

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)

Department of the Treasury
Internal Revenue Service

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

A For the 2006 calendar year, or tax year beginning **AUG 1, 2006** and ending **JUL 31, 2007**

B Check if applicable: <input type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial return <input type="checkbox"/> Final return <input type="checkbox"/> Amended return <input type="checkbox"/> Application pending	Please use IRS label or print or type. See Specific Instructions.	C Name of organization NORTH COUNTY INTERFAITH COUNCIL		D Employer identification number 95-3837714
		Number and street (or P.O. box if mail is not delivered to street address) Room/suite 550 W WASHINGTON AVE B		E Telephone number 760-489-6380
		City or town, state or country, and ZIP + 4 ESCONDIDO, CA 92025		F Accounting method: <input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual <input type="checkbox"/> 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).

Hand I are not applicable to section 527 organizations.

H(a) Is this a group return for affiliates? Yes No

H(b) If "Yes," enter number of affiliates ▶ **N/A**

H(c) Are all affiliates included? **N/A** Yes No (If "No," attach a list.)

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

G Website: ▶ **WWW.INTERFAITHSERVICES.ORG**

J Organization type (check only one) 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.

I Group Exemption Number ▶ **N/A**

L Gross receipts: Add lines 6b, 8b, 9b, and 10b to line 12 ▶ **8,281,367.**

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

Part I Revenue, Expenses, and Changes in Net Assets or Fund Balances

Revenue	1 Contributions, gifts, grants, and similar amounts received:				
	a Contributions to donor advised funds	1a			
	b Direct public support (not included on line 1a)	1b	3,185,941.		
	c Indirect public support (not included on line 1a)	1c	59,125.		
	d Government contributions (grants) (not included on line 1a)	1d	3,147,978.		
	e Total (add lines 1a through 1d) (cash \$ 6,393,044. noncash \$)	1e			6,393,044.
	2 Program service revenue including government fees and contracts (from Part VII, line 93)	2			352,804.
	3 Membership dues and assessments	3			
	4 Interest on savings and temporary cash investments	4			
	5 Dividends and interest from securities	5			176,869.
	6 a Gross rents	6a			
	b Less: rental expenses	6b			
c Net rental income or (loss). Subtract line 6b from line 6a	6c				
7 Other investment income (describe)	7				
8 a Gross amount from sales of assets other than inventory	(A) Securities		(B) Other		
	1,271,685.	8a			
	1,216,675.	8b			
	55,010.	8c			
d Net gain or (loss). Combine line 8c, columns (A) and (B)	8d	STMT 1		55,010.	
9 Special events and activities (attach schedule). If any amount is from gaming, check here <input type="checkbox"/>					
a Gross revenue (not including \$ 178,064. of contributions reported on line 1b)	9a	71,412.			
b Less: direct expenses other than fundraising expenses	9b	71,412.			
c Net income or (loss) from special events. Subtract line 9b from line 9a	9c	SEE STATEMENT 2		0.	
10 a Gross sales of inventory, less returns and allowances	10a				
	b Less: cost of goods sold	10b			
	c Gross profit or (loss) from sales of inventory (attach schedule). Subtract line 10b from line 10a	10c			
11 Other revenue (from Part VII, line 103)	11			15,553.	
12 Total revenue. Add lines 1e, 2, 3, 4, 5, 6c, 7, 8d, 9c, 10c, and 11	12			6,993,280.	
Expenses	13 Program services (from line 44, column (B))	13		5,708,586.	
	14 Management and general (from line 44, column (C))	14		513,669.	
	15 Fundraising (from line 44, column (D))	15		406,344.	
	16 Payments to affiliates (attach schedule)	16			
	17 Total expenses. Add lines 16 and 44, column (A)	17			6,628,599.
Net Assets	18 Excess or (deficit) for the year. Subtract line 17 from line 12	18		364,681.	
	19 Net assets or fund balances at beginning of year (from line 73, column (A))	19		10,174,999.	
	20 Other changes in net assets or fund balances (attach explanation)	20	SEE STATEMENT 3	145,265.	
	21 Net assets or fund balances at end of year. Combine lines 18, 19, and 20	21			10,684,945.

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.

<i>Do not include amounts reported on line 6b, 8b, 9b, 10b, or 16 of Part I.</i>	(A) Total	(B) Program services	(C) Management and general	(D) Fundraising
22a Grants paid from donor advised funds (attach schedule) (cash \$ <u>0</u> . noncash \$ <u>0</u> .) If this amount includes foreign grants, check here <input type="checkbox"/>				
22b Other grants and allocations (attach schedule) (cash \$ <u>0</u> . noncash \$ <u>0</u> .) If this amount includes foreign grants, check here <input type="checkbox"/>				
23 Specific assistance to individuals (attach schedule)				
24 Benefits paid to or for members (attach schedule)				
25a Compensation of current officers, directors, key employees, etc. listed in Part V-A STMT 5	199,623.	167,403.	18,864.	13,356.
b Compensation of former officers, directors, key employees, etc. listed in Part V-B	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)				
26 Salaries and wages of employees not included on lines 25a, b, and c	2,715,343.	2,277,082.	256,381.	181,880.
27 Pension plan contributions not included on lines 25a, b, and c	126,623.	106,186.	11,956.	8,481.
28 Employee benefits not included on lines 25a - 27	211,674.	177,510.	19,987.	14,177.
29 Payroll taxes	252,946.	212,120.	23,884.	16,942.
30 Professional fundraising fees				
31 Accounting fees				
32 Legal fees				
33 Supplies				
34 Telephone				
35 Postage and shipping				
36 Occupancy				
37 Equipment rental and maintenance				
38 Printing and publications				
39 Travel				
40 Conferences, conventions, and meetings				
41 Interest	66,428.	66,426.	2.	
42 Depreciation, depletion, etc. (attach schedule)	297,342.	235,400.	61,942.	
43 Other expenses not covered above (itemize):				
a				
b				
c				
d				
e				
f				
g SEE STATEMENT 4	2,758,620.	2,466,459.	120,653.	171,508.
44 Total functional expenses. Add lines 22a through 43g. (Organizations completing columns (B)-(D), carry these totals to lines 13-15)	6,628,599.	5,708,586.	513,669.	406,344.

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 \$ N/A ; (ii) the amount allocated to Program services \$ N/A ;
 (iii) the amount allocated to Management and general \$ N/A ; and (iv) the amount allocated to Fundraising \$ N/A

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? ► SEE STATEMENT 8	Program Service Expenses (Required for 501(c)(3) and (4) orgs., and 4947(a)(1) trusts; but optional for others.)
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.)	
a SHELTERS AND HOMES - NCIC PROVIDES SOBERING AND REHABILITATION PROGRAMS AND HOUSING, PROVIDES EMERGENCY HOUSING AND CARE FOR MENTALLY ILL HOMELESS WOMEN, AND OFFERS WINTER EMERGENCY SHELTER FOR HOMELESS MEN AND WOMEN. THESE PROGRAMS INCLUDE CASE MANAGEMENT, SCREENING AND REFERRALS FOR OTHER PROGRAMS AND SERVICES.	869,806.
(Grants and allocations \$) If this amount includes foreign grants, check here ► <input type="checkbox"/>	
b SEE STATEMENT 6	983,898.
(Grants and allocations \$) If this amount includes foreign grants, check here ► <input type="checkbox"/>	
c VETERANS' SERVICES - NCIC PROVIDES TO VETERANS RESOURCES NECESSARY TO REGAIN SELF-SUFFICIENCY THROUGH JOB TRAINING, TEMPORARY HOUSING, JOB SEARCH, COUNSELING, AND HELP VETERANS APPLY FOR FEDERAL BENEFITS, SUCH AS SOCIAL SECURITY AND VETERANS ADMINISTRATION BENEFITS.	1,899,198.
(Grants and allocations \$) If this amount includes foreign grants, check here ► <input type="checkbox"/>	
d SEE STATEMENT 7	1,955,684.
(Grants and allocations \$) If this amount includes foreign grants, check here ► <input type="checkbox"/>	
e Other program services (attach schedule) (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) ►	5,708,586.

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	54,815.	45	11,411.
	46 Savings and temporary cash investments	482,066.	46	224,202.
	47 a Accounts receivable	47a		
	b Less: allowance for doubtful accounts	47b	47c	
	48 a Pledges receivable	48a		
	b Less: allowance for doubtful accounts	48b	48c	
	49 Grants receivable	37,558.	49	429,172.
	50 a Receivables from current and former officers, directors, trustees, and key employees	607,294.	50a	
	b Receivables from other disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)		50b	
	51 a Other notes and loans receivable	51a		
	b Less: allowance for doubtful accounts	51b	51c	
	52 Inventories for sale or use		52	
	53 Prepaid expenses and deferred charges	50,658.	53	89,554.
	54 a Investments - publicly-traded securities	<input type="checkbox"/> Cost <input type="checkbox"/> FMV	54a	
	b Investments - other securities	STMT 10 <input type="checkbox"/> Cost <input checked="" type="checkbox"/> FMV	54b	4,047,477.
	55 a Investments - land, buildings, and equipment: basis	55a		
	b Less: accumulated depreciation	55b	55c	
	56 Investments - other		56	
	57 a Land, buildings, and equipment: basis	57a 10,316,400.		
b Less: accumulated depreciation	57b 2,230,633.	7,564,131.	57c 8,085,767.	
58 Other assets, including program-related investments (describe		58	0.	
59 Total assets (must equal line 74). Add lines 45 through 58	11,809,339.	59	12,887,583.	
Liabilities	60 Accounts payable and accrued expenses	307,888.	60	406,590.
	61 Grants payable		61	
	62 Deferred revenue	88,250.	62	106,264.
	63 Loans from officers, directors, trustees, and key employees		63	
	64 a Tax-exempt bond liabilities		64a	
	b Mortgages and other notes payable	STMT 9 1,238,202.	64b	1,689,784.
	65 Other liabilities (describe		65	0.
66 Total liabilities. Add lines 60 through 65	1,634,340.	66	2,202,638.	
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	9,142,403.	67	9,555,461.
	68 Temporarily restricted	277,060.	68	208,898.
	69 Permanently restricted	755,536.	69	920,586.
	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)	10,174,999.	73	10,684,945.	
74 Total liabilities and net assets/fund balances. Add lines 66 and 73	11,809,339.	74	12,887,583.	

Part VI Other Information (continued)		Yes	No
82 a	Did the organization receive donated services or the use of materials, equipment, or facilities at no charge or at substantially less than fair rental value? b If "Yes," you may indicate the value of these items here. Do not include this amount as revenue in Part I or as an expense in Part II. (See instructions in Part III.)	X	
82b	319,485.		
83 a	Did the organization comply with the public inspection requirements for returns and exemption applications?	X	
83b	Did the organization comply with the disclosure requirements relating to quid pro quo contributions?	X	
84 a	Did the organization solicit any contributions or gifts that were not tax deductible?		X
84b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible? N/A		
85 a	501(c)(4), (5), or (6) organizations. a Were substantially all dues nondeductible by members? N/A		
85b	Did the organization make only in-house lobbying expenditures of \$2,000 or less? N/A		
85c	Dues, assessments, and similar amounts from members N/A		
85d	Section 162(e) lobbying and political expenditures N/A		
85e	Aggregate nondeductible amount of section 6033(e)(1)(A) dues notices N/A		
85f	Taxable amount of lobbying and political expenditures (line 85d less 85e) N/A		
85g	Does the organization elect to pay the section 6033(e) tax on the amount on line 85f? N/A		
85h	If section 6033(e)(1)(A) dues notices were sent, does the organization agree to add the amount on line 85f to its reasonable estimate of dues allocable to nondeductible lobbying and political expenditures for the following tax year? N/A		
86 a	501(c)(7) organizations. Enter: a Initiation fees and capital contributions included on line 12 N/A		
86b	Gross receipts, included on line 12, for public use of club facilities N/A		
87 a	501(c)(12) organizations. Enter: a Gross income from members or shareholders N/A		
87b	Gross income from other sources. (Do not net amounts due or paid to other sources against amounts due or received from them.) N/A		
88 a	At any time during the year, did the organization own a 50% or greater interest in a taxable corporation or partnership, or an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? If "Yes," complete Part IX		X
88b	At any time during the year, did the organization, directly or indirectly, own a controlled entity within the meaning of section 512(b)(13)? If "Yes," complete Part XI		X
89 a	501(c)(3) organizations. Enter: Amount of tax imposed on the organization during the year under: section 4911 0.; section 4912 0.; section 4955 0.		
89b	501(c)(3) and 501(c)(4) organizations. Did the organization engage in any section 4958 excess benefit transaction during the year or did it become aware of an excess benefit transaction from a prior year? If "Yes," attach a statement explaining each transaction		X
89c	Enter: Amount of tax imposed on the organization managers or disqualified persons during the year under sections 4912, 4955, and 4958 0.		
89d	Enter: Amount of tax on line 89c, above, reimbursed by the organization 0.		
89e	All organizations. At any time during the tax year, was the organization a party to a prohibited tax shelter transaction?		X
89f	All organizations. Did the organization acquire a direct or indirect interest in any applicable insurance contract?		X
89g	For supporting organizations and sponsoring organizations maintaining donor advised funds. Did the supporting organization, or a fund maintained by a sponsoring organization, have excess business holdings at any time during the year?		X
90 a	List the states with which a copy of this return is filed CA		
90b	Number of employees employed in the pay period that includes March 12, 2006 75		
91 a	The books are in care of PETER ORWICK, CFO Telephone no. 760-489-6380 Located at 550 W WASHINGTON AVE, SUITE B, ESCONDIDO, CA ZIP + 4 92025		
91b	At any time during the calendar year, did the organization have an interest in or a signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account)? If "Yes," enter the name of the foreign country N/A		X
See the instructions for exceptions and filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts.			

Part VI Other Information (continued) Yes No

c At any time during the calendar year, did the organization maintain an office outside of the United States? 91c
 If "Yes," enter the name of the foreign country N/A

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

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

Note: Enter gross amounts unless otherwise indicated.

	Unrelated business income		Excluded by section 512, 513, or 514		(E) Related or exempt function income
	(A) Business code	(B) Amount	(C) Exclu- sion code	(D) Amount	
93 Program service revenue:					
a RENTAL INCOME					352,804.
b					
c					
d					
e					
f Medicare/Medicaid payments					
g Fees and contracts from government agencies					
94 Membership dues and assessments					
95 Interest on savings and temporary cash investments					
96 Dividends and interest from securities			14	176,869.	
97 Net rental income or (loss) from real estate:					
a debt-financed property					
b not debt-financed property					
98 Net rental income or (loss) from personal property					
99 Other investment income					
100 Gain or (loss) from sales of assets other than inventory					55,010.
101 Net income or (loss) from special events			01		
102 Gross profit or (loss) from sales of inventory					
103 Other revenue:					
a OTHER INCOME					15,553.
b					
c					
d					
e					
104 Subtotal (add columns (B), (D), and (E))		0.		176,869.	423,367.
105 Total (add line 104, columns (B), (D), and (E))					600,236.

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).
93A	ORGANIZATION OFFERS AFFORDABLE HOUSING TO LOW INCOME FAMILIES
103A	OTHER INCOME RELATED TO THE ORGANIZATIONS EXEMPT PURPOSE

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). N/A

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

	(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

	(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

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

Please Sign Here	Signature of officer _____ Date _____ Type or print name and title _____			
Paid Preparer's Use Only	Preparer's signature ELSA A. ROMERO Firm's name (or yours if self-employed), address, and ZIP + 4 A K T LLP 312 S. JUNIPER ST., SUITE 100 ESCONDIDO, CA 92025	Date 06/13/08	Check if self-employed <input type="checkbox"/>	Preparer's SSN or PTIN (See Gen. Inst. X) EIN 760-746-1560 Phone no. 760-746-1560

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

2006

Name of the organization NORTH COUNTY INTERFAITH COUNCIL	Employer identification number 95 3837714
--	---

Part I Compensation of the Five Highest Paid Employees Other Than Officers, Directors, and Trustees
(See page 2 of the instructions. List each one. If there are none, enter "None.")

(a) Name and address of each employee paid more than \$50,000	(b) Title and average hours per week devoted to position	(c) Compensation	(d) Contributions to employee benefit plans & deferred compensation	(e) Expense account and other allowances
<u>CRAIG JONES</u> 550 W. WASHINGTON AVE, STE B, ESCONDI	DIR. OF PROGRAMS 40.00	65,000.	2,947.	3,776.
<u>GARY GALANTI</u> 550 W. WASHINGTON AVE, STE. B, ESCOND	DIR. OF GRANTS/CONTR 40.00	65,000.	2,947.	3,776.
<u>GREG ANGELA</u> 550 W. WASHINGTON AVE, STE. B, ESCOND	DIR. OF DEVELOPMENT 40.00	55,000.	504.	3,776.
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 page 2 of the instructions. List each one (whether individuals or firms). If there are none, enter "None.")

(a) Name and address of each independent contractor paid more than \$50,000	(b) Type of service	(c) Compensation
<u>ROBERT C. IRWIN</u> 1434 GOLFCREST PLACE, VISTA, CA 92081	PSYCHIATRIC CARE & BEHAVIORAL HEAL	69,843.
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 page 2 of the instructions.)

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

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

		Yes	No
1	During the year, has the organization attempted to influence national, state, or local legislation, including any attempt to influence public opinion on a legislative matter or referendum? If "Yes," enter the total expenses paid or incurred in connection with the lobbying activities ► \$ _____ \$ _____ (Must equal amounts on line 38, Part VI-A, or line i of Part VI-B.) Organizations that made an election under section 501(h) by filing Form 5768 must complete Part VI-A. Other organizations checking "Yes" must complete Part VI-B AND attach a statement giving a detailed description of the lobbying activities.		X
2	During the year, has the organization, either directly or indirectly, engaged in any of the following acts with any substantial contributors, trustees, directors, officers, creators, key employees, or members of their families, or with any taxable organization with which any such person is affiliated as an officer, director, trustee, majority owner, or principal beneficiary? (If the answer to any question is "Yes," attach a detailed statement explaining the transactions.)		
a	Sale, exchange, or leasing of property?	2a	X
b	Lending of money or other extension of credit?	2b	X
c	Furnishing of goods, services, or facilities?	2c	X
d	Payment of compensation (or payment or reimbursement of expenses if more than \$1,000)? SEE PART V-A, FORM 990	2d	X
e	Transfer of any part of its income or assets?	2e	X
3 a	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.)	3a	X
b	Did the organization have a section 403(b) annuity plan for its employees?	3b	X
c	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	3c	X
d	Did the organization provide credit counseling, debt management, credit repair, or debt negotiation services?	3d	X
4 a	Did the organization maintain any donor advised funds? If "Yes," complete lines 4b through 4g. If "No," complete lines 4f and 4g	4a	X
b	Did the organization make any taxable distributions under section 4966?	4b	N/A
c	Did the organization make a distribution to a donor, donor advisor, or related person?	4c	N/A
d	Enter the total number of donor advised funds owned at the end of the tax year	N/A	
e	Enter the aggregate value of assets held in all donor advised funds owned at the end of the tax year	N/A	
f	Enter the total number of separate funds or accounts owned at the end of the 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	0.	
g	Enter the aggregate value of assets in all funds or accounts included on line 4f at the end of the tax year	0.	

Part IV Reason for Non-Private Foundation Status (See pages 4 through 7 of the 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.)
- 11a An organization that normally receives a substantial part of its support from a governmental unit or from the general public. Section 170(b)(1)(A)(vi). (Also complete the **Support Schedule** in Part IV-A.)
- 11b A community trust. Section 170(b)(1)(A)(vi). (Also complete the **Support Schedule** in Part IV-A.)
- 12 An organization that normally receives: (1) **more than 33 1/3%** of its support from contributions, membership fees, and gross receipts from activities related to its charitable, etc., functions - subject to certain exceptions, and (2) **no more than 33 1/3%** of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975. See section 509(a)(2). (Also complete the **Support Schedule** in Part IV-A.)
- 13 An organization that is not controlled by any disqualified persons (other than foundation managers) and 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 page 7 of the 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					▶

- 14 An organization organized and operated to test for public safety. Section 509(a)(4). (See page 7 of the instructions.)

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

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

Calendar year (or fiscal year beginning in) ▶	(a) 2005	(b) 2004	(c) 2003	(d) 2002	(e) Total
15 Gifts, grants, and contributions received. (Do not include unusual grants. See line 28.)	7,439,101.	6,189,153.	6,443,021.	5,510,083.	25,581,358.
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	389,610.	756,561.	580,222.	435,828.	2,162,221.
18 Gross income from interest, dividends, amounts received from payments on securities loans (section 512(a)(5)), rents, royalties, and unrelated business taxable income (less section 511 taxes) from businesses acquired by the organization after June 30, 1975	139,607.	103,514.	77,339.	76,706.	397,166.
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		76,500.	76,500.	76,500.	229,500.
22 Other income. Attach a schedule. Do not include gain or (loss) from sale of capital assets					
23 Total of lines 15 through 22	7,968,318.	7,125,728.	7,177,082.	6,099,117.	28,370,245.
24 Line 23 minus line 17	7,578,708.	6,369,167.	6,596,860.	5,663,289.	26,208,024.
25 Enter 1% of line 23	79,683.	71,257.	71,771.	60,991.	
26 Organizations described on lines 10 or 11: a Enter 2% of amount in column (e), line 24					26a 524,160.
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 2002 through 2005 exceeded the amount shown in line 26a. Do not file this list with your return. Enter the total of all these excess amounts					26b 0.
c Total support for section 509(a)(1) test: Enter line 24, column (e)					26c 26,208,024.
d Add: Amounts from column (e) for lines: 18 <u>397,166.</u> 19 _____ 22 _____ 26b _____					26d 397,166.
e Public support (line 26c minus line 26d total)					26e 25,810,858.
f Public support percentage (line 26e (numerator) divided by line 26c (denominator))					26f 98.4846%
27 Organizations described on line 12: a For amounts included in lines 15, 16, and 17 that were received from a "disqualified person," prepare a list for your records to show the name of, and total amounts received in each year from, each "disqualified person." Do not file this list with your return. Enter the sum of such amounts for each year: N/A (2005) _____ (2004) _____ (2003) _____ (2002) _____					
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: N/A (2005) _____ (2004) _____ (2003) _____ (2002) _____					
c Add: Amounts from column (e) for lines: 15 _____ 16 _____ 17 _____ 20 _____ 21 _____					27c N/A
d Add: Line 27a total _____ and line 27b total _____					27d N/A
e Public support (line 27c total minus line 27d total)					27e N/A
f Total support for section 509(a)(2) test: Enter amount on line 23, column (e) ▶ 27f N/A					
g Public support percentage (line 27e (numerator) divided by line 27f (denominator))					27g N/A %
h Investment income percentage (line 18, column (e) (numerator) divided by line 27f (denominator))					27h N/A %

28 Unusual Grants: For an organization described in line 10, 11, or 12 that received any unusual grants during 2002 through 2005, prepare a list for your records to show, for each year, the name of the contributor, the date and amount of the grant, and a brief description of the nature of the grant. Do not file this list with your return. Do not include these grants in line 15.

Part V Private School Questionnaire (See page 9 of the instructions.)

N/A

(To be completed ONLY by schools that checked the box on line 6 in Part IV)

		Yes	No
29	Does the organization have a racially nondiscriminatory policy toward students by statement in its charter, bylaws, other governing instrument, or in a resolution of its governing body?		
30	Does the organization include a statement of its racially nondiscriminatory policy toward students in all its brochures, catalogues, and other written communications with the public dealing with student admissions, programs, and scholarships?		
31	Has the organization publicized its racially nondiscriminatory policy through newspaper or broadcast media during the period of solicitation for students, or during the registration period if it has no solicitation program, in a way that makes the policy known to all parts of the general community it serves? If "Yes," please describe; if "No," please explain. (If you need more space, attach a separate statement.) _____ _____ _____		
32	Does the organization maintain the following:		
a	Records indicating the racial composition of the student body, faculty, and administrative staff?	32a	
b	Records documenting that scholarships and other financial assistance are awarded on a racially nondiscriminatory basis?	32b	
c	Copies of all catalogues, brochures, announcements, and other written communications to the public dealing with student admissions, programs, and scholarships?	32c	
d	Copies of all material used by the organization or on its behalf to solicit contributions? If you answered "No" to any of the above, please explain. (If you need more space, attach a separate statement.) _____ _____	32d	
33	Does the organization discriminate by race in any way with respect to:		
a	Students' rights or privileges?	33a	
b	Admissions policies?	33b	
c	Employment of faculty or administrative staff?	33c	
d	Scholarships or other financial assistance?	33d	
e	Educational policies?	33e	
f	Use of facilities?	33f	
g	Athletic programs?	33g	
h	Other extracurricular activities?	33h	
	If you answered "Yes" to any of the above, please explain. (If you need more space, attach a separate statement.) _____ _____		
34 a	Does the organization receive any financial aid or assistance from a governmental agency?	34a	
b	Has the organization's right to such aid ever been revoked or suspended?	34b	
	If you answered "Yes" to either 34a or b, please explain using an attached statement.		
35	Does the organization certify that it has complied with the applicable requirements of sections 4.01 through 4.05 of Rev. Proc. 75-50, 1975-2 C.B. 587, covering racial nondiscrimination? If "No," attach an explanation	35	

Part VI-A Lobbying Expenditures by Electing Public Charities (See page 10 of the instructions.)
 (To be completed **ONLY** by an eligible organization that filed Form 5768)

N/A

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

Limits on Lobbying Expenditures (The term "expenditures" means amounts paid or incurred.)		(a) Affiliated group totals	(b) To be completed for all electing organizations
		N/A	
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 on page 13 of the instructions.)

Calendar year (or fiscal year beginning in) ▶	Lobbying Expenditures During 4-Year Averaging Period				N/A
	(a) 2006	(b) 2005	(c) 2004	(d) 2003	(e) Total
45 Lobbying nontaxable amount					0.
46 Lobbying ceiling amount (150% of line 45(e))					0.
47 Total lobbying expenditures					0.
48 Grassroots nontaxable amount					0.
49 Grassroots ceiling amount (150% of line 48(e))					0.
50 Grassroots lobbying expenditures					0.

Part VI-B Lobbying Activity by Nonelecting Public Charities

(For reporting only by organizations that did not complete Part VI-A) (See page 13 of the 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:	Yes	No	Amount
a Volunteers			
b Paid staff or management (Include compensation in expenses reported on lines c through h .)			
c Media advertisements			
d Mailings to members, legislators, or the public			
e Publications, or published or broadcast statements			
f Grants to other organizations for lobbying purposes			
g Direct contact with legislators, their staffs, government officials, or a legislative body			
h Rallies, demonstrations, seminars, conventions, speeches, lectures, or any other means			
i Total lobbying expenditures (Add lines c through h .)			0.

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

FORM 990	GAIN (LOSS) FROM PUBLICLY TRADED SECURITIES	STATEMENT	1
----------	---	-----------	---

DESCRIPTION	GROSS SALES PRICE	COST OR OTHER BASIS	EXPENSE OF SALE	NET GAIN OR (LOSS)
	1,271,685.	1,216,675.	0.	55,010.
TO FORM 990, PART I, LINE 8	1,271,685.	1,216,675.	0.	55,010.

FORM 990	SPECIAL EVENTS AND ACTIVITIES	STATEMENT	2
----------	-------------------------------	-----------	---

DESCRIPTION OF EVENT	GROSS RECEIPTS	CONTRIBUT. INCLUDED	GROSS REVENUE	DIRECT EXPENSES	NET INCOME
CONTRIBUTIONS RECEIVED	249,476.	178,064.	71,412.	71,412.	0.
TO FM 990, PART I, LINE 9	249,476.	178,064.	71,412.	71,412.	0.

FORM 990	OTHER CHANGES IN NET ASSETS OR FUND BALANCES	STATEMENT	3
----------	--	-----------	---

DESCRIPTION	AMOUNT
UNREALIZED GAIN ON INVESTMENTS IN KIND SERVICES/RENT CAPITALIZED	182,823. -37,558.
TOTAL TO FORM 990, PART I, LINE 20	145,265.

FORM 990	OTHER EXPENSES	STATEMENT	4
----------	----------------	-----------	---

DESCRIPTION	(A) TOTAL	(B) PROGRAM SERVICES	(C) MANAGEMENT AND GENERAL	(D) FUNDRAISING
TRAINING AND EMPLOYMENT ASSISTANCE	258,424.	258,424.	0.	0.
OFFICE EXPENSE	544,049.	355,445.	69,520.	119,084.
OTHER EXPENSE	236,380.	160,127.	31,665.	44,588.
OPERATIONS AND SUPPORT SERVICES	305,457.	305,457.	0.	0.
LIVING ASSISTANCE	1,350,628.	1,333,602.	13,455.	3,571.
WORKERS COMP	63,682.	53,404.	6,013.	4,265.
TOTAL TO FM 990, LN 43	2,758,620.	2,466,459.	120,653.	171,508.

DESCRIPTION OF PROGRAM SERVICE TWO

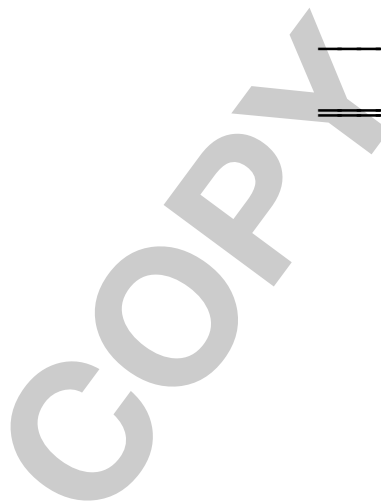
SUPPORTIVE HOUSING - NCIC PROVIDES HOMELESS FAMILIES WITH A CONTINUUM OF SERVICES AND RESOURCES AIMED AT ASSISTING FAMILIES AND INDIVIDUALS TRANSITION INTO INDEPENDENT LIVING. SERVICES INCLUDE: LOW COST HOUSING, PERMANENT HOUSING, TRANSITIONAL HOUSING, JOB ASSISTANCE, EDUCATION ASSISTANCE AND TRAINING, CHILD AND INFANT CARE, INDIVIDUALIZED CASE MANAGEMENT, DISASTER RELIEF, EMERGENCY FOOD PROVISIONS, AND JOB PLACEMENT.

TO FORM 990, PART III, LINE B

GRANTS

EXPENSES

983,898.



FORM 990 STATEMENT OF PROGRAM SERVICE ACCOMPLISHMENTS STATEMENT 7

DESCRIPTION OF PROGRAM SERVICE FOUR

OTHER COMMUNITY SERVICES - NCIC PROVIDES HIGH-RISK YOUTH WITH MENTORSHIP, COUNSELING, AND BEHAVIOR HEALTH. NCIC OFFERS FREE TAX PREPARATION AND FILING FOR LOW-INCOME FAMILIES AND INDIVIDUALS. NCIC SUPPLIES EMERGENCY FOOD AND DAILY BREAKFAST MEALS FOR HOMELESS, LOW INCOME, AND UNEMPLOYED INDIVIDUALS AND FAMILIES. BASIC EMPLOYMENT SERVICES, MINOR HOME REPAIR, AND BASIC SERVICES, SUCH AS SHOWERING AND LAUNDRY FACILITIES ARE ALSO PROVIDED.

	GRANTS	EXPENSES
TO FORM 990, PART III, LINE D		1,955,684.

FORM 990 STATEMENT OF ORGANIZATION'S PRIMARY EXEMPT PURPOSE STATEMENT 8
PART III

EXPLANATION

TO PROMOTE UNDERSTANDING AND DEAL WITH COMMUNITY ISSUES AFFECTING THE COMMUNITY AT LARGE, TO VOICE CONCERNS, AND TO IMPLEMENT PROGRAMS FOR BASIC NEEDS, SOCIAL SERVICES, COUNSELING, AND ECONOMIC DEVELOPMENT.

FORM 990 MORTGAGES PAYABLE STATEMENT 9

DESCRIPTION	BALANCE DUE
1ST CENTENNIAL BANK	101,980.
1ST CENTENNIAL BANK	129,610.
SAN DIEGO COUNTY	550,789.
WELLS FARGO	407,405.
UNION BANK OF CALIFORNIA	500,000.
TOTAL INCLUDED ON FORM 990, PART IV, LINE 64B, COLUMN B	1,689,784.

FORM 990	OTHER SECURITIES	STATEMENT 10
----------	------------------	--------------

SECURITY DESCRIPTION	COST/FMV	OTHER SECURITIES
OTHER INVESTMENTS	FMV	4,047,477.
TO FORM 990, LINE 54B, COL B		4,047,477.

FORM 990	OTHER REVENUE NOT INCLUDED ON FORM 990	STATEMENT 11
----------	--	--------------

DESCRIPTION	AