

**Return of Private Foundation
or Section 4947(a)(1) Nonexempt Charitable Trust
Treated as a Private Foundation**

1998

Department of the Treasury
Internal Revenue Service

Note: The organization may be able to use a copy of this return to satisfy state reporting requirements.

For calendar year 1998, or tax year beginning 09 / 01 , 1998, and ending 08 / 31 99

Use the IRS label. Otherwise, please print or type. See Specific Instructions.	Name of organization NEW HORIZON FOUNDATION		A Employer identification number 36-3406294
	Number and street (or P.O. box number if mail is not delivered to street address) 1625 HINMAN AVENUE	Room/suite 202	B Telephone number (see page 9 of the instructions) () -
	City or town, state, and ZIP + 4 EVANSTON, IL 60201		

- C If exemption application is pending, check here
- D 1. Foreign organizations, check here
 2. Organizations meeting the 85% test, check here and attach computation
- E If private foundation status was terminated under section 507(b)(1)(A), check here
- F If the foundation is in a 60-month termination under section 507(b)(1)(B), check here
- G If address changed, check here

H Check type of organization: Section 501(c)(3) exempt private foundation
 Section 4947(a)(1) nonexempt charitable trust Other taxable private foundation

I Fair market value of assets at end of year (from Part II, col. (c), line 16) **5,676,895**

J Accounting method: Cash Accrual
 Other (specify) _____
(Part I, column (d) must be on cash basis.)

Part I Analysis of Revenue and Expenses <i>(The total of amounts in columns (b), (c), and (d) may not necessarily equal the amounts in column (a) (see page 9 of the instructions).)</i>		(a) Revenue and expenses per books	(b) Net investment income	(c) Adjusted net income	(d) Disbursements for charitable purposes (cash basis only)
Revenue	1 Contributions, gifts, grants, etc., received (attach schedule)				
	2 Contributions from split-interest trusts				
	3 Interest on savings and temporary cash investments				
	4 Dividends and interest from securities	184,106.	184,106.		
	5a Gross rents				
	b (Net rental income or (loss))				
	6 Net gain or (loss) from sale of assets not on line 10	433,960.			
	7 Capital gain net income (from Part IV, line 2)		433,960.		
	8 Net short-term capital gain				
	9 Income modifications				
	10a Gross sales less returns and allowances				
	b Less: Cost of goods sold				
c Gross profit or (loss) (attach schedule)					
11 Other income (attach schedule) STMT 1	192.	192.			
12 Total. Add lines 1 through 11	618,258.	618,258.			
Operating and Administrative Expenses	13 Compensation of officers, directors, trustees, etc.	10,000.			10,000.
	14 Other employee salaries and wages				
	15 Pension plans, employee benefits				
	16a Legal fees (attach schedule) STMT 2	798.	NONE	NONE	798.
	b Accounting fees (attach schedule) STMT 3	2,580.	NONE	NONE	2,580.
	c Other professional fees (attach schedule) STMT 4	35,088.	35,088.		
	17 Interest				
	18 Taxes (attach schedule) (see page 12 of the instructions) STMT 5	-6,727.			2,241.
	19 Depreciation (attach schedule) and depletion				
	20 Occupancy				
	21 Travel, conferences, and meetings				
	22 Printing and publications				
	23 Other expenses (attach schedule) STMT 6	820.			820.
	24 Total operating and administrative expenses. Add lines 13 through 23	42,559.	35,088.	NONE	16,439.
	25 Contributions, gifts, grants paid	572,234.			572,234.
26 Total expenses and disbursements. Add lines 24 and 25	614,793.	35,088.	NONE	588,673.	
27 Subtract line 26 from line 12:					
a Excess of revenue over expenses and disbursements	3,465.				
b Net investment income (if negative, enter -0-)		583,170.			
c Adjusted net income (if negative, enter -0-)					

Part II Balance Sheets		Attached schedules and amounts in the description column should be for end-of-year amounts only. (See instructions.)	Beginning of year		End of year	
			(a) Book Value	(b) Book Value	(c) Fair Market Value	
Assets	1	Cash - non-interest-bearing	15,681.	21,592.	21,592.	
	2	Savings and temporary cash investments	138,717.	175,686.	175,686.	
	3	Accounts receivable				
		Less: allowance for doubtful accounts				
	4	Pledges receivable				
		Less: allowance for doubtful accounts				
	5	Grants receivable				
	6	Receivables due from officers, directors, trustees, and other disqualified persons (attach schedule) (see page 14 of the instructions)				
	7	Other notes and loans receivable (attach schedule)				
		Less: allowance for doubtful accounts				
	8	Inventories for sale or use				
	9	Prepaid expenses and deferred charges				
	10 a	Investments - U.S. and state government obligations (attach schedule)	1,134,478.	616,985.	619,332.	
	b	Investments - corporate stock (attach schedule)	2,071,693.	1,939,504.	3,451,383.	
	c	Investments - corporate bonds (attach schedule)	819,562.	1,422,344.	1,402,114.	
	11	Investments - land, buildings, and equipment: basis Less: accumulated depreciation (attach schedule)				
12	Investments - mortgage loans					
13	Investments - other (attach schedule)					
14	Land, buildings, and equipment: basis Less: accumulated depreciation (attach schedule)					
15	Other assets (describe STMT 10)	NONE	6,788.	6,788.		
16	Total assets (to be completed by all filers - see page 15 of the instructions. Also, see page 1, item I)	4,180,131.	4,182,899.	5,676,895.		
Liabilities	17	Accounts payable and accrued expenses	201.			
	18	Grants payable				
	19	Deferred revenue				
	20	Loans from officers, directors, trustees, and other disqualified persons				
	21	Mortgages and other notes payable (attach schedule)				
	22	Other liabilities (describe)				
	23	Total liabilities (add lines 17 through 22)	201.			
Net Assets or Fund Balances	Organizations that follow SFAS 117, check here <input type="checkbox"/>					
	and complete lines 24 through 26 and lines 30 and 31.					
	24	Unrestricted				
	25	Temporarily restricted				
	26	Permanently restricted				
	Organizations that do not follow SFAS 117, check here and complete lines 27 through 31. <input checked="" type="checkbox"/>					
	27	Capital stock, trust principal, or current funds	4,179,930.	4,182,899.		
28	Paid-in or capital surplus, or land, bldg., and equipment fund					
29	Retained earnings, accumulated income, endowment, or other funds					
30	Total net assets or fund balances (see page 16 of the instructions)	4,179,930.	4,182,899.			
31	Total liabilities and net assets/fund balances (see page 16 of the instructions)	4,180,131.	4,182,899.			

Part III Analysis of Changes in Net Assets or Fund Balances

1	Total net assets or fund balances at beginning of year - Part II, column (a), line 30 (must agree with end-of-year figure reported on prior year's return)	1	4,179,930.
2	Enter amount from Part I, line 27a	2	3,465.
3	Other increases not included in line 2 (itemize)	3	
4	Add lines 1, 2, and 3	4	4,183,395.
5	Decreases not included in line 2 (itemize) SEE STATEMENT 11	5	496.
6	Total net assets or fund balances at end of year (line 4 minus line 5) - Part II, column (b), line 30	6	4,182,899.

Part IV Capital Gains and Losses for Tax on Investment Income

Table with columns (a) through (k) for capital gains and losses. Includes rows for 'SEE PART IV SCHEDULE' and 'Complete only for assets showing gain in column (h) and owned by the foundation on 12/31/69'. Summary rows 2 and 3 are also present.

Part V Qualification Under Section 4940(e) for Reduced Tax on Net Investment Income

(For optional use by domestic private foundations subject to the section 4940(a) tax on net investment income.)

If section 4940(d)(2) applies, leave this part blank.

Was the organization liable for the section 4942 tax on the distributable amount of any year in the base period? [] Yes [X] No

1 Enter the appropriate amount in each column for each year; see page 16 of the instructions before making any entries.

Table with 4 columns: (a) Base period years, (b) Adjusted qualifying distributions, (c) Net value of noncharitable-use assets, (d) Distribution ratio. Rows for years 1997-1993.

Summary rows 2-8 for Part V. Row 2: Total of line 1, column (d). Row 3: Average distribution ratio. Row 4: Net value of noncharitable-use assets for 1998. Row 5: Multiplied by line 3. Row 6: 1% of net investment income. Row 7: Sum of lines 5 and 6. Row 8: Qualifying distributions.

Part VI Excise Tax Based on Investment Income (Section 4940(a), 4940(b), 4940(e), or 4948 - see page 16 of the instructions)

Table with 11 rows for excise tax calculation. Includes categories like 'Exempt operating foundations', 'Domestic organizations', 'Tax under section 511', 'Credits/Payments', and 'Total credits and payments'. Total amount owed is 6,168.

Part VII-A Statements Regarding Activities

Table with 13 rows for activity statements. Includes questions about political influence, political expenditures, unrelated business income, and state reporting. Includes state name 'ILLINOIS' and address '1625 HINMAN AVENUE, #202, EVANSTON, IL'. Telephone number 847/570-8202.

Part VII-B Statements Regarding Activities for Which Form 4720 May Be Required

File Form 4720 if any item is checked in the "Yes" column, unless an exception applies.

1 Self-dealing (section 4941):
a During the year did the organization (either directly or indirectly):
(1) Engage in the sale or exchange, or leasing of property with a disqualified person?
(2) Borrow money from, lend money to, or otherwise extend credit to (or accept it from) a disqualified person?
(3) Furnish goods, services, or facilities to (or accept them from) a disqualified person?
(4) Pay compensation to, or pay or reimburse the expenses of, a disqualified person?
(5) Transfer any income or assets to a disqualified person (or make any of either available for the benefit or use of a disqualified person)?
(6) Agree to pay money or property to a government official?
b If any answer is "Yes" to 1a(1)-(6), did ANY of the acts fail to qualify under the exceptions described in Regulations section 53.4941(d)-3 or in a current notice regarding disaster assistance (see page 18 of the instructions)?
c Did the organization engage in a prior year in any of the acts described in 1a, other than excepted acts, that were not corrected before the first day of the tax year beginning in 1998?
2 Taxes on failure to distribute income (section 4942) (does not apply for years the organization was a private operating foundation defined in section 4942(j)(3) or 4942(j)(5)):
a At the end of the tax year 1998, did the organization have any undistributed income (lines 6d and 6e, Part XIII) for tax year(s) beginning before 1998?
b Are there any years listed in 2a for which the organization is NOT applying the provisions of section 4942(a)(2) (relating to incorrect valuation of assets) to the year's undistributed income?
c If the provisions of section 4942(a)(2) are being applied to ANY of the years listed in 2a, list the years here.
3 Taxes on excess business holdings (section 4943):
a Did the organization hold more than a 2% direct or indirect interest in any business enterprise at any time during the year?
b If "Yes," did it have excess business holdings in 1998 as a result of (1) any purchase by the organization or disqualified persons after May 26, 1969; (2) the lapse of the 5-year period (or longer period approved by the Commissioner under section 4943(c)(7)) to dispose of holdings acquired by gift or bequest; or (3) the lapse of the 10-, 15-, or 20-year first phase holding period?
4 Taxes on investments that jeopardize charitable purposes (section 4944):
a Did the organization invest during the year any amount in a manner that would jeopardize its charitable purposes?
b Did the organization make any investment in a prior year (but after December 31, 1969) that could jeopardize its charitable purpose that had not been removed from jeopardy before the first day of the tax year beginning in 1998?
5 Taxes on taxable expenditures (section 4945) and political expenditures (section 4955):
a During the year did the organization pay or incur any amount to:
(1) Carry on propaganda, or otherwise attempt to influence legislation (section 4945(e))?
(2) Influence the outcome of any specific public election (see section 4955); or to carry on, directly or indirectly, any voter registration drive?
(3) Provide a grant to an individual for travel, study, or other similar purposes?
(4) Provide a grant to an organization other than a charitable, etc., organization described in section 509(a)(1), (2), or (3), or section 4940(d)(2)?
(5) Provide for any purpose other than religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals?
b If any answer is "Yes" to 5a(1)-(5), did ANY of the transactions fail to qualify under the exceptions described in Regulations section 53.4945 or in a current notice regarding disaster assistance (see page 19 of the instructions)?
c If the answer is "Yes" to question 5a(4), does the organization claim exemption from the tax because it maintained expenditure responsibility for the grant?
If "Yes," attach the statement required by Regulations section 53.4945-5(d).

Part VIII Information About Officers, Directors, Trustees, Foundation Managers, Highly Paid Employees, and Contractors

1 List all officers, directors, trustees, foundation managers and their compensation (see page 19 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) Contributions to employee benefit plans and deferred compensation	(e) Expense account, other allowances
SEE STATEMENT 12		10,000.	NONE	NONE

2 Compensation of five highest-paid employees (other than those included on line 1 - see page 19 of the instructions). If 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, other allowances
NONE		NONE	NONE	NONE

Total number of other employees paid over \$50,000 0

3 Five highest-paid independent contractors for professional services - (see page 19 of the instructions). If none, enter "NONE."

(a) Name and address of each person paid more than \$50,000	(b) Type of service	(c) Compensation
NONE		NONE

Total number of others receiving over \$50,000 for professional services 0

Part IX-A Summary of Direct Charitable Activities

List the foundation's four largest direct charitable activities during the tax year. Include relevant statistical information such as the number of organizations and other beneficiaries served, conferences convened, research papers produced, etc.	Expenses
1 NONE	
2	
3	
4	

Part IX-B Summary of Program-Related Investments (see page 20 of the instructions)

Describe any program-related investments made by the foundation during the tax year.	Amount
1 NONE	
2	
3	

Part X Minimum Investment Return (All domestic foundations must complete this part. Foreign foundations, see page 20 of the instructions.)

1 Fair market value of assets not used (or held for use) directly in carrying out charitable, etc., purposes:		
a Average monthly fair market value of securities	1a	5,550,906.
b Average of monthly cash balances	1b	32,087.
c Fair market value of all other assets (see page 21 of the instructions)	1c	NONE
d Total (add lines 1a, b, and c)	1d	5,582,993.
e Reduction claimed for blockage or other factors reported on lines 1a and 1c (attach detailed explanation)	1e	
2 Acquisition indebtedness applicable to line 1 assets	2	NONE
3 Subtract line 2 from line 1d	3	5,582,993.
4 Cash deemed held for charitable activities. Enter 1 1/2% of line 3 (for greater amount, see page 21 of the instructions)	4	83,745.
5 Net value of noncharitable-use assets. Subtract line 4 from line 3. Enter here and on Part V, line 4	5	5,499,248.
6 Minimum investment return. Enter 5% of line 5	6	274,962.

