

Application for Recognition of Exemption Under Section 501(c)(3) of the Internal Revenue Code

OMB No. 1545-0056

Note: If exempt status is approved, this application will be open for public inspection.

Read the instructions for each Part carefully.

A User Fee must be attached to this application.

If the required information and appropriate documents are not submitted along with Form 8718 (with payment of the appropriate user fee), the application may be returned to you.

Complete the Procedural Checklist on page 8 of the instructions.

Part I Identification of Applicant

1a Full name of organization (as shown in organizing document)

E SKILLSOURCE GROUP, INC.

1b c/o Name (if applicable)

c/o David Hunn,

1c Address (number and street)

8300 Boone Boulevard

Room/Suite

450

1d City, town, or post office, state, and ZIP + 4. If you have a foreign address, see **Specific Instructions** for Part I, page 3.

Vienna, VA 22182

1e Web site address

www.myskillsource.org

7 Did the organization previously apply for recognition of exemption under this Code section or under any other section of the Code? Yes No
If "Yes," attach an explanation.

Is the organization required to file Form 990 (or Form 990-EZ)? N/A Yes No
If "No," attach an explanation (see page 3 of the **Specific Instructions**).

9 Has the organization filed Federal income tax returns or exempt organization information returns? Yes No
If "Yes," state the form numbers, years filed, and Internal Revenue office where filed.

2 Employer identification number (EIN)
(If none, see page 3 of the **Specific Instructions**).
Form SS-4 is enclosed

3 Name and telephone number of person to be contacted if additional information is needed

Kendon Light
(804) 965-6241

4 Month the annual accounting period ends
June 30

5 Date incorporated or formed
March 12, 2002

6 Check here if applying under section:
a 501(e) b 501(f) c (501(k)) d 501(n)

10 Check the box for the type of organization. ATTACH A CONFORMED COPY OF THE CORRESPONDING ORGANIZING DOCUMENTS TO THE APPLICATION BEFORE MAILING. (See **Specific Instructions** for Part I, Line 10, on page 3.) See also Pub. 557 for examples of organizational documents.)

a Corporation — Attach a copy of the Articles of Incorporation (including amendments and restatements) showing approval by the appropriate state official; also include a copy of the bylaws.

b Trust — Attach a copy of the Trust indenture or Agreement, including all appropriate signatures and dates.

c Association — Attach a copy of the Articles of Association, Constitution, or other creating document, with a declaration (see instructions) or other evidence the organization was formed by adoption of the document by more than one person; also include a copy of the bylaws.

If the organization is a corporation or an unincorporated association that has not yet adopted bylaws, check here ►

I declare under the penalties of perjury that I am authorized to sign this application on behalf of the above organization and that I have examined this application, including the accompanying schedules and attachments, and to the best of my knowledge it is true, correct, and complete.

Please
Here

(Signature)

Robert P. Rogers, Jr., Director 10/30/02

(Type or print name and title or authority of signer)

(Date)

For Paperwork Reduction Act Notice, see page 7 of the instructions.

Part II Activities and Operational Information

Provide a detailed narrative description of all the activities of the organization — past, present, and planned. **Do not merely refer to or repeat the language in the organizational document.** List each activity separately in the order of importance based on the relative time and other resources devoted to the activity. Indicate the percentage of time for each activity. Each description should include, as a minimum, the following: (a) a detailed description of the activity including its purpose and how each activity furthers your exempt purpose; (b) when the activity was or will be initiated; and (c) where and by whom the activity will be conducted.

The SkillSource Group, Inc. ("the Group") will accomplish its charitable, educational, scientific & civic purposes with the following activities.

1. Creation of Customized Employment Opportunities for Individuals with Disabilities:

There are more than 16,000 individuals with significant disabilities in the area the Group will be serving, that are not in the labor force or are unemployed. The area the Group will be serving includes the counties of Fairfax, Loudoun & Prince William, and the cities of Fairfax, Falls Church, Manassas and Manassas Park in Northern Virginia.

The Group will be focusing on people with mental retardation or mental health disabilities. It will provide the people with disabilities with lifelong learning opportunities, business linkages, job placement assistance & employment demonstration activities.

