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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)

2007

Open to Public Inspection

Department of the Treasury Internal Revenue Service(77)

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

A For the 2007 calendar year, or tax year beginning 7/01, 2007, and ending 6/30, 2008

- B Check if applicable: Address change, Name change, Initial return, Termination, Amended return, Application pending

C HIGHLAND SCHOOL, INC. 597 BROADVIEW AVENUE WARRENTON, VA 20186

D Employer Identification Number 54-0699812 E Telephone number (540) 878-2700 F Accounting method: Cash [] Accrual [X] 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 [X] H (b) If 'Yes,' enter number of affiliates H (c) Are all affiliates included? Yes [] No [] H (d) Is this a separate return filed by an organization covered by a group ruling? Yes [] No [X] I Group Exemption Number M Check [] if the organization is not required to attach Schedule B (Form 990, 990-EZ, or 990-PF)

G Web site: WWW.HIGHLANDSCHOOL.ORG

J Organization type (check only) [X] 501(c) 3 (insert no) [] 4947(a)(1) or [] 527

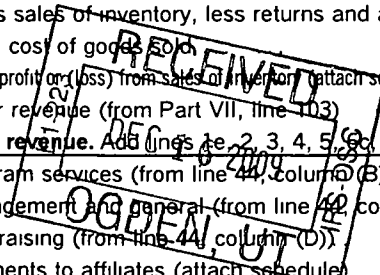
K Check here [] if the organization is not a 509(a)(3) supporting organization and its gross receipts are normally not more than \$25,000. A return is not required, but if the organization chooses to file a return, be sure to file a complete return.

L Gross receipts: Add lines 6b, 8b, 9b, and 10b to line 12 18,604,326.

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

SCANNED JAN 05 2010

Table with 21 rows and 4 columns: Description, (A) Securities, (B) Other, Total. Includes lines 1-21 with various revenue and expense items.



917-21

11

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 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
22a Grants paid from donor advised funds (attach sch) (cash \$ _____ non-cash \$ _____) If this amount includes foreign grants, check here <input type="checkbox"/>	22a				
22b Other grants and allocations (att sch) SEE STM 4 (cash \$ <u>1292777.</u> non-cash \$ _____) If this amount includes foreign grants, check here <input type="checkbox"/>	22b	1,292,777.	1,292,777.		
23 Specific assistance to individuals (attach schedule)	23				
24 Benefits paid to or for members (attach schedule)	24				
25a Compensation of current officers, directors, key employees, etc listed in Part V-A	25a	197,000.	0.	197,000.	0.
b Compensation of former officers, directors, key employees, etc. listed in Part V-B	25b	0.	0.	0.	0.
c Compensation and other distributions, not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B).	25c	0.	0.	0.	0.
26 Salaries and wages of employees not included on lines 25a, b, and c	26	5,161,061.	4,100,698.	930,453.	129,910.
27 Pension plan contributions not included on lines 25a, b, and c	27	163,040.	119,834.	37,499.	5,707.
28 Employee benefits not included on lines 25a - 27	28	362,696.	266,582.	83,419.	12,695.
29 Payroll taxes	29	381,557.	291,967.	80,318.	9,272.
30 Professional fundraising fees	30				
31 Accounting fees	31	28,500.		28,500.	
32 Legal fees	32				
33 Supplies	33	44,937.	21,570.	17,975.	5,392.
34 Telephone	34	54,808.	38,366.	10,962.	5,480.
35 Postage and shipping	35	22,606.	1,130.	18,989.	2,487.
36 Occupancy	36				
37 Equipment rental and maintenance	37	49,875.	7,532.	42,343.	
38 Printing and publications	38	48,480.	8,686.	6,809.	32,985.
39 Travel	39				
40 Conferences, conventions, and meetings	40				
41 Interest	41	200,863.		200,863.	
42 Depreciation, depletion, etc (attach schedule)	42	741,931.	657,345.	69,680.	14,906.
43 Other expenses not covered above (itemize). a SEE STATEMENT 5	43a	1,812,164.	1,538,376.	181,593.	92,195.
b -----	43b				
c -----	43c				
d -----	43d				
e -----	43e				
f -----	43f				
g -----	43g				
44 Total functional expenses. Add lines 22a through 43g. (Organizations completing columns (B) - (D), carry these totals to lines 13 - 15)	44	10,562,295.	8,344,863.	1,906,403.	311,029.

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 the instructions.)

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

What is the organization's primary exempt purpose? ▶ <u>PROVIDING EDUCATIONAL INSTRUCTION.</u> All organizations must describe their exempt purpose achievements in a clear and concise manner. State the number of clients served, publications issued, etc. Discuss achievements that are not measurable (Section 501(c)(3) and (4) organizations and 4947(a)(1) nonexempt charitable trusts must also enter the amount of grants and allocations to others.)	Program Service Expenses (Required for 501(c)(3) and (4) organizations and 4947(a)(1) trusts, but optional for others.)
a <u>TUITION AND FEES - PROVIDING EDUCATIONAL INSTRUCTION TO OVER 530 STUDENTS; GRADE LEVELS KINDERGARTEN TO 12TH GRADE</u> ----- ----- (Grants and allocations \$ _____) If this amount includes foreign grants, check here ▶ <input type="checkbox"/>	8,138,840.
b <u>TRANSPORTATION - PROVIDING STUDENT TRANSPORTATION FOR OVER 110 STUDENTS</u> ----- ----- (Grants and allocations \$ _____) If this amount includes foreign grants, check here ▶ <input type="checkbox"/>	133,438.
c <u>AFTERNOON PROGRAM - SUPERVISION AFTER SCHOOL TO APPROXIMATELY 75 STUDENTS.</u> ----- ----- (Grants and allocations \$ _____) If this amount includes foreign grants, check here ▶ <input type="checkbox"/>	44,972.
d <u>PERFORMANCE EXPENSES - COSTS ASSOCIATED WITH THE PRODUCTION OF HIGHLAND SCHOOL PERFORMANCES</u> ----- ----- (Grants and allocations \$ _____) If this amount includes foreign grants, check here ▶ <input type="checkbox"/>	27,613.
e Other program services (Grants and allocations \$ _____) If this amount includes foreign grants, check here ▶ <input type="checkbox"/>	
f Total of Program Service Expenses (should equal line 44, column (B), Program services). ▶	8,344,863.