Part XI Distributable Amount (see page 21 of the instructions) (Section 4942(j)(3) and (j)(5) private operating foundations and certain foreign organizations check here and do not complete this part.)

1 Minimum investment return from Part X, line 6	1	274,962.
2 a Tax on investment income for 1998 from Part VI, line 5	2a	5,832.
b Income tax for 1998. (This does not include the tax from Part VI.)	2b	
c Add lines 2a and 2b	2c	5,832.
3 Distributable amount before adjustments. Subtract line 2c from line 1	3	269,130.
4 a Recoveries of amounts treated as qualifying distributions	4a	NONE
b Income distributions from section 4947(a)(2) trusts	4b	
c Add lines 4a and 4b	4c	NONE
5 Add lines 3 and 4c	5	269,130.
6 Deduction from distributable amount (see page 22 of the instructions)	6	NONE
7 Distributable amount as adjusted. Subtract line 6 from line 5. Enter here and on Part XIII, line 1	7	269,130.

Part XII Qualifying Distributions (see page 22 of the instructions)

1 Amounts paid (including administrative expenses) to accomplish charitable, etc., purposes:		
a Expenses, contributions, gifts, etc. - total from Part I, column (d), line 26	1a	588,673.
b Program-related investments - total of lines 1-3 of Part IX-B	1b	NONE
2 Amounts paid to acquire assets used (or held for use) directly in carrying out charitable, etc., purposes	2	NONE
3 Amounts set aside for specific charitable projects that satisfy the:		
a Suitability test (prior IRS approval required)	3a	NONE
b Cash distribution test (attach the required schedule)	3b	NONE
4 Qualifying distributions. Add lines 1a through 3b. Enter here and on Part V, line 8 and Part XIII, line 4	4	588,673.
5 Organizations that qualify under section 4940(e) for the reduced rate of tax on net investment income. Enter 1% of Part I, line 27b (see page 22 of the instructions)	5	5,832.
6 Adjusted qualifying distributions. Subtract line 5 from line 4	6	582,841.

Note: The amount on line 6 will be used in Part V, column (b), in subsequent years when calculating whether the foundation qualifies for the section 4940(e) reduction of tax in those years.

Part XIII Undistributed Income (see page 22 of the instructions)

	(a) Corpus	(b) Years prior to 1997	(c) 1997	(d) 1998
1 Distributable amount for 1998 from Part XI, line 7				269,130.
2 Undistributed income, if any, as of the end of 1997:				
a Enter amount for 1997 only			NONE	
b Total for prior years; 1996		NONE		
3 Excess distributions carryover, if any, to 1998:				
a From 1993	20,886.			
b From 1994	29,962.			
c From 1995	NONE			
d From 1996	2,528.			
e From 1997	491,320.			
f Total of lines 3a through e	544,696.			
4 Qualifying distributions for 1998 from Part XII, line 4: 588,673.				
a Applied to 1997, but not more than line 2a			NONE	
b Applied to undistributed income of prior years (Election required - see page 23 of the instructions)		NONE		
c Treated as distributions out of corpus (Election required - see page 23 of the instructions)	NONE			
d Applied to 1998 distributable amount				269,130.
e Remaining amount distributed out of corpus	319,543.			
5 Excess distributions carryover applied to 1998 (If an amount appears in column (d), the same amount must be shown in column (a).)	NONE			NONE
6 Enter the net total of each column as indicated below:				
a Corpus. Add lines 3f, 4c, and 4e. Subtract line 5	864,239.			
b Prior years' undistributed income. Subtract line 4b from line 2b		NONE		
c Enter the amount of prior years' undistributed income for which a notice of deficiency has been issued, or on which the section 4942(a) tax has been previously assessed		NONE		
d Subtract line 6c from line 6b. Taxable amount - see page 23 of the instructions		NONE		
e Undistributed income for 1997. Subtract line 4a from line 2a. For distribution requirements, see instructions			NONE	
f Undistributed income for 1998. Subtract lines 4d and 5 from line 1. This amount must be distributed in 1999				NONE
7 Amounts treated as distributions out of corpus to satisfy requirements imposed by section 170(b)(1)(F) or 4942(g)(3) (see page 23 of the instructions)	NONE			
8 Excess distributions carryover from 1993 not applied on line 5 or line 7 (see page 23 of the instructions)	20,886.			
9 Excess distributions carryover to 1999. Subtract lines 7 and 8 from line 6a	843,353.			
10 Analysis of line 9:				
a Excess from 1994	29,962.			
b Excess from 1995	NONE			
c Excess from 1996	2,528.			
d Excess from 1997	491,320.			
e Excess from 1998	319,543.			

Part XIV Private Operating Foundations (see page 23 of the instructions and Part VII-A, question 9) **NOT APPLICABLE**

1 a If the foundation has received a ruling or determination letter that it is a private operating foundation, and the ruling is effective for 1998, enter the date of the ruling 11/11/98

b Check box to indicate whether the organization is a private operating foundation described in section 4942(j)(3) or 4942(j)(5)

	Tax year	Prior 3 years			(e) Total
	(a) 1998	(b) 1997	(c) 1996	(d) 1995	
2 a Enter the lesser of the adjusted net income from Part I or the minimum investment return from Part X for each year listed					
b 85% of line 2a					
c Qualifying distributions from Part XII, line 4 for each year listed					
d Amounts included in line 2c not used directly for active conduct of exempt activities					
e Qualifying distributions made directly for active conduct of exempt activities. Subtract line 2d from line 2c					
3 Complete 3a, b, or c for the alternative test relied upon:					
a "Assets" alternative test - enter:					
(1) Value of all assets					
(2) Value of assets qualifying under section 4942(j)(3)(B)(i)					
b "Endowment" alternative test - Enter 2/3 of minimum investment return shown in Part X, line 4 for each year listed					
c "Support" alternative test - enter:					
(1) Total support other than gross investment income (interest, dividends, rents, payments on securities loans (section 512(a)(9)), or royalties)					
(2) Support from general public and 5 or more exempt organizations as provided in section 4942(j)(3)(B)(iii)					
(3) Largest amount of support from an exempt organization					
(4) Gross investment income					

Part XV Supplementary Information (Complete this part only if the organization had \$5,000 or more in assets at any time during the year -- see page 24 of the instructions.)

1 Information Regarding Foundation Managers:

a List any managers of the foundation who have contributed more than 2% of the total contributions received by the foundation before the close of any tax year (but only if they have contributed more than \$5,000). (See section 507(d)(2).)
SEE STATEMENT 14

b List any managers of the foundation who own 10% or more of the stock of a corporation (or an equally large portion of the ownership of a partnership or other entity) of which the foundation has a 10% or greater interest.
NONE

2 Information Regarding Contribution, Grant, Gift, Loan, Scholarship, etc., Programs:

Check here if the organization only makes contributions to preselected charitable organizations and does not accept unsolicited requests for funds. If the organization makes gifts, grants, etc., (see page 24 of the instructions) to individuals or organizations under other conditions, complete items 2a, b, c, and d.

a The name, address, and telephone number of the person to whom applications should be addressed:



b The form in which applications should be submitted and information and materials they should include:

c Any submission deadlines:

d Any restrictions or limitations on awards, such as by geographical areas, charitable fields, kinds of institutions, or other factors:

Part XV **Supplementary Information (continued)**

3 Grants and Contributions Paid During the Year or Approved for Future Payment

Recipient Name and address (home or business)	If recipient is an individual, show any relationship to any foundation manager or substantial contributor	Foundation status of recipient	Purpose of grant or contribution	Amount
<p><i>a Paid during the year</i></p> <p>SEE STATEMENT 13</p>				
<p>Total</p>				<p>3a 572,234.</p>
<p><i>b Approved for future payment</i></p> <p>NONE</p>				
<p>Total</p>				<p>3b</p>

Part XVI-A Analysis of Income-Producing Activities

Enter gross amounts unless otherwise indicated.

	Unrelated business income		Excluded by section 512, 513, or 514		(e) Related or exempt function income (See page 24 of the instructions.)
	(a) Business code	(b) Amount	(c) Exclusion code	(d) Amount	
1 Program service revenue:					
a _____					
b _____					
c _____					
d _____					
e _____					
f _____					
g Fees and contracts from government agencies					
2 Membership dues and assessments					
3 Interest on savings and temporary cash investments					
4 Dividends and interest from securities			14	184,298.	
5 Net rental income or (loss) from real estate:					
a Debt-financed property					
b Not debt-financed property					
6 Net rental income or (loss) from personal property					
7 Other investment income					
8 Gain or (loss) from sales of assets other than inventory			18	433,960.	
9 Net income or (loss) from special events					
10 Gross profit or (loss) from sales of inventory					
11 Other revenue: a _____					
b OTHER INTEREST			14	192.	
c _____					
d _____					
e _____					
12 Subtotal. Add columns (b), (d), and (e)				618,450.	
13 Total. Add line 12, columns (b), (d), and (e)				618,450.	618,450.

(See worksheet in line 13 instructions on page 25 to verify calculations.)

Part XVI-B Relationship of Activities to the Accomplishment of Exempt Purposes

Line No.	Explain below how each activity for which income is reported in column (e) of Part XVI-A contributed importantly to the accomplishment of the organization's exempt purposes (other than by providing funds for such purposes). (See page 25 of the instructions.)
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NOT APPLICABLE

Part XVII Information Regarding Transfers To and Transactions and Relationships With Noncharitable Exempt Organizations

1 Did the organization directly or indirectly engage in any of the following with any other organization described in section 501(c) of the Code... 1a(1) Cash X 1a(2) Other assets X 1b(1) Sales of assets to a noncharitable exempt organization X 1b(2) Purchases of assets from a noncharitable exempt organization X 1b(3) Rental of facilities or equipment X 1b(4) Reimbursement arrangements X 1b(5) Loans or loan guarantees X 1b(6) Performance of services or membership or fundraising solicitations X 1c Sharing of facilities, equipment, mailing lists, other assets, or paid employees X

Table with 4 columns: (a) Line no., (b) Amount involved, (c) Name of noncharitable exempt organization, (d) Description of transfers, transactions, and sharing arrangements.