The Group will hire the Northern Virginia Community College, an governmental agency of Virginia, to provide customized technical training consistent with local labor force needs in customized employment demonstration activities. The Group will meet with employers in the area to determine areas where they have a shortage of employees. Customized training will be provided, to the people with disabilities, to prepare them to work these jobs.

The Group will use employment demonstration activities such as paid natural supports and self-determination plans. Paid natural supports will be co-workers of persons with significant disabilities who agree to act as a facilitator. They help the person with significant disabilities to learn their job & to become socially integrated in their workplace. Self-determination plans allow the person with significant disabilities to develop a particular design of employment support in the job development, training & follow-up processes.

(Please See Attachment #1)

2 What are or will be the organization's sources of financial support? List in order of size.

1. Government grants from U S Dept. of Labor, Commerce, Education, & Health & Human Services; & grants from Virginia Dept of Housing & Community Development, & Employment Commission.
2. Grants from foundations & corporations

3 Describe the organization's fundraising program, both actual and planned, and explain to what extent it has been put into effect. Include details of fundraising activities such as selective mailings, formation of fundraising committees, use of volunteers or professional fundraisers, etc. Attach representative copies of solicitations for financial support.

The Group will submit grant applications to governmental agencies, foundations & corporations. (Please See Exhibit A for a copy of one of its grant applications). The Group will pay Northern Virginia Community College to prepare its grant applications. It will pay the College's employees salary and benefits at the same rate the College is currently paying them.

Part II Activities and Operational Information (Continued)

Give the following information about the organization's governing body:

a Names, addresses, and titles of officers, directors, trustees, etc.	b Annual compensation
Robert P Rogers, Jr. (Chairman/Director) 6500 Loisdale Road, #300, Springfield, VA 22150	None
Todd Rowley (Director) 1970 Chain Bridge Rd 3rd Floor, McLean, VA 22101	None
Katherine Waters (Director) 14914 Jefferson Davis Highway Woodbridge, VA 22191	None
C Michael Ferraro(V Chair/Dir)Box 220100 Chantilly VA 20153	None
Donna Engelson (Director) 7700 Kincheloe, Clifton VA 20124	None
Sean Connaughton (Dire)1 County Complex, Prince William VA	None

c Do any of the above persons serve as members of the governing body by reason of being public officials or being appointed by public officials? Yes No
If "Yes," name those persons and explain the basis of their selection or appointment.

The Chief Local Elected Official who is a member of the Northern Virginia Workforce Investment Board, an unincorporated association. The initial Chief Local Elected Official is Sean Connaughton.

d Are any members of the organization's governing body "disqualified persons" with respect to the organization (other than by reason of being a member of the governing body) or do any of the members have either a business or family relationship with "disqualified persons"? (See **Specific Instructions** for Part II, Line 4d, on page 3.) Yes No
If "Yes," explain.

5 Does the organization control or is it controlled by any other organization? Yes No

Is the organization the outgrowth of (or successor to) another organization, or does it have a special relationship with another organization by reason of interlocking directorates or other factors? Yes No
If either of these questions is answered "Yes," explain.

The Group is an outgrowth of Northern Virginia Workforce Investment Board, an unincorporated association. The Group will carry on activities previously carried out by the Northern Virginia Workforce Investment Board.

6 Does or will the organization directly or indirectly engage in any of the following transactions with any political organization or other exempt organization (other than a 501(c)(3) organization): (a) grants; (b) purchases or sales of assets; (c) rental of facilities or equipment; (d) loans or loan guarantees; (e) reimbursement arrangements; (f) performance of services, membership, or fundraising solicitations; or (g) sharing of facilities, equipment, mailing lists or other assets, or paid employees? Yes No
If "Yes," explain fully and identify the other organizations involved.

7 Is the organization financially accountable to any other organization? Yes No
If "Yes," explain and identify the other organization. Include details concerning accountability or attach copies of reports if any have been submitted.

The Group will be financially accountable to the governmental agencies that make grants to it. It will be required to submit audited financial statements to the agencies. No reports have been submitted, yet.

Part II Activities and Operational Information (Continued)

- What assets does the organization have that are used in the performance of its exempt function? (Do not include property producing investment income.) If any assets are not fully operational, explain their status, what additional steps remain to be completed, and when such final steps will be taken. If none, indicate "N/A."

N/A

- 9 Will the organization be the beneficiary of tax-exempt bond financing within the next 2 years? Yes No
- 10a Will any of the organization's facilities or operations be managed by another organization or individual under a contractual agreement? Yes No
- b Is the organization a party to any leases? Yes No
If either of these questions is answered "Yes," attach a copy of the contracts and explain the relationship between the applicant and the other parties.

Please See Attachment #2 & Exhibit F

- 11 Is the organization a membership organization? Yes No
If "Yes," complete the following:
- a Describe the organization's membership requirements and attach a schedule of membership fees and dues.
- b Describe the organization's present and proposed efforts to attract members and attach a copy of any descriptive literature or promotional material used for this purpose.
- c What benefits do (or will) the members receive in exchange for their payment of dues?

- 12a If the organization provides benefits, services, or products, are the recipients required, or will they be required, to pay for them? N/A Yes No
If "Yes," explain how the charges are determined and attach a copy of the current fee schedule.
- b Does or will the organization limit its benefits, services, or products to specific individuals or classes of individuals? N/A Yes No
If "Yes," explain how the recipients or beneficiaries are or will be selected.

Youth activities will be limited to low-income, at-risk youth between 14-21 years old.

- 13 Does or will the organization attempt to influence legislation? Yes No
If "Yes," explain. Also, give an estimate of the percentage of the organization's time and funds that it devotes or plans to devote to this activity.
Please See Exhibit B. The Group has filed Form 5768. Its lobbying will be done within the limits of IRC 501(h) & 4911.

- 14 Does or will the organization intervene in any way in political campaigns, including the publication or distribution of statements? Yes No
If "Yes," explain fully.

Part III Technical Requirements

Are you filing Form 1023 within 15 months from the end of the month in which your organization was created or formed? Yes No

If you answer "Yes," do not answer questions on lines 2 through 6 below.

2 If one of the exceptions to the 15-month filing requirement shown below applies, check the appropriate box and proceed to question 7.

Exceptions — You are not required to file an exemption application within 15 months if the organization:

- a Is a church, interchurch organization of local units of a church, a convention or association of churches, or an integrated auxiliary of a church. See **Specific Instructions**, Line 2a, on page 4;
- b Is not a private foundation and normally has gross receipts of not more than \$5,000 in each tax year; or
- c Is a subordinate organization covered by a group exemption letter, but only if the parent or supervisory organization timely submitted a notice covering the subordinate.

3 If the organization does not meet any of the exceptions on line 2 above, are you filing Form 1023 within 27 months from the end of the month in which the organization was created or formed? Yes No

If "Yes," your organization qualifies under Regulation section 301.9100-2, for an automatic 12-month extension of the 15-month filing requirement. Do not answer questions 4 through 6.

If "No," answer question 4.

4 If you answer "No" to question 3, does the organization wish to request an extension of time to apply under the "reasonable action and good faith" and the "no prejudice to the interest of the government" requirements of Regulations section 301.9100-3? Yes No

If "Yes," give the reasons for not filing this application within the 27-month period described in question 3. See **Specific Instructions**, Part III, Line 4, before completing this item. Do not answer questions 5 and 6.

If "No," answer questions 5 and 6.

5 If you answer "No" to question 4, your organization's qualification as a section 501(c)(3) organization can be recognized only from the date this application is filed. Therefore, do you want us to consider the application as a request for recognition of exemption as a section 501(c)(3) organization from the date the application is received and not retroactively to the date the organization was created or formed? Yes No

6 If you answer "Yes" to question 5 above and wish to request recognition of section 501(c)(4) status for the period beginning with the date the organization was formed and ending with the date the Form 1023 application was received (the effective date of the organization's section 501(c)(3) status), check here ► and attach a completed page 1 of Form 1024 to this application.

Part III Technical Requirements (Continued)

Is the organization a private foundation?