BAA

Part IV Balance Sheets (See 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	543,881.	45	380.
	46 Savings and temporary cash investments	1,780,957.	46	2,419,621.
	47a Accounts receivable	47a 169,682.		
	b Less: allowance for doubtful accounts	47b 54,074.	144,993.	47c 115,608.
	48a Pledges receivable	48a 8,947,370.		
	b Less: allowance for doubtful accounts	48b 1,198,448.	959,147.	48c 7,748,922.
	49 Grants receivable			49
	50a Receivables from current and former officers, directors, trustees, and key employees (attach schedule)			50a
	b Receivables from other disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B) (attach schedule)			50b
	51a Other notes and loans receivable (attach schedule)	51a		
	b Less: allowance for doubtful accounts	51b		51c
	52 Inventories for sale or use			52
	53 Prepaid expenses and deferred charges		196,117.	53 73,396.
	54a Investments — publicly-traded securities STMT 6 <input type="checkbox"/> Cost <input checked="" type="checkbox"/> FMV		4,037,633.	54a 3,704,089.
	b Investments — other securities (attach sch) <input type="checkbox"/> Cost <input type="checkbox"/> FMV			54b
55a Investments — land, buildings, & equipment: basis	55a			
b Less: accumulated depreciation (attach schedule)	55b		55c	
56 Investments — other (attach schedule)			56	
57a Land, buildings, and equipment: basis	57a 25,204,056.			
b Less: accumulated depreciation (attach schedule) STATEMENT 7	57b 6,028,502.	18,849,265.	57c 19,175,554.	
58 Other assets, including program-related investments (describe ▶ _____)			58	
59 Total assets (must equal line 74). Add lines 45 through 58		26,511,993.	59 33,237,570.	
LIABILITIES	60 Accounts payable and accrued expenses	670,032.	60	766,085.
	61 Grants payable		61	
	62 Deferred revenue	2,450,860.	62	2,322,709.
	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) SEE STATEMENT 8	3,983,617.	64b	3,619,536.
	65 Other liabilities (describe ▶ _____)		65	
	66 Total liabilities. Add lines 60 through 65		7,104,509.	66 6,708,330.
NET ASSETS OR FUND BALANCES	Organizations that follow SFAS 117, check here <input checked="" type="checkbox"/> and complete lines 67 through 69 and lines 73 and 74.			
	67 Unrestricted	13,596,295.	67	14,617,583.
	68 Temporarily restricted	5,760,203.	68	11,860,671.
	69 Permanently restricted	50,986.	69	50,986.
	Organizations that do not follow SFAS 117, check here <input type="checkbox"/> and complete lines 70 through 74			
	70 Capital stock, trust principal, or current funds		70	
	71 Paid-in or capital surplus, or land, building, and equipment fund		71	
	72 Retained earnings, endowment, accumulated income, or other funds		72	
	73 Total net assets or fund balances. Add lines 67 through 69 or lines 70 through 72. (Column (A) must equal line 19 and column (B) must equal line 21)		19,407,484.	73 26,529,240.
	74 Total liabilities and net assets/fund balances. Add lines 66 and 73		26,511,993.	74 33,237,570.

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

a	Total revenue, gains, and other support per audited financial statements	a	16,510,619.
b	Amounts included on line a but not on Part I, line 12:		
1	Net unrealized gains on investments	b1	-768,043.
2	Donated services and use of facilities	b2	
3	Recoveries of prior year grants	b3	
4	Other (specify) _____ SEE STM 9	b4	119,345.
	Add lines b1 through b4	b	-648,698.
c	Subtract line b from line a	c	17,159,317.
d	Amounts included on Part I, line 12, but not on line a :		
1	Investment expenses not included on Part I, line 6b	d1	
2	Other (specify) _____ SEE STM 10	d2	1,292,777.
	Add lines d1 and d2	d	1,292,777.
e	Total revenue (Part I, line 12) Add lines c and d	e	18,452,094.

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

a	Total expenses and losses per audited financial statements	a	9,388,863.
b	Amounts included on line a but not on Part I, line 17:		
1	Donated services and use of facilities	b1	
2	Prior year adjustments reported on Part I, line 20	b2	
3	Losses reported on Part I, line 20	b3	
4	Other (specify) _____ SEE STMT 11	b4	119,345.
	Add lines b1 through b4	b	119,345.
c	Subtract line b from line a	c	9,269,518.
d	Amounts included on Part I, line 17, but not on line a :		
1	Investment expenses not included on Part I, line 6b	d1	
2	Other (specify) _____ SEE STMT 12	d2	1,292,777.
	Add lines d1 and d2	d	1,292,777.
e	Total expenses (Part I, line 17) Add lines c and d	e	10,562,295.

Part V-A Current Officers, Directors, Trustees, and Key Employees (List each person who was an officer, director, trustee, or key employee at any time during the year even if they were not compensated) (See the instructions)

(A) Name and address	(B) Title and average hours per week devoted to position	(C) Compensation (if not paid, enter -0-)	(D) Contributions to employee benefit plans and deferred compensation plans	(E) Expense account and other allowances
SEE STATEMENT 13		197,000.	15,500.	0.

Part VI Other Information (continued)

c At any time during the calendar year, did the organization maintain an office outside of the United States? Yes No
 If 'Yes,' enter the name of the foreign country _____

92 Section 4947(a)(1) nonexempt charitable trusts filing Form 990 in lieu of Form 1041 - Check here N/A
 and enter the amount of tax-exempt interest received or accrued during the tax year 92 N/A

Part VII Analysis of Income-Producing Activities (See 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	
93 Program service revenue: a SEE STATEMENT 14					9,679,150.
b _____					
c _____					
d _____					
e _____					
f Medicare/Medicaid payments					
g Fees & contracts from government agencies					
94 Membership dues and assessments					
95 Interest on savings & temporary cash invmnts			14	80,113.	
96 Dividends & interest from securities			14	297,537.	
97 Net rental income or (loss) from real estate: a debt-financed property			16	38,110.	
b not debt-financed property					
98 Net rental income or (loss) from pers prop					
99 Other investment income					
100 Gain or (loss) from sales of assets other than inventory			18	118,207.	
101 Net income or (loss) from special events			1	305,876.	
102 Gross profit or (loss) from sales of inventory					
103 Other revenue a _____					
b _____					
c _____					
d _____					
e _____					
104 Subtotal (add columns (B), (D), and (E))				839,843.	9,679,150.
105 Total (add line 104, columns (B), (D), and (E))					10,518,993.

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

Part VIII Relationship of Activities to the Accomplishment of Exempt Purposes (See 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).
1	SEE STATEMENT 15

Part IX Information Regarding Taxable Subsidiaries and Disregarded Entities (See 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 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).

Part XI Information Regarding Transfers To and From Controlled Entities. Complete only if the organization is a controlling organization as defined in section 512(b)(13).

106 Did the reporting organization **make** any transfers to a controlled entity as defined in section 512(b)(13) of the Code? If 'Yes,' complete the schedule below for each controlled entity

Yes	No
	X

	(A) Name, address, of each controlled entity	(B) Employer Identification Number	(C) Description of transfer	(D) Amount of transfer
a				
b				
c				
Totals				

107 Did the reporting organization **receive** any transfers from a controlled entity as defined in section 512(b)(13) of the Code? If 'Yes,' complete the schedule below for each controlled entity

Yes	No
	X

	(A) Name, address, of each controlled entity	(B) Employer Identification Number	(C) Description of transfer	(D) Amount of transfer
a				
b				
c				
Totals				

108 Did the organization have a binding written contract in effect on August 17, 2006, covering the interest, rents, royalties, and annuities described in question 107 above?

Yes	No
	X

Please Sign Here

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Signature of officer: Henry D Berg Date: 12/9/09

Type or print name and title: Henry D Berg

Paid Preparer's Use Only

Preparer's signature: [Signature] Date: 11/20/09 Check if self-employed: Preparer's SSN or PTIN (See General Instruction X): N/A

Firm's name (or yours if self-employed), address, and ZIP + 4: SCHEULEN PATCHETT & EDWARDS PC
98 ALEXANDRIA PIKE, SUITE 22
WARRENTON, VA 20186-2849

EIN: N/A Phone no: (540) 347-5144

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 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

2007

Name of the organization

HIGHLAND SCHOOL, INC.

Employer identification number

54-0699812

Part I Compensation of the Five Highest Paid Employees Other Than Officers, Directors, and Trustees
(See instructions. List each one. If there are none, enter 'None.')

(a) Name and address of each employee paid more than \$50,000	(b) Title and average hours per week devoted to position	(c) Compensation	(d) Contributions to employee benefit plans and deferred compensation	(e) Expense account and other allowances
SEE STATEMENT 16		375,873.	18,057.	0.
Total number of other employees paid over \$50,000	▶ 0			

Part II – A Compensation of the Five Highest Paid Independent Contractors for Professional Services
(See instructions. List each one (whether individuals or firms). If there are none, enter 'None.')

(a) Name and address of each independent contractor paid more than \$50,000	(b) Type of service	(c) Compensation
DAVIS, CARTER, SCOTT LTD 1676 INTERNATIONAL DRIVE MCLEAN, VA 22102	ARCHITECT	210,597.
DEWBERRY & DAVIS, LLC P.O. BOX 1824 MERRIFIELD, VA 22116	ARCHITECT	166,530.
Total number of others receiving over \$50,000 for professional services	▶ 0	

Part II – B Compensation of the Five Highest Paid Independent Contractors for Other Services
(List each contractor who performed services other than professional services, whether individuals or firms. If there are none, enter 'None.' See instructions.)

(a) Name and address of each independent contractor paid more than \$50,000	(b) Type of service	(c) Compensation
NONE		
Total number of other contractors receiving over \$50,000 for other services	▶ 0	

Part III Statements About Activities (See instructions.)

	Yes	No
<p>1 During the year, has the organization attempted to influence national, state, or local legislation, including any attempt to influence public opinion on a legislative matter or referendum? If 'Yes,' enter the total expenses paid or incurred in connection with the lobbying activities ▶ \$ <u>N/A</u> (Must equal amounts on line 38, Part VI-A, or line i of Part VI-B.)</p> <p>Organizations that made an election under section 501(h) by filing Form 5768 must complete Part VI-A. Other organizations checking 'Yes' must complete Part VI-B AND attach a statement giving a detailed description of the lobbying activities.</p>		X
<p>2 During the year, has the organization, either directly or indirectly, engaged in any of the following acts with any substantial contributors, trustees, directors, officers, creators, key employees, or members of their families, or with any taxable organization with which any such person is affiliated as an officer, director, trustee, majority owner, or principal beneficiary? (If the answer to any question is 'Yes,' attach a detailed statement explaining the transactions.)</p>		
<p>a Sale, exchange, or leasing of property?</p>		X
<p>b Lending of money or other extension of credit?</p>		X
<p>c Furnishing of goods, services, or facilities?</p>		X
<p>d Payment of compensation (or payment or reimbursement of expenses if more than \$1,000)?</p>	X	
<p>e Transfer of any part of its income or assets?</p>		X
<p>3a Did the organization make grants for scholarships, fellowships, student loans, etc? (If 'Yes,' attach an explanation of how the organization determines that recipients qualify to receive payments)</p>	X	
<p>3b Did the organization have a section 403(b) annuity plan for its employees?</p>	X	
<p>3c Did the organization receive or hold an easement for conservation purposes, including easements to preserve open space, the environment, historic land areas or historic structures? If 'Yes,' attach a detailed statement</p>		X
<p>3d Did the organization provide credit counseling, debt management, credit repair, or debt negotiation services?</p>		X
<p>4a Did the organization maintain any donor advised funds? If 'Yes,' complete lines 4b through 4g. If 'No,' complete lines 4f and 4g.</p>		X
<p>b Did the organization make any taxable distributions under section 4966?</p>		N/A
<p>c Did the organization make a distribution to a donor, donor advisor, or related person?</p>		N/A
<p>d Enter the total number of donor advised funds owned at the end of the tax year ▶ <u>N/A</u></p>		N/A
<p>e Enter the aggregate value of assets held in all donor advised funds owned at the end of the tax year ▶ <u>N/A</u></p>		N/A
<p>f Enter the total number of separate funds or accounts owned at the end of the tax year (excluding donor advised funds included on line 4d) where donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts. ▶ <u>0</u></p>		0
<p>g Enter the aggregate value of assets held in all funds or accounts included on line 4f at the end of the tax year ▶ <u>0.</u></p>		0.

STMT 17

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

I certify that 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.)
- 11 a 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.)
- 11 b 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 otherwise meets the requirements of section 509(a)(3). Check the box that describes the type of supporting organization: ▶
 Type I Type II Type III-Functionally Integrated Type III-Other

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

(a) Name(s) of supported organization(s)	(b) Employer identification number (EIN)	(c) Type of organization (described in lines 5 through 12 above or IRC section)	(d) Is the supported organization listed in the supporting organization's governing documents?		(e) Amount of support
			Yes	No	
Total					0.

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

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

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

Calendar year (or fiscal year beginning in)	(a) 2006	(b) 2005	(c) 2004	(d) 2003	(e) Total
15 Gifts, grants, and contributions received (Do not include unusual grants. See line 28.)	N/A				
16 Membership fees received					
17 Gross receipts from admissions, merchandise sold or services performed, or furnishing of facilities in any activity that is related to the organization's charitable, etc. purpose					
18 Gross income from interest, dividends, amts rec'd from payments on securities loans (sec. 512(a)(5)), rents, royalties, income from similar sources, and unrelated business taxable income (less sec. 511 taxes) from businesses acquired by the organization after June 30, 1975					
19 Net income from unrelated business activities not included in line 18					
20 Tax revenues levied for the organization's benefit and either paid to it or expended on its behalf					
21 The value of services or facilities furnished to the organization by a governmental unit without charge. Do not include the value of services or facilities generally furnished to the public without charge					
22 Other income. Attach a schedule. Do not include gain or (loss) from sale of capital assets					
23 Total of lines 15 through 22					
24 Line 23 minus line 17					
25 Enter 1% of line 23					
26 Organizations described on lines 10 or 11: a Enter 2% of amount in column (e), line 24 N/A					
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 2003 through 2006 exceeded the amount shown in line 26a. Do not file this list with your return. Enter the total of all these excess amounts					
c Total support for section 509(a)(1) test: Enter line 24, column (e)					
d Add: Amounts from column (e) for lines: 18 _____ 19 _____					
22 _____ 26b _____					
e Public support (line 26c minus line 26d total)					
f Public support percentage (line 26e (numerator) divided by line 26c (denominator))					
27 Organizations described on line 12: N/A					
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.					
(2006) _____ (2005) _____ (2004) _____ (2003) _____					
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 11b, 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:					
(2006) _____ (2005) _____ (2004) _____ (2003) _____					
c Add: Amounts from column (e) for lines: 15 _____ 16 _____					
17 _____ 20 _____ 21 _____					
d Add: Line 27a total _____ and line 27b total _____					
e Public support (line 27c total minus line 27d total)					
f Total support for section 509(a)(2) test: Enter amount from line 23, column (e)					
g Public support percentage (line 27e (numerator) divided by line 27f (denominator))					
h Investment income percentage (line 18, column (e) (numerator) divided by line 27f (denominator))					
28 Unusual Grants: For an organization described in line 10, 11, or 12 that received any unusual grants during 2003 through 2006, 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. N/A					

Part V Private School Questionnaire (See 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?	X	
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?	X	
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) <u>SOLICITATIONS OF STUDENTS VIA NEWSPAPER (IE FAUQUIER TIMES DEMOCRAT, LOUDOUN TIMES) INCLUDE NONDISCRIMINATION STATEMENTS.</u>	X	
32	Does the organization maintain the following:		
32a	a Records indicating the racial composition of the student body, faculty, and administrative staff?	X	
32b	b Records documenting that scholarships and other financial assistance are awarded on a racially nondiscriminatory basis?	X	
32c	c Copies of all catalogues, brochures, announcements, and other written communications to the public dealing with student admissions, programs, and scholarships?	X	
32d	d Copies of all material used by the organization or on its behalf to solicit contributions? If you answered 'No' to any of the above, please explain (If you need more space, attach a separate statement)	X	
33	Does the organization discriminate by race in any way with respect to:		
33a	a Students' rights or privileges?		X
33b	b Admissions policies?		X
33c	c Employment of faculty or administrative staff?		X
33d	d Scholarships or other financial assistance?		X
33e	e Educational policies?		X
33f	f Use of facilities?		X
33g	g Athletic programs?		X
33h	h Other extracurricular activities? If you answered 'Yes' to any of the above, please explain. (If you need more space, attach a separate statement)		X
34a	a Does the organization receive any financial aid or assistance from a governmental agency?		X
34b	b Has the organization's right to such aid ever been revoked or suspended? If you answered 'Yes' to either 34a or b, please explain using an attached statement		X
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.	X	