2 a 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 [X] No

Table with 3 columns: (a) Name of organization, (b) Type of organization, (c) Description of relationship.

Part XVIII Public Inspection (see page 26 of the instructions and General Instruction Q)

1 Enter the date the notice of availability of the annual return appeared in a newspaper 2 Enter the name of the newspaper 3 Check here [] to indicate that you have attached a copy of the newspaper notice required by the instructions on page 26. (If the notice is not attached, the return will be considered incomplete.)

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 taxpayer or fiduciary) is based on all information of which preparer has any knowledge.

Please Sign Here M Signature of officer or trustee Date M Title M Preparer's signature Date Check if self-employed Preparer's social security no. MAMERICAN EXPRESS TAX & BUS. SER. INC EIN 41-1795707 30 SOUTH WACKER DRIVE CHI CAGO, IL ZIP + 4 60606-7494

**FORM 990-PF - PART IV
CAPITAL GAINS AND LOSSES FOR TAX ON INVESTMENT INCOME**

Kind of Property		Description				P or D	Date acquired	Date sold
Gross sale price less expenses of sale	Depreciation allowed/ allowable	Cost or other basis	FMV as of 12/31/69	Adj. basis as of 12/31/69	Excess of FMV over adj basis		Gain or (loss)	
618, 123.		SEE ATTACHED SCHEDULE PROPERTY TYPE: SECURITIES 578, 562.					VAR 39, 561.	VAR
1, 364, 545.		SEE ATACHED SCHEDULE PROPERTY TYPE: SECURITIES 970, 995.					VAR 393, 550.	VAR
TOTAL GAIN(LOSS)					----- 433, 960. =====	

FORM 990PF, PART I - OTHER INCOME
 =====

DESCRIPTION -----	REVENUE AND EXPENSES PER BOOKS -----	NET INVESTMENT INCOME -----
INTEREST FEDERAL EXCISE TAX REFUND	192.	192.
TOTALS	----- 192. =====	----- 192. =====

FORM 990PF, PART I - LEGAL FEES
 =====

DESCRIPTION -----	REVENUE AND EXPENSES PER BOOKS -----	NET INVESTMENT INCOME -----	ADJUSTED NET INCOME -----	CHARITABLE PURPOSES -----
MISCELLANEOUS LEGAL FEES	798.			798
TOTALS	798.	NONE	NONE	798
	=====	=====	=====	=====

FORM 990PF, PART I - ACCOUNTING FEES

=====

DESCRIPTION	REVENUE AND EXPENSES PER BOOKS	NET INVESTMENT INCOME	ADJUSTED NET INCOME	CHARITABLE PURPOSES
-----	-----	-----	-----	-----
ACCOUNTING AND TAX PREPARATION	2,580.	NONE	NONE	2,580
	-----	-----	-----	-----
TOTALS	2,580.	NONE	NONE	2,580
	=====	=====	=====	=====

FORM 990PF, PART I - OTHER PROFESSIONAL FEES

=====

DESCRIPTION -----	REVENUE AND EXPENSES PER BOOKS -----	NET I NVESTMENT I NCOME -----
INVESTMENT MANAGEMENT FEES	35,088.	35,088.
TOTALS	----- 35,088. -----	----- 35,088. -----

FORM 990PF, PART I - TAXES

=====

DESCRIPTION	REVENUE AND EXPENSES PER BOOKS	CHARITABLE PURPOSES
-----	-----	-----
PAYROLL TAXES	765.	765
FOREIGN TAXES	1,471.	1,471
EXCISE TAXES	-8,968.	
STATE FILING FEES	5.	5
TOTALS	----- -6,727. =====	----- 2,241 =====

FORM 990PF, PART I - OTHER EXPENSES

=====

DESCRIPTION	REVENUE AND EXPENSES PER BOOKS	CHARITABLE PURPOSES
-----	-----	-----
MISCELLANEOUS EXPENSE	820.	820.
TOTALS	----- 820.	----- 820.
	=====	=====

FORM 990PF, PART II - U.S. AND STATE OBLIGATIONS

=====

DESCRIPTION -----	ENDING BOOK VALUE -----	ENDING FMV ---
SEE STATEMENT	616,985.	619,332.
TOTALS	----- 616,985. =====	----- 619,332. =====

FORM 990PF, PART II - CORPORATE STOCK

=====

DESCRIPTION -----	ENDING BOOK VALUE -----	ENDING FMV ---
SEE STATEMENT	1, 939, 504.	3, 451, 383.
TOTALS	----- 1, 939, 504. =====	----- 3, 451, 383. =====

FORM 990PF, PART II - CORPORATE BONDS

=====

DESCRIPTION -----	ENDING BOOK VALUE -----	ENDING FMV ---
SEE STATEMENT	1,422,344.	1,402,114.
TOTALS	----- 1,422,344. =====	----- 1,402,114. =====

FORM 990PF, PART II - OTHER ASSETS

=====

DESCRIPTION -----	BEGINNING BOOK VALUE -----	ENDING BOOK VALUE -----	ENDING FMV ---
ACCRUED INTEREST PURCHASED	NONE	6,788.	6,788.
TOTALS	NONE	6,788.	6,788.

FORM 990PF, PART III - OTHER DECREASES IN NET WORTH OR FUND BALANCES
=====

DESCRIPTION -----	AMOUNT -----
BOOK/TAX DIFFERENCE	496.
TOTAL	----- 496. =====

FORM 990PF, PART VIII - LIST OF OFFICERS, DIRECTORS, AND TRUSTEES

NAME AND ADDRESS	TITLE AND TIME DEVOTED TO POSITION	COMPENSATION	CONTRIBUTIONS TO EMPLOYEE BENEFIT PLANS	EXPENSE ACCT AND OTHER ALLOWANCES
WILLIAM REVELLE 1626 HINMAN AVENUE, #202 EVANSTON, IL 60201	PRESIDENT PART-TIME	NONE	NONE	NONE
CAROLYN HUFBAUER 1625 HINMAN AVENUE, #202 EVANSTON, IL 60201	VICE-PRES PART-TIME	NONE	NONE	NONE
MARY PACI 1625 HINMAN AVENUE, #202 EVANSTON, IL 60201	VICE-PRES PART-TIME	NONE	NONE	NONE
ETHELYN C. BOND 1625 HINMAN AVENUE, #202 EVANSTON, IL 60201	SECR/TREAS FULL-TIME	10,000.	NONE	NONE
ELLEN REVELLE-ECKIS 1625 HINMAN AVENUE, #202 EVANSTON, IL 60201	DI RECTOR PART-TIME	NONE	NONE	NONE
ELEANOR REVELLE 1625 HINMAN AVENUE, #202 EVANSTON, IL 60201	DI RECTOR PART-TIME	NONE	NONE	NONE
	GRAND TOTALS	10,000.	NONE	NONE

FORM 990PF, PART XV - GRANTS AND CONTRIBUTIONS PAID DURING THE YEAR

=====

RECIPIENT NAME AND ADDRESS	RELATIONSHIP TO SUBSTANTIAL CONTRIBUTOR AND FOUNDATION STATUS OF RECIPIENT	PURPOSE OF GRANT OR CONTRIBUTION	AMOUNT
-----	-----	-----	-----
SEE ATTACHED STATEMENT 13			572,234.
		TOTAL CONTRIBUTIONS PAID	572,234.
			=====

**SCHEDULE D
(Form 1041)**

Capital Gains and Losses

OMB No. 1545-0092

Department of the Treasury
Internal Revenue Service

Attach to Form 1041 (or Form 5227). See the separate instructions for
Form 1041 (or Form 5227).

01/21/04

Name of estate or trust

Employer identification number

NEW HORIZON FOUNDATION

36-3406294

Note: Form 5227 filers need to complete ONLY Parts I and II.

Part I Short-Term Capital Gains and Losses - Assets Held One Year or Less

(a) Description of property (Example, 100 shares 7% preferred of "Z" Co.)	(b) Date acquired (mo., day, yr.)	(c) Date sold (mo., day, yr.)	(d) Sales price	(e) Cost or other basis (see page 26)	(f) GAIN or (LOSS) (col. (d) less col. (e))
1 SEE STATEMENT	1		618,123.	578,562.	39,561.
2 Short-term capital gain or (loss) from Forms 4684, 6252, 6781, and 8824					2
3 Net short-term gain or (loss) from partnerships, S corporations, and other estates or trusts					3
4 Short-term capital loss carryover. Enter the amount, if any, from line 9 of the 1997 Capital Loss Carryover Worksheet					4 ()
5 Net short-term gain or (loss). Combine lines 1 through 4 in column (f). Enter here and on line 14 below					5 39,561.

Part II Long-Term Capital Gains and Losses - Assets Held More Than One Year

(a) Description of property (Example, 100 shares 7% preferred of "Z" Co.)	(b) Date acquired (mo., day, yr.)	(c) Date sold (mo., day, yr.)	(d) Sales price	(e) Cost or other basis (see page 26)	(f) GAIN or (LOSS) (col. (d) less col. (e))	(g) 28% RATE GAIN or (LOSS) *(see instr. below)
6 SEE STATEMENT	2		1,364,545.	970,995.	393,550.	
7 Long-term capital gain or (loss) from Forms 2439, 4684, 6252, 6781, and 8824						7
8 Net long-term gain or (loss) from partnerships, S corporations, and other estates or trusts						8
9 Capital gain distributions					849.	9
10 Gain from Form 4797, Part I						10
11 Long-term capital loss carryover. Enter in both columns (f) and (g) the amount, if any, from line 14, of the 1997 Capital Loss Carryover Worksheet					()	11 ()
12 Combine lines 6 through 11 in column (g)						12
13 Net long-term gain or (loss). Combine lines 6 through 11 in column (f). Enter here and on line 15 below					394,399.	13

*28% Rate Gain or (Loss) includes all "collectibles gains and losses" (as defined on page 27 of the instructions) and up to 50% of the eligible gain on qualified small business stock (see page 25 of the instructions).

Part III Summary of Parts I and II

	(1) Beneficiaries' (see page 27)	(2) Estate's or trust's	(3) Total
14 Net short-term gain or (loss) (from line 5 above)			39,561.
15 Net long-term gain or (loss):			
a 28% rate gain or (loss) (from line 12 above)			
b Unrecaptured section 1250 gain (see worksheet on page 26)			
c Total for year (from line 13 above)			394,399.
16 Total net gain or (loss). Combine lines 14 and 15c			433,960.

Note: If line 16, column (3), is a net gain, enter the gain on Form 1041, line 4. If lines 15c and 16, column (2) are net gains, go to Part V, and DO NOT complete Part IV. If line 16, column (3), is a net loss, complete Part IV and the Capital Loss Carryover Worksheet, as necessary.

For Paperwork Reduction Act Notice, see the Instructions for Form 1041.

Schedule D (Form 1041) 1998

Part IV Capital Loss Limitation

17 Enter here and enter as a (loss) on Form 1041, line 4, the **smaller** of:
 a The loss on line 16, column (3); or
 b \$3,000 **17** ()

If the loss on line 16, column (3) is more than \$3,000, OR if Form 1041, page 1, line 22, is a loss, complete the **Capital Loss Carryover Worksheet** on page 27 of the instructions to determine your capital loss carryover.

Part V Tax Computation Using Maximum Capital Gains Rates (Complete this part **only** if both lines 15c and 16 in column (2) are gains, and Form 1041, line 22 is more than zero.)

18	Enter taxable income from Form 1041, line 22	18	
19	Enter the smaller of line 15c or 16 in column (2)	19	394,399.
20	If you are filing Form 4952, enter the amount from Form 4952, line 4e	20	
21	Subtract line 20 from line 19. If zero or less, enter -0-	21	394,399.
22	Combine lines 14 and 15a, column (2). If zero or less, enter -0-	22	39,561.
23	Enter the smaller of line 15a, column (2), or line 22, but not less than zero	23	
24	Enter the amount from line 15b, column (2)	24	
25	Add line 23 and 24	25	
26	Subtract line 25 from line 21. If zero or less, enter -0-	26	394,399.
27	Subtract line 26 from line 18. If zero or less, enter -0-	27	
28	Enter the smaller of line 18 or \$1,700	28	
29	Enter the smaller of line 27 or line 28	29	
30	Subtract line 21 from line 18. If zero or less, enter -0-	30	
31	Enter the larger of line 29 or line 30	31	
32	Tax on amount on line 31 from the 1998 Tax Rate Schedule	32	
33	Enter the amount from line 28	33	
34	Enter the amount from line 27	34	
35	Subtract line 34 from line 33. If zero or less, enter -0-	35	
36	Multiply line 35 by 10% (.10)	36	
37	Enter the smaller of line 18 or line 26	37	
38	Enter the amount from line 35	38	
39	Subtract line 38 from line 37. If zero or less, enter -0-	39	
40	Multiply line 39 by 20% (.20)	40	
41	Enter the smaller of line 21 or line 24	41	
42	Add lines 21 and 31	42	394,399.
43	Enter the amount from line 18	43	
44	Subtract line 43 from line 42. If zero or less, enter -0-	44	394,399.
45	Subtract line 44 from line 41. If zero or less, enter -0-	45	
46	Multiply line 45 by 25% (.25)	46	
47	Enter the amount from line 18	47	
48	Add lines 31, 35, 39, and 45	48	
49	Subtract line 48 from line 47	49	
50	Multiply line 49 by 28% (.28)	50	
51	Add lines 32, 36, 40, 46, and 50	51	
52	Tax on the amount on line 18 from the 1998 Tax Rate Schedule	52	
53	Tax on taxable income (including capital gains). Enter the smaller of line 51 or line 52 here and on line 1a of Schedule G, Form 1041	53	

Schedule D Detail of Short-term Capital Gains and Losses

Description	Date Acquired	Date Sold	Gross Sales Price	Cost or Other Basis	Short-term Gain/Loss
SEE ATTACHED SCHEDULE	VAR	VAR	618, 123.	578, 562.	39, 561.
Totals			618, 123.	578, 562.	39, 561.

Schedule D Detail of Long-term Capital Gains and Losses

Description	Date Acquired	Date Sold	Gross Sales Price	Cost or Other Basis	Long-term Gain/Loss
20% MAX RATE CAPITAL GAINS (LOSSES)					
SEE ATTACHED SCHEDULE	VAR	VAR	1,364,545.	970,995.	393,550.
TOTAL 20% MAX RATE CAPITAL GAINS (LOSSES)					393,550.
Totals			1,364,545.	970,995.	393,550.