) Total income	(E) End-of-year assets
N/A	%			
	%			
	%			
	%			

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

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

(b) Did the organization during the year pay premiums, directly or indirectly on a personal benefit contract? ☐ Yes ☒ No

Note If "Yes" to (b), file Form 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

[redacted]

Aug. 8, 03

Date

resident Discovery Institute

SCHEDULE A
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Organization Exempt Under Section 501(c)(3)

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

Supplementary Information-(See separate instructions.)

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

OMB No 1545 0047

2002

Name of the organization: Discovery Institute

Employer identification number: 91-1521697

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 ben plans & deferred compensation	(e) Expense account and other allowances
Detail available at office		128,000	0	0
Total number of other employees paid over $50,000 ▶	0			

Part II **Compensation of the Five Highest Paid Independent Contractors for Professional Services**
(See page 2 of the instr 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 ▶		

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 amount 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	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 exp 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)

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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)	2,633,263	1,357,531	1,609,291	1,369,972	6,970,057
16 Membership fees received	45,621	51,880			97,501
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	190,914	110,301	112,122	588,876	1,002,213
18 Gross inc from int dividends amounts received from pymt on securities loans (section 512(a)(5)) rents royalties & unrelated busn taxable inc (less sec 511 taxes) from businesses acquired by the organization after June 30, 1975	31,341	19,205	10,098	9,120	69,764
19 Net income from unrelated business activities not included in line 18					
20 Tax revn levied for the organization s ben & either paid to it or expended on its behalf					
21 The value of serv or facl furnished to the org by a governmental unit without charge Do not incl the value of serv or fac generally furnished to the public without charge					
22 Other income Attach a schedule Do not include gain or (loss) from sale of cap assets					
23 Total of lines 15 through 22	2,901,139	1,538,917	1,731,511	1,967,968	8,139,535
24 Line 23 minus line 17	2,710,225	1,428,616	1,619,389	1,379,092	7,137,322
25 Enter 1% of line 23	29,011	15,389	17,315	19,680	

26 **Organizations described on lines 10 or 11** a Enter 2% of amount in column (e), line 24 ▶ 26a 142,746

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 total of all these excess amounts ▶ 26b 4,315,441

c Total support for section 509(a)(1) test Enter line 24 column (e) ▶ 26c 7,137,322

d Add Amounts from column (e) for lines 18 69,764 19 ______ 22 ______ 26b 4,315,441 ▶ 26d 4,385,205

e Public support (line 26c minus line 26d total) ▶ 26e 2,752,117

f **Public support percentage (line 26e (numerator) divided by line 26c (denominator))** ▶ 26f 38.5595%

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

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 on 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 **Do not file this list with your return** 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)

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?	29		
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?	30		
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?	31		
	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?	32d		
	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?	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?	33h		
	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?	34a		
b	Has the organization s right to such aid ever been revoked or suspended? If you answered 'Yes to either 34a or b, please explain using an attached statement	34b		
35	Does the organization certify that it has complied with the applicable requirements of sections 4 01 through 4 05 of Rev Proc 75-50, 1975-2 C B 587, covering racial nondiscrimination? If "No, attach an explanation	35		

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

(To be completed ONLY by an eligible organization that filed Form 5768) N/A

Check ▶ a ☐ if the organization belongs to an affiliated group Check ▶ b ☐ if you checked "a" and "limited control provisions apply

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

If the amount on line 40 is-	The lobbying nontaxable amount is-
Not over $500 000	20% of the amount on line 40
Over $500,000 but not over $1,000,000	$100,000 plus 15% of the excess over $500,000
Over $1,000 000 but not over $1,500,000	$175,000 plus 10% of the excess over $1,000,000
Over $1,500,000 but not over $17,000,000	$225,000 plus 5% of the excess over $1 500,000
Over $17,000,000	$1,000,000

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
45 Lobbying nontaxable amount					
46 Lobbying ceiling amount (150% of line 45(e))					
47 Total lobbying expenditures					
48 Grassroots nontaxable amount					
49 Grassroots ceiling amount (150% of line 48(e))					
50 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 instr) 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	Yes	No	Amount
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)			

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

Part VII Information Regarding Transfers To and Transactions and Relationships With Noncharitable Exempt Organizations (See page 12 of the instructions)

51 Did the reporting organization directly or indirectly engage in any of the following with any other organization described in section 501(c) of the Code (other than section 501(c)(3) organizations) or in section 527 relating to political organizations?

		Yes	No
a Transfers from the reporting organization to a noncharitable exempt organization of			
(i) Cash	51a(i)		X
(ii) Other assets	a(ii)		X
b Other transactions			
(i) Sales or exchanges of assets with a noncharitable exempt organization	b(i)		X
(ii) Purchases of assets from a noncharitable exempt organization	b(ii)		X
(iii) Rental of facilities equipment, or other assets	b(iii)		X
(iv) Reimbursement arrangements	b(iv)		X
(v) Loans or loan guarantees	b(v)		X
(vi) Performance of services or membership or fundraising solicitations	b(vi)		X
c Sharing of facilities, equipment, mailing lists other assets, or paid employees	c		X

d If the answer to any of the above is "Yes, complete the following schedule Column (b) should always show the fair market value of the goods, other assets, or services given by the reporting organization If the organization received less than fair market value in any transaction or sharing arrangement, show in column (d) the value of the goods, other assets, or services received

(a) Line no	(b) Amount involved	(c) Name of noncharitable exempt organization	(d) Description of transfers, transactions, and sharing arrangements
N/A			

52a Is the organization directly or indirectly affiliated with, or related to, one or more tax-exempt organizations described in section 501(c) of the Code (other than section 501(c)(3)) or in section 527? ▶ ☐ Yes ☒ No

b If 'Yes,' complete the following schedule

(a) Name of organization	(b) Type of organization	(c) Description of relationship
N/A		

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Form **4562**

Department of the Treasury
Internal Revenue Service

Depreciation and Amortization

(Including Information on Listed Property)

▶ See separate instructions ▶ Attach to your tax return

OMB No 1545-0172

2002

Attachment Sequence No **67**

Name(s) shown on return: Discovery Institute

Identifying number: 91-1521697

Business or activity to which this form relates: Indirect Depreciation

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 page 2 of the instructions for a higher limit for certain businesses	1	24,000
2	Total cost of section 179 property placed in service (see page 2 of the 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 pg 2 of the instr	5	

	(a) Description of property	(b) Cost (business use only)	(c) Elected cost
6			
7	Listed property Enter the 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 (see instructions)	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 prop (other than listed prop) placed in service during the tax year (see pg 3 of the instr)	14	
15	Property subject to section 168(f)(1) election (see page 4 of the instructions)	15	
16	Other depreciation (including ACRS) (see page 4 of the instructions)	16	31,751

Part III MACRS Depreciation (Do not include listed property) (See page 4 of the instructions)

Section A

17	MACRS deductions for assets placed in service in tax years beginning before 2002	17	
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 ▶ ☐		

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						
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			27 5 yrs	MM	S/L	
property			27 5 yrs	MM	S/L	
i Nonresidential real			39 yrs	MM	S/L	
property				MM	S/L	

Section C-Assets Placed in Service During 2002 Tax Year Using the Alternative Depreciation System

(a)	(b)	(c)	(d)	(e)	(f)	(g)
20a Class life					S/L	
b 12-year			12 yrs		S/L	
c 40-year			40 yrs	MM	S/L	

Part IV Summary (see page 6 of the 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	31,751
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	

There are no amounts for Page 2

Federal Statements

Statement 1 - Form 990, Part I, Line 8c - Sale of Assets Other Than Inventory - Securities

Desc	How Rec'd	Whom Sold	Date Acquired	Date Sold	Sale Price	Cost & Expense	Deprec	Gain/ -Loss
Sale of CSCO Stock	Donation		12/20/00	7/25/02	$ 334	$ 912	$	$ -578
Sale of AOL Stock	Donation		12/07/01	7/25/02	317	989		-672
Total					$ 651	$ 1,901	$ 0	$ -1,250

Federal Statements

Statement 2 - Form 990, Line 10c - Sales of Inventory

Description	Gross Sales	COGS	Gross Profit
Book Sales	$ 83,025	$ 69,748	$ 13,277
Total	$ 83,025	$ 69,748	$ 13,277

Statement 3 - Form 990, Line 20 - Other Changes in Net Assets or Fund Balances

Description	Amount
Unrealized Gain	$ 486
Total	$ 486

Statement 4 - Form 990, Part II, Line 43 - Other Functional Expenses

Description	Total Expenses	Program Service	Mgt & General	Fund-Raising
	$	$	$	$
Expenses				
Advertising/Promotion	32,463	32,463		
Advertising/Promotion	6,849	6,849		
Advertising/Promotion	3,892	3,892		
Bank Charges	2,472	95	2,377	
Bank Charges	258	258		
Bank Charges	364	364		
Dues and Subscriptions	2,933	214	2,719	
Dues and Subscriptions	4,381	4,381		
Computer Expenses	20,037	601	19,436	
Computer Expenses	2,645	2,645		
Computer Expenses	28	28		
Consultants	176,126	175,976	150	
Consultants	11,983	11,983		
Consultants	21,318	21,318		
Books and Publications	1,848	166	1,682	
Books and Publications	2,503	2,503		
Books and Publications	68	68		
Books and Publications	70	70		
Events/Programs	6,361	5,121	1,240	
Events/Programs	6,696	6,696		
Events/Programs	45,607	45,607		
Events/Programs	4,601	4,601		
Fundraising	17,050			17,050
Office Relocation	14,436		14,436	
Professional Fees	12,152	260	11,892	
Program Development	6,491	6,491		
Program Development	63,949	63,949		
Fellowships/Research	358,156	357,106	1,050	
Fellowships/Research	100,000	100,000		
Fellowships/Research	1,600	1,600		
Meals and Entertainment	8,837	2,922	5,915	
Meals and Entertainment	1,699	1,699		
Meals and Entertainment	451	451		
Miscellaneous	4,011	-30	4,041	
Miscellaneous	1	1		
Overhead	-578,250	54,089	-632,339	
Overhead	197,250	197,250		
Overhead	355,000	355,000		
Overhead	26,000	26,000		
Total	$ 942,336	$ 1,492,687	$ -567,401	$ 17,050

Statement 5 - Form 990, Part III - Organization's Primary Exempt Purpose

To promote thoughtful analysis and effective action on local, regional, national, and international issues

Statement 6 - Form 990, Part III, Line a - Statement of Program Service Accomplishments

Development of a balanced, seamless, and expanded transportation system between Washington, Oregon, and British Columbia through publice private partnerships and innovative financing

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Statement 7 - Form 990, Part III, Line b - Statement of Program Service Accomplishments

Production of public service reports, legislative testimony, articles, public conferences and debates, plus media coverange and the Institutes own publications in the field of Science and Culture

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Statement 8 - Form 990, Part III, Line c - Statement of Program Service Accomplishments

Production of public service reports, legislative testimony, articles, public conferences and debates, plus media coverange and the Institutes own publications in the field of Technology

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Statement 9 - Form 990, Part III, Line e - Other Program Services

Production of public service reports, legislative testimony, articles, public conferences and debates, plus media coverange and the Institutes own publications in the field of the Defense, Religion Liberty & Civic Life, and the Enviroment

Statement 10 - Form 990, Part IV, Line 54 - Investments in Securities

Description	Beginning of Year	End of Year	Basis of Valuation
Corporate Stock			
Cisco	453		
AOL Time Warner	963	1,022	
	1,416	1,022	

Statement 11 - Form 990, Part IV, Line 57 - Land, Buildings, and Equipment

Description	Beginning of Year	Accum Deprec	End of Year	Accum Deprec
Equipment				
	$ 148,016	$ 85,003	$ 266,605	$ 116,752
Total	$ 148,016	$ 85,003	$ 266,605	$ 116,752

Statement 12 - Form 990, Part IV, Line 58 - Other Assets

Description	Beginning of Year	End of Year
Prepaid Expenses	$ 24,235	$ 9,999
Total	$ 24,235	$ 9,999

Federal Statements

Statement 13 - Form 990, Part V - List of Officers, Directors, Trustees, and Key Employees

Name	Comp	Benefits	Expenses	Title	Average Hours	Address	City, State, Zip
Tom Alberg	0	0	0	Chairman			Seattle, WA
John R Miller	0	0	0	Director			Seattle, WA
Christopher T Bayley	0	0	0	Director			Seattle, WA
Robert J Cihak, M D	0	0	0	Director			Aberdeen, WA
Robert W Davidson	0	0	0	Director			Bellevue, WA
George Gilder	0	0	0	Director			Housatonic, MA
Slade Gorton	0	0	0	Director			Seattle, WA
Mack Hogans	0	0	0	Director			Tacoma, WA
Steven Marshall	0	0	0	Director			Bellevue, WA
Mike Martin	0	0	0	Director			Seattle, WA
Susan Hutchison	0	0	0	Director			Seattle, WA
Jason W King	0	0	0	Director			Seattle, WA
Byron Nutley	0	0	0	Director			Woodinville, WA
James Spady	0	0	0	Director			Seattle, WA
Raymond J Waldmann	0	0	0	Director			Seattle, WA
Bruce E Watterson	0	0	0	Director			Bellevue, WA
Fred Weiss	0	0	0	Director			Seattle, WA
Robert L Wiley III	0	0	0	Director			Seattle, WA

Statement 13 - Form 990, Part V - List of Officers, Directors, Trustees, and Key Employees (continued)

Name	Comp	Benefits	Expenses	Title	Average Hours	Address	City, State, Zip
Bruce Chapman *	0	0	0	President	40		Seattle, WA
Mark Ryland	0	0	0	Vice Pres			Great Falls, VA
Steven Buri *	0	0	0	Exec Directr	40		Seattle, WA
Douglas Bilderback *	0	0	0	Treasurer	40		Seattle, WA
Marshall Sana *	0	0	0	Secretary	40		Seattle, WA
* Details of compensation available	0	0	0				
at the office	238,035	0	2,404				
None of the directors are paid	0	0	0				

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Form **8868**
(December 2000)
Department of the Treasury
Internal Revenue Service

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 File by the due date for filing your return See instructions	Name of Exempt Organization Discovery Institute	Employer identification number 91-1521697
	Number, street, and room or suite no If a P O box, see instructions 1402 3rd Ave 400	
	City, town or post office, state, and ZIP code For a foreign address, see instructions Seattle WA 98101	

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

☒ Form 990	☐ Form 990-T (corporation)	☐ Form 4720
☐ Form 990-BL	☐ Form 990-T (sec 401(a) or 408(a) trust)	☐ Form 5227
☐ Form 990-EZ	☐ Form 990-T (trust other than above)	☐ Form 6069
☐ Form 990-PF	☐ Form 1041-A	☐ 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 8/15/03,
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 $ ______

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 ▶ [signature] Title ▶ CPA Date ▶ 5/15/03

For Paperwork Reduction Act Notice, see Instruction Form **8868** (12-2000)

DAA