Part VI-A Lobbying Expenditures by Electing Public Charities (See 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 –		
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	41
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 . . .	
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	
Caution: If there is an amount on either line 43 or line 44, you must file Form 4720		

4-Year Averaging Period Under Section 501(h)

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

Calendar year (or fiscal year beginning in) ▶	Lobbying Expenditures During 4-Year Averaging Period				
	(a) 2007	(b) 2006	(c) 2005	(d) 2004	(e) Total
45 Lobbying nontaxable amount					
46 Lobbying ceiling amount (150% of line 45(e))					
47 Total lobbying expenditures					
48 Grassroots non-taxable 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 instructions)

N/A

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

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

Yes	No	Amount

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

CLIENT 3785

HIGHLAND SCHOOL, INC.

54-0699812

STATEMENT 1
FORM 990, PART I, LINE 8
NET GAIN (LOSS) FROM NONINVENTORY SALES

PUBLICLY TRADED SECURITIES

GROSS SALES PRICE: 115,881.
 COST OR OTHER BASIS: 0.

TOTAL GAIN (LOSS) PUBLICLY TRADED SECURITIES \$ 115,881.

OTHER ASSETS

DESCRIPTION: EQUIPMENT
 DATE ACQUIRED: VARIOUS
 HOW ACQUIRED: PURCHASE
 DATE SOLD: VARIOUS
 TO WHOM SOLD:
 GROSS SALES PRICE: 2,500.
 COST OR OTHER BASIS: 174.
 BASIS METHOD: COST

GAIN (LOSS) 2,326.

TOTAL GAIN (LOSS) OTHER ASSETS \$ 2,326.

TOTAL NET GAIN (LOSS) FROM NONINVENTORY SALES \$ 118,207.

STATEMENT 2
FORM 990, PART I, LINE 9
NET INCOME (LOSS) FROM SPECIAL EVENTS

<u>SPECIAL EVENTS</u>	<u>GROSS RECEIPTS</u>	<u>LESS CONTRI-BUTIONS</u>	<u>GROSS REVENUE</u>	<u>LESS DIRECT EXPENSES</u>	<u>NET INCOME (LOSS)</u>
AUCTION	307,684.	0.	307,684.	102,939.	204,745.
GOLF TOURNAMENT	60,817.	0.	60,817.	27,372.	33,445.
SOAR	15,935.	0.	15,935.	0.	15,935.
ORIGINAL ART FUNDRAISER	51,751.	0.	51,751.	0.	51,751.
TOTAL	<u>\$ 436,187.</u>	<u>\$ 0.</u>	<u>\$ 436,187.</u>	<u>\$ 130,311.</u>	<u>\$ 305,876.</u>

STATEMENT 3
FORM 990, PART I, LINE 20
OTHER CHANGES IN NET ASSETS OR FUND BALANCES

UNREALIZED LOSS ON INVESTMENTS TOTAL \$ -768,043.

CLIENT 3785

HIGHLAND SCHOOL, INC.

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**STATEMENT 4
FORM 990, PART II, LINE 22B
OTHER GRANTS AND ALLOCATIONS**

CASH GRANTS AND ALLOCATIONS

CLASS OF ACTIVITY:	FINANCIAL AIDE	
DONEE'S NAME:	NON-EMPLOYEES	
DONEE'S ADDRESS:	597 BROADVIEW AVE WARRENTON, VA 20186	
RELATIONSHIP OF DONEE:	NONE	
AMOUNT GIVEN:		\$ 766,700.

CLASS OF ACTIVITY:	FINANCIAL AIDE	
DONEE'S NAME:	EMPLOYEES	
DONEE'S ADDRESS:	597 BROADVIEW AVE WARRENTON, VA 20186	
RELATIONSHIP OF DONEE:	EMPLOYEE	
AMOUNT GIVEN:		526,077.

TOTAL GRANTS AND ALLOCATIONS \$ 1,292,777.

**STATEMENT 5
FORM 990, PART II, LINE 43
OTHER EXPENSES**

	(A) TOTAL	(B) PROGRAM SERVICES	(C) MANAGEMENT & GENERAL	(D) FUNDRAISING
ATHLETICS	83,643.	83,643.		
BAD DEBT EXPENSE	72,445.		72,445.	
BOOKS AND TEACHING SUPPLIES	168,204.	168,204.		
CENTER FOR THE ARTS	27,613.	27,613.		
DONATIONS	2,026.		2,026.	
FACULTY EDUCATION	98,873.	98,873.		
GENERAL AND INSTITUTIONAL	79,813.	25,560.	54,253.	
INSURANCE	81,226.	81,226.		
INVESTMENT MANAGEMENT FEES	32,713.		32,713.	
LIBRARY	32,150.	32,150.		
MEMBERSHIP DUES	21,432.	17,262.	4,170.	
OTHER DEVELOPMENT	29,466.			29,466.
PUBLIC RELATIONS	46,432.			46,432.
REPAIRS AND MAINTENANCE	195,512.	195,512.		
SECURITY	11,509.	11,509.		
SPECIAL EVENTS	13,936.			13,936.
STUDENT ACTIVITIES	345,456.	345,456.		
SUBSTITUTES	40,338.	40,338.		
SUMMER PROGRAM EXPENSES	28,557.	28,557.		
TAXES	4,182.		4,182.	
TEACHER TRUST BONUS	3,000.	3,000.		
TECHNOLOGY EXPENSE	95,986.	95,986.		
TRANSPORTATION EXPENSES	61,566.	61,566.		
UTILITIES	236,086.	221,921.	11,804.	2,361.
TOTAL	<u>\$ 1,812,164.</u>	<u>\$ 1,538,376.</u>	<u>\$ 181,593.</u>	<u>\$ 92,195.</u>

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HIGHLAND SCHOOL, INC.

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**STATEMENT 6
FORM 990, PART IV, LINE 54A
INVESTMENTS - PUBLICLY TRADED SECURITIES**

<u>CORPORATE STOCKS</u>	<u>VALUATION METHOD</u>	<u>AMOUNT</u>
HELD IN TRUST BY BERNSTEIN GLOBAL WEALTH	MARKET VALUE	\$ 157,139.
HELD IN TRUST BY BERNSTEIN GLOBAL WEALTH	MARKET VALUE	3,546,950.
	TOTAL	\$ 3,704,089.
	PUBLICLY TRADED SECURITIES	<u>\$ 3,704,089.</u>

**STATEMENT 7
FORM 990, PART IV, LINE 57
LAND, BUILDINGS, AND EQUIPMENT**

<u>CATEGORY</u>	<u>BASIS</u>	<u>ACCUM. DEPREC.</u>	<u>BOOK VALUE</u>
AUTOMOBILES / TRANSPORTATION EQUIPMENT	\$ 515,743.	\$ 169,057.	\$ 346,686.
FURNITURE AND FIXTURES	631,237.	475,316.	155,921.
MACHINERY AND EQUIPMENT	1,092,147.	603,335.	488,812.
BUILDINGS	19,063,724.	4,780,794.	14,282,930.
LAND	3,901,205.		3,901,205.
TOTAL	<u>\$ 25,204,056.</u>	<u>\$ 6,028,502.</u>	<u>\$ 19,175,554.</u>

**STATEMENT 8
FORM 990, PART IV, LINE 64B
MORTGAGES AND OTHER NOTES PAYABLE**

<u>MORTGAGES PAYABLE</u>	<u>BALANCE DUE</u>
IDA OF FAUQUIER COUNTY	\$ 3,049,409.
THE FAUQUIER BANK	380,948.
TOTAL MORTGAGES	\$ 3,430,357.

OTHER NOTES PAYABLE

LENDER'S NAME:	WACHOVIA BANK	
DATE OF NOTE:	10/15/2004	
MATURITY DATE:	10/15/2009	
REPAYMENT TERMS:	MONTHLY PAYMENTS OF \$1,181	
INTEREST RATE:	5.89%	
SECURITY PROVIDED:	VEHICLES	
PURPOSE OF LOAN:	PURCHASE OF VEHICLE	
ORIGINAL AMOUNT:	61,122.	
BALANCE DUE:		\$ 24,545.

CLIENT 3785

HIGHLAND SCHOOL, INC.

54-0699812

STATEMENT 8 (CONTINUED)
FORM 990, PART IV, LINE 64B
MORTGAGES AND OTHER NOTES PAYABLE

OTHER NOTES PAYABLE

LENDER'S NAME:	WACHOVIA BANK		
DATE OF NOTE:	10/15/2004		
MATURITY DATE:	11/15/2009		
REPAYMENT TERMS:	MONTHLY PAYMENTS OF \$509		
INTEREST RATE:	5.89%		
SECURITY PROVIDED:	VEHICLE		
PURPOSE OF LOAN:	PURCHASE OF VEHICLE		
ORIGINAL AMOUNT:	61,122.		
BALANCE DUE:		\$	51,336.

LENDER'S NAME:	WACHOVIA BANK		
DATE OF NOTE:	9/30/2004		
MATURITY DATE:	10/30/2009		
REPAYMENT TERMS:	MONTHLY PAYMENTS OF \$1,470		
INTEREST RATE:	5.89%		
SECURITY PROVIDED:	VEHICLES		
PURPOSE OF LOAN:	PURCHASE OF VEHICLES		
ORIGINAL AMOUNT:	76,000.		
BALANCE DUE:		\$	22,528.

LENDER'S NAME:	WACHOVIA BANK		
DATE OF NOTE:	10/15/2004		
MATURITY DATE:	10/15/2009		
REPAYMENT TERMS:	MONTHLY PAYMENTS OF \$1,546		
INTEREST RATE:	5.89%		
SECURITY PROVIDED:	VEHICLES		
PURPOSE OF LOAN:	PURCHASE OF VEHICLES		
ORIGINAL AMOUNT:	80,000.		
BALANCE DUE:		\$	23,714.

LENDER'S NAME:	WACHOVIA BANK		
DATE OF NOTE:	8/11/2005		
MATURITY DATE:	8/11/2010		
REPAYMENT TERMS:	MONTHLY PAYMENT OF \$1,604		
INTEREST RATE:	6.90%		
SECURITY PROVIDED:	VEHICLES		
PURPOSE OF LOAN:	PURCHASE OF VEHICLES		
ORIGINAL AMOUNT:	81,000.		
BALANCE DUE:		\$	37,074.

LENDER'S NAME:	WACHOVIA BANK		
DATE OF NOTE:	11/01/2005		
MATURITY DATE:	11/01/2010		
REPAYMENT TERMS:	MONTHLY PAYMENT OF \$1,241		
INTEREST RATE:	6.90%		
SECURITY PROVIDED:	VEHICLE		
PURPOSE OF LOAN:	PURCHASE OF VEHICLE		
ORIGINAL AMOUNT:	62,300.		
BALANCE DUE:		\$	29,982.

TOTAL OTHER NOTES PAYABLE \$ 189,179.

TOTAL \$ 3,619,536.

**STATEMENT 9
FORM 990, PART IV-A, LINE B(4)
OTHER AMOUNTS**

EXPENSES NETTED AGAINST INCOME TOTAL \$ 119,345.
\$ 119,345.

**STATEMENT 10
FORM 990, PART IV-A, LINE D(2)
OTHER AMOUNTS**

INCOME RECORDED NET OF SCHOLARSHIPS TOTAL \$ 1,292,777.
\$ 1,292,777.

**STATEMENT 11
FORM 990, PART IV-B, LINE B(4)
OTHER AMOUNTS**

EXPENSES NETTED AGAINST INCOME TOTAL \$ 119,345.
\$ 119,345.

**STATEMENT 12
FORM 990, PART IV-B, LINE D(2)
OTHER AMOUNTS**

SCHOLARSHIPS REPORTED AS NEGATIVE INCOME TOTAL \$ 1,292,777.
\$ 1,292,777.

**STATEMENT 13
FORM 990, PART V-A
LIST OF OFFICERS, DIRECTORS, TRUSTEES, AND KEY EMPLOYEES**

NAME AND ADDRESS	TITLE AND AVERAGE HOURS PER WEEK DEVOTED	COMPEN- SATION	CONTRI- BUTION TO EBP & DC	EXPENSE ACCOUNT/ OTHER
MR. HENRY D. BERG 597 BROADVIEW AVE WARRENTON, VA 20186	HEADMASTER 40.00	\$ 197,000.	\$ 15,500.	\$ 0.
MRS. SHAWN DANIEL 597 BROADVIEW AVE WARRENTON, VA 20186	TRUSTEE 2.00	0.	0.	0.
MR. PAUL CRONIN 597 BROADVIEW AVE WARRENTON, VA 20186	TRUSTEE 2.00	0.	0.	0.

CLIENT 3785

HIGHLAND SCHOOL, INC.

54-0699812

STATEMENT 13 (CONTINUED)
 FORM 990, PART V-A
 LIST OF OFFICERS, DIRECTORS, TRUSTEES, AND KEY EMPLOYEES

NAME AND ADDRESS	TITLE AND AVERAGE HOURS PER WEEK DEVOTED	COMPEN- SATION	CONTRI- BUTION TO EBP & DC	EXPENSE ACCOUNT/ OTHER
MR. LAWRENCE D. CZARDA 597 BROADVIEW AVE WARRENTON, VA 20186	TRUSTEE 2.00	\$ 0.	\$ 0.	\$ 0.
MR. JAY KEYSER 597 BROADVIEW AVE WARRENTON, VA 20186	TREASURER 6.00	0.	0.	0.
MR. LEWIS POLLARD 597 BROADVIEW AVE WARRENTON, VA 20186	TRUSTEE 2.00	0.	0.	0.
MR. IKE BROADDUS 597 BROADVIEW AVE WARRENTON, VA 20186	TRUSTEE 2.00	0.	0.	0.
MR. DAVID HAZEL 597 BROADVIEW AVENUE WARRENTON, VA 20186	TRUSTEE 6.00	0.	0.	0.
MR. PAUL RICE 597 BROADVIEW AVE WARRENTON, VA 20186	CHAIRMAN 6.00	0.	0.	0.
MS. PATRICIA HANBACK 597 BROADVIEW AVE WARRENTON, VA 20186	TRUSTEE 2.00	0.	0.	0.
MS. OLYMPIA MOSHOS 597 BROADVIEW AVE WARRENTON, VA 20186	TRUSTEE 2.00	0.	0.	0.
MR. WILLIAM SCHMIEDER 597 BROADVIEW AVE WARRENTON, VA 20186	TRUSTEE 2.00	0.	0.	0.
MR. BALDWIN TUFTS 597 BROADVIEW AVENUE WARRENTON, VA 20186	TRUSTEE 2.00	0.	0.	0.
MS. PEGGY LAURENT 597 BROADVIEW AVENUE WARRENTON, VA 20186	TRUSTEE 2.00	0.	0.	0.
MS. SHARON OWLETT 597 BROADVIEW AVE WARRENTON, VA 20186	SECRETARY 2.00	0.	0.	0.

CLIENT 3785

HIGHLAND SCHOOL, INC.

54-0699812

STATEMENT 13 (CONTINUED)
FORM 990, PART V-A
LIST OF OFFICERS, DIRECTORS, TRUSTEES, AND KEY EMPLOYEES

NAME AND ADDRESS	TITLE AND AVERAGE HOURS PER WEEK DEVOTED	COMPEN- SATION	CONTRI- BUTION TO EBP & DC	EXPENSE ACCOUNT/ OTHER
MS. ANNE HALL 597 BROADVIEW AVE WARRENTON, VA 20186	TRUSTEE 2.00	\$ 0.	\$ 0.	\$ 0.
MR. RANDY MINTER 597 BROADVIEW AVE WARRENTON, VA 20186	TRUSTEE 2.00	0.	0.	0.
MS. ELLEN STOFAN 597 BROADVIEW AVE WARRENTON, VA 20186	VICE CHAIRMAN 6.00	0.	0.	0.
MR. PETER SCHWARTZ 597 BROADVIEW AVE WARRENTON, VA 20186	TRUSTEE 2.00	0.	0.	0.
MS. DONNA TOMLINSON 597 BROADVIEW AVE WARRENTON, VA 20186	TRUSTEE 2.00	0.	0.	0.
	TOTAL	\$ 197,000.	\$ 15,500.	\$ 0.

STATEMENT 14
FORM 990, PART VII, LINE 93
PROGRAM SERVICE REVENUE

PROGRAM SERVICE REVENUE	(A) BUSI- NESS CODE	(B) UNRELATED BUSINESS AMOUNT	(C) EXCLU- SION CODE	(D) EXCLUDED AMOUNT	(E) RELATED OR EXEMPT FUNCTION
AFTERNOON PROGRAM TUITION					\$ 96,696.
ART CENTER					12,592.
STUDENT ACTIVITIES					260,272.
STUDENT SUPPORT SERVICES					92,190.
SUMMER PROGRAM TUITION					71,075.
TRANSPORTATION INCOME					137,669.
TUITION AND FEES					9,008,656.
TOTAL		\$ 0.		\$ 0.	\$ 9,679,150.

CLIENT 3785

HIGHLAND SCHOOL, INC.

54-0699812

**STATEMENT 15
FORM 990, PART VIII
RELATIONSHIP OF ACTIVITIES TO THE ACCOMPLISHMENT OF EXEMPT PURPOSES**

<u>LINE #</u>	<u>EXPLANATION OF ACTIVITIES</u>
93E	ADMISSIONS AND CHARGES ENABLES THE SCHOOL TO REGISTER AND PROCESS EACH STUDENT DURING THE ENROLLMENT PERIOD FOR THE SCHOOL.
93A	AFTER SCHOOL SUPERVISION ALLOWS THE SCHOOL TO CONTINUE THE CHILD'S LEARNING ENVIRONMENT AND ENABLES THE STUDENT TO INTERACT WITH CLASSMATES. STUDY HALL ALLOWS THE STUDENT TIME TO CONTINUE THEIR STUDIES AFTER REGULAR SCHOOL HOURS.
93C	ALLOWS STUDENTS TO CONTINUE THEIR STUDIES THROUGH OUT THE SUMMER BY PROVIDING VARIOUS SUMMER SESSIONS DURING JULY AND AUGUST.
93D	PROVIDES TRANSPORTATION TO STUDENTS WHO LIVE FARTHER AWAY ALLOWING THESE STUDENTS THE OPPORTUNITY TO ATTEND SCHOOL.
93B	ALLOWS STUDENTS TO LEARN FROM AND PARTICIPATE IN THE PERFORMING ARTS.

**STATEMENT 16
SCHEDULE A, PART I
COMPENSATION OF FIVE HIGHEST PAID EMPLOYEES**

<u>NAME AND ADDRESS</u>	<u>TITLE & AVERAGE HOURS WORKED</u>	<u>COMPEN- SATION</u>	<u>CONTRIBUT. EBP & DC</u>	<u>EXPENSE ACCOUNT</u>
MARY FAHNING 3375 HOLLY SPRINGS ROAD AMISSVILLE, VA 20106	DIRECTOR OF US 40.00	88,200.	4,410.	0.
LISE HICKLIN P.O. BOX 287 THE PLAINS, VA 20198	DIRECTOR OF LS 40.00	70,600.	3,530.	0.
ROBERT HAMPTON 8131 LEETON HILL DRIVE WARRENTON, VA 20186	DIRECTOR OF IT 40.00	78,750.	3,937.	0.
MICHAEL HUGHES 6439 CANNON DRIVE WARRENTON, VA 20187	TEACHER 40.00	67,473.	2,637.	0.
JOHN HARMON 521 ESTATE AVENUE WARRENTON, VA 20186	DIRECTOR OF MS 40.00	70,850.	3,543.	0.
	TOTAL	\$ 375,873.	\$ 18,057.	\$ 0.

STATEMENT 17
SCHEDULE A, PART III, LINE 3A
QUALIFICATIONS OF RECIPIENTS RECEIVING GRANTS OR LOANS

FAMILIES RECEIVE SCHOLARSHIPS TO ATTEND THE SCHOOL BASED ON FINANCIAL NEED AND ACADEMIC ACHIEVEMENTS. PAYMENT IS NOT MADE DIRECTLY TO THE INDIVIDUALS, BUT THE AMOUNT IS DEDUCTED FROM THEIR TUITION FEES. THE STUDENT MUST ATTEND HIGHLAND SCHOOL IN ORDER TO RECEIVE THE SCHOLARSHIP.

Application for Extension of Time To File an Exempt Organization Return

Department of the Treasury
Internal Revenue Service

▶ File a separate application for each return.

- If you are filing for an **Automatic 3-Month Extension**, complete only **Part I** and check this box
- If you are filing for an **Additional (not automatic) 3-Month Extension**, complete only **Part II** (on page 2 of this form).

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).

Section 501(c) corporations required to file Form 990-T and requesting an automatic 6-month extension — check this box and complete Part I only

All other corporations (including 1120-C filers), partnerships, REMICS, and trusts must use Form 7004 to request an extension of time to file income tax returns

Electronic Filing (e-file). Generally, you can electronically file Form 8868 if you want a 3-month automatic extension of time to file one of the returns noted below (6 months for section 501(c) corporations required to file Form 990-T). However, you cannot file Form 8868 electronically if (1) you want the additional (not automatic) 3-month extension or (2) you file Forms 990-BL, 6069, or 8870, group returns, or a composite or consolidated Form 990-T. Instead, you must submit the fully completed and signed page 2 (Part II) of Form 8868. For more details on the electronic filing of this form, visit www.irs.gov/efile and click on *e-file for Charities & Nonprofits*.

Type or print <small>File by the due date for filing your return. See instructions</small>	Name of Exempt Organization HIGHLAND SCHOOL, INC.	Employer identification number 54-0699812
	Number, street, and room or suite number If a P O box, see instructions 597 BROADVIEW AVENUE	
	City, town or post office, state, and ZIP code For a foreign address, see instructions WARRENTON, VA 20186	

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

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

• The books are in the care of ▶ ERIN EDWARDS -----

Telephone No ▶ (540) 878-2700 ----- FAX No ▶ -----

- 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 months for a section 501(c) corporation required to file Form 990-T) extension of time until 2/15, 20 09, to file the exempt organization return for the organization named above.
The extension is for the organization's return for.

- ▶ calendar year 20 ____ or
- ▶ tax year beginning 7/01, 20 07, and ending 6/30, 20 08.

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	3a	\$	0.
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	3b	\$	0.
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	3c	\$	0.

Caution. If you are going to make an electronic fund withdrawal with this Form 8868, see Form 8453-EO and Form 8879-EO for payment instructions

BAA For Privacy Act and Paperwork Reduction Act Notice, see instructions.