Yes (Answer question 8.)

No (Answer question 9 and proceed as instructed.)

8 If you answer "Yes" to question 7, does the organization claim to be a private operating foundation?

Yes (Complete Schedule E.)

No

After answering question 8 on this line, go to line 14 on page 7.

9 If you answer "No" to question 7, indicate the public charity classification the organization is requesting by checking the box below that most appropriately applies:

THE ORGANIZATION IS NOT A PRIVATE FOUNDATION BECAUSE IT QUALIFIES:

a <input type="checkbox"/>	As a church or a convention or association of churches (CHURCHES MUST COMPLETE SCHEDULE A.)	Sections 509(a)(1) and 170(b)(1)(A)(i)
b <input type="checkbox"/>	As a school (MUST COMPLETE SCHEDULE B.)	Sections 509(a)(1) and 170(b)(1)(A)(ii)
c <input type="checkbox"/>	As a hospital or cooperative hospital service organization, or a medical research organization operated in conjunction with a hospital (These organizations, except for hospital service organizations, MUST COMPLETE SCHEDULE C.)	Sections 509(a)(1) and 170(b)(1)(A)(iii)
d <input type="checkbox"/>	As a governmental unit described in section 170(c)(1).	Sections 509(a)(1) and 170(b)(1)(A)(v)
e <input type="checkbox"/>	As being operated solely for the benefit of, or in connection with, one or more of the organizations described in a through d, g, h, or i (MUST COMPLETE SCHEDULE D.)	Section 509(a)(3)
f <input type="checkbox"/>	As being organized and operated exclusively for testing for public safety.	Section 509(a)(4)
g <input type="checkbox"/>	As being operated for the benefit of a college or university that is owned or operated by a governmental unit.	Sections 509(a)(1) and 170(b)(1)(A)(vi)
h <input checked="" type="checkbox"/>	As receiving a substantial part of its support in the form of contributions from publicly supported organizations, from a governmental unit, or from the general public.	Sections 509(a)(1) and 170(b)(1)(A)(vi)
i <input type="checkbox"/>	As normally receiving not more than one-third of its support from gross investment income and more than one-third of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions (subject to certain exceptions).	Section 509(a)(2)
j <input type="checkbox"/>	The organization is a publicly supported organization but is not sure whether it meets the public support test of h or i. The organization would like the IRS to decide the proper classification.	Sections 509(a)(1) and 170(b)(1)(A)(vi) or Section 509(a)(2)

If you checked one of the boxes a through f in question 9, go to question

14. If you checked box g in question 9, go to questions 11 and 12.

If you checked box h, i, or j, in question 9, go to question 10.

Part III Technical Requirements (Continued)

If you checked box h, i, or j in question 9, has the organization completed a tax year of at least 8 months?

Yes — Indicate whether you are requesting:

A definitive ruling. (Answer questions 11 through 14.)

An advance ruling. (Answer questions 11 and 14 and attach two Forms 872-C completed and signed.)

No — You must request an advance ruling by completing and signing two Forms 872-C and attaching them to the Form 1023.

11 If the organization received any unusual grants during any of the tax years shown in Part IV-A, **Statement of Revenue and Expenses**, attach a list for each year showing the name of the contributor; the date and the amount of the grant; and a brief description of the nature of the grant.

None

12 If you are requesting a definitive ruling under section 170(b)(1)(A)(iv) or (vi), check here ► and:

- a Enter 2% of line 8, column (e), Total, of Part IV-A
- b Attach a list showing the name and amount contributed by each person (other than a governmental unit or "publicly supported" organization) whose total gifts, grants, contributions, etc., were more than the amount entered on line 12a above.

13 If you are requesting a definitive ruling under section 509(a)(2), check here ► and:

- a For each of the years included on lines 1, 2, and 9 of Part IV-A, attach a list showing the name of and amount received from each "disqualified person." (For a definition of "disqualified person," see **Specific Instructions**, Part II, Line 4d, on page 3.)
- b For each of the years included on line 9 of Part IV-A, attach a list showing the name of and amount received from each payer (other than a "disqualified person") whose payments to the organization were more than \$5,000. For this purpose, "payer" includes, but is not limited to, any organization described in sections 170(b)(1)(A)(i) through (vi) and any governmental agency or bureau.

14 Indicate if your organization is one of the following. If so, complete the required schedule. (Submit only those schedules that apply to your organization. **Do not submit blank schedules.**)

	Yes	No	If "Yes," complete Schedule:
Is the organization a church?	X		A
Is the organization, or any part of it, a school?	X		B
Is the organization, or any part of it, a hospital or medical research organization?	X		C
Is the organization a section 509(a)(3) supporting organization?	X		D
Is the organization a private operating foundation?	X		E
Is the organization, or any part of it, a home for the aged or handicapped?	X		F
Is the organization, or any part of it, a child care organization?	X		G
Does the organization provide or administer any scholarship benefits, student aid, etc.?	X		H
Has the organization taken over, or will it take over, the facilities of a "for profit" institution?	X		I

Part IV Financial Data

Complete the financial statements for the current year and for each of the 3 years immediately before it. If in existence less than 4 years, complete the statements for each year in existence. If in existence less than 1 year, also provide proposed budgets for the 2 years following the current year.

A. Statement of Revenue and Expenses

	Current tax year	3 prior tax years or proposed budget for 2 years			(e) TOTAL
	(a) From 3/12 to 5/31/02	(b) 7/1/02 6/30/03	(c) 7/1/03 6/30/04	(d) _____	
Revenue	1 Gifts, grants, and contributions received (not including unusual grants — see page 6 of the instructions)	0	4,022,025	4,022,000	8,044,025
	2 Membership fees received				
	3 Gross investment income (see instructions for definition)				
	4 Net income from organization's unrelated business activities not included on line 3				
	5 Tax revenues levied for and either paid to or spent on behalf of the organization				
	6 Value of services or facilities furnished by a governmental unit to the organization without charge (not including the value of services or facilities generally furnished the public without charge)				
	7 Other income (not including gain or loss from sale of capital assets) (attach schedule)	0	4,022,025	4,022,000	8,044,025
	8 Total (add lines 1 through 7)				
	9 Gross receipts from admissions, sales of merchandise or services, or furnishing of facilities in any activity that is not an unrelated business within the meaning of section 513. Include related cost of sales on line 22	0	4,022,025	4,022,000	8,044,025
	10 Total (add lines 8 and 9)				
	11 Gain or loss from sale of capital assets (attach schedule)				
	12 Unusual grants				
	13 Total revenue (add lines 10 through 12)	0	4,022,025	4,022,000	8,044,025
Expenses	14 Fundraising expenses				
	15 Contributions, gifts, grants, and similar amounts paid (attach schedule)				
	16 Disbursements to or for benefit of members (attach schedule)				
	17 Compensation of officers, directors, and trustees (attach schedule)	0	0	0	
	18 Other salaries and wages				
	19 Interest				
	20 Occupancy (rent, utilities, etc.)				
	21 Depreciation and depletion Att 3		3,962,336	4,022,000	
	22 Other (attach schedule)				
	23 Total expenses (add lines 14 through 22)	0	3,962,336	4,022,000	
	24 Excess of revenue over expenses (line 13 minus line 23)	0	59,689	0	

Part IV**Financial Data (Continued)****B. Balance Sheet (at the end of the period shown)**
Current tax year
Date 5/31/02

Assets		
1 Cash	1	0
2 Accounts receivable, net	2	
3 Inventories	3	
4 Bonds and notes receivable (attach schedule)	4	
5 Corporate stocks (attach schedule)	5	
6 Mortgage loans (attach schedule)	6	
7 Other investments (attach schedule)	7	
8 Depreciable and depletable assets (attach schedule)	8	
9 Land	9	
10 Other assets (attach schedule)	10	
11 Total assets (add lines 1 through 10)	11	0
Liabilities		
12 Accounts payable	12	0
13 Contributions, gifts, grants, etc., payable	13	
14 Mortgages and notes payable (attach schedule)	14	
15 Other liabilities (attach schedule)	15	
16 Total liabilities (add lines 12 through 15)	16	0
Fund Balances or Net Assets		
17 Total fund balances or net assets	17	0
18 Total liabilities and fund balances or net assets (add line 16 and line 17)	18	0

If there has been any substantial change in any aspect of the organization's financial activities since the end of the period shown above, check the box and attach a detailed explanation. ►

(This Attachment Relates to Form 1023)

The SkillSource Group, Inc.
c/o David Hunn
8300 Boone Boulevard, Suite 450
Vienna, VA 22182

ACTIVITIES: (continued):

The SkillSource Center staff will assist all job seekers in identifying community resources, training opportunities provided other Nonprofit organizations and/or businesses or self-directed use of the computer programs available at the Centers. It will sponsor workshops for all job seekers on a monthly basis at 5 SkillSource Centers on employment related topics, including Career Planning; Interviewing Tips; Dressing for Success on a Budget; Federal Hiring Process and the Schedule A; Negotiating Benefits and Salary; and How to Make the Most of Your Budget. Each participant writes their Individual Work Plan, where the employment goals and objectives are established, they receive assistance in forming a career plan. Employment opportunities will be found in the computer field, medical and health care field, education, transportation, etc.

The Group will use independent contractors to carry out this activity. It will spend 10% of its time on the creation of customized employment opportunities for individuals with disabilities. The Group will start this activity after it receives the IRS Determination Letter.

2. Operation of Regional One-Stop Employment Centers:

The Group will operate one-stop employment centers. The centers provide access to services providing employment, education and training. The centers will be operated in the Northern Virginia Workforce Investment Area. It was formed by Fairfax County, Fairfax City, Falls Church City, Loudoun County, Prince William County, Manassas City and Manassas Park City. It will administer the federally funded employment and training program.

The centers will provide job search activities, job bank, vocational assessment, education and training resources, on-the-job training, work experience, basic skills training, employment workshops, business service center, labor market information, job postings, and resume bank. Through the federal funds child care, transportation, health care, drug and alcohol services, etc. will be paid for. The Group will hire existing businesses, on a as needed basis, to provide the child care, transportation, health care, drug and alcohol services.

ACTIVITIES: (continued):

Labor market information will include Virginia's Electronic Labor Market Access, Bureau of Labor Statistics, Occupational Employment Statistics, Bureau of Economic Analysis, U S Census Bureau, Economics and Statistics Administration, Department of Commerce and Department of Labor.

The Group desires to have a well trained and educated workforce in Northern Virginia. A well trained and educated workforce will attract new businesses to the area. The Group will not be soliciting or advertising for new businesses to come to Northern Virginia. New businesses will be an indirect and incidental benefit to Northern Virginia resulting from a well trained and educated workforce.

The Group will use independent contractors to carry out the operation of its regional one-stop employment centers. It will spend 40% of its time carrying out this activity. The Group will start this activity in the fall of 2002.

3. Employment Programs for Youth:

The Group will assist youth in finding summer employment, internships, counseling, and apprenticeships. It will provide job readiness workshops, skills training, tutoring, recreational activities, volunteer activities, etc. for youth.

The Group will limit the youth in its employment programs for youth to youth who are between 14 and 21 years old. In addition, the youth will be from low income families and/or "at-risk." "At-risk youth includes youth who are deficient in basic skills, school dropout, homeless, runaway, foster child, pregnant or parenting teen, offender, and needs additional assistance to secure and hold a job or complete education. (Please See Exhibit C for a copy of the Group's Memorandum of Agreement for the Implementation of Workforce Investment Act Youth Services in Northern Virginia).

The Group will use independent contractors to carry out its employment programs for youth. It will spend 25% of its time carrying out this activity. The Group will start its youth programs in the fall of 2002.

4. Regional Workforce Development Community Planning Forum:

The Group will conduct an annual Regional Workforce Development Community Planning Forum. The Forum will discuss different education and training methods and approaches that work and do not work in preparing a trained and educated workforce. In addition, the economic competitiveness of Northern Virginia and ways to better train and educate the workforce will be discussed. Studies on workforce issues will be presented, and the Group will lobby the U. S. Congress and the Virginia legislature to receive funding for its programs.

ACTIVITIES: (continued):

All of the Group's lobbying will be within the limits of sections 501(h) and 4911. (Please See Exhibit D for a copy of the Group's Form 5768, which it filed with the Ogden Service Center). (Please See Exhibit E for the Group's Community Planning Forum materials).

The Board of Directors, volunteers and independent contractors of the Group will carry out its annual Regional Workforce Development Community Planning Forum. It will spend 5% of its time on this activity. It will hold the second Annual Regional Workforce Development Community Planning Forum on October 3, 2002 at the Fairview Park Marriott Hotel in Falls Church, Virginia.

5. Educational Conferences & Information Workshops:

The Group will conduct educational conferences and information workshops on topics related to workforce training and education.

The Board of Directors, volunteers and independent contractors will carry out the Group's educational conferences and information workshops. It will spend 10% of its time on this activity. The Groups will start the educational conferences and information workshops in the winter of 2002.

6. Grants to Other Organizations:

The Group will make grants to section 501(c)(3) organizations or to organizations for charitable and/or educational purposes. If the Group makes grants to organizations that do not have tax exempt status under section 501(c)(3), then the Group will exercise control and discretion over the grant to make sure the funds are used for charitable and/or educational purposes.

The Board of Directors of the Group will make the grants to other organizations. It will spend 5% of its time carrying out this activity. The Group will start this activity in the fall of 2002.

7. Labor Market Studies:

The Group will conduct labor market studies. The results of the studies will be presented at its annual Regional Workforce Development Community Planning Forum. In addition, the results will be available on its website and at its Regional One-Stop Employment Centers.

Study topics will include economic competitiveness in Northern Virginia, methods of training and educating a workforce that work and do not work and other educational topics related to the economy and the workforce.

ACTIVITIES: (continued):

The Group will use independent contractors to carry out its labor market studies. It will spend 5% of its time carrying out this activity. It will start its labor market studies in the fall of 2002.

ATTACHMENT #2

FORM 1023, PART II, #10a

(This Attachment Relates to Form 1023)

The SkillSource Group, Inc.
c/o David Hunn
8300 Boone Boulevard, Suite 450
Vienna, VA 22182

OPERATIONS MANAGED BY ANOTHER ORGANIZATION UNDER CONTRACTUAL AGREEMENT:

The Group will use independent contractors to carry out some of its activities. (Please See Exhibit F for a copy of a service agreement between Northern Virginia Workforce Investment Board and Northern Virginia Community College). The Group will be taking the Northern Virginia Workforce Investment Board's place in this contract. The College will conduct classes to train and educate people for the workforce for the Group. The College is an unrelated third party to the Group. All other independent contractors will be unrelated third parties to the Group.

Also, there is a contract with LeapFrog Solutions, Inc. for work related to the Group's Regional Workforce Development Community Planning Forum. LeapFrog is an unrelated third party to the Group. All other independent contractors will be unrelated third parties to the Group.

ATTACHMENT #3

FORM 1023, PART IV A

(This Attachment Relates to Form 1023)

The SkillSource Group, Inc.
c/o David Hunn
8300 Boone Boulevard, Suite 450
Vienna, VA 22182

ANALYSIS OF BUDGETS:1. Other Expenses:

	<u>6/30/03</u>	<u>6/30/04</u>
Independent Contractors	3,439,198	3,442,000
Travel, Committee Meetings &		
Conference Fees	119,638	120,000
Training Expenses	3,500	10,000
One-Stop Center Resources & Website	80,000	90,000
Youth Programs	250,000	275,000
Community Forum	70,000	75,000
Labor Market Studies	<u>-0-</u>	<u>10,000</u>
Total Other Expenses	3,962,336	4,022,000

2. Excess Revenue over Expenses:

The excess revenue over expenses will be used to cover emergency expenses in subsequent years, until it is spent.

ADDITIONAL INFORMATION

- A. The Group has not and will not pay the personal living expenses of its Officers, Directors, founders, employees, etc. or their relatives.
- B. All compensation paid by the Group will be reasonable and for the performance of services
- C. Please See Exhibit G for a copy of the Group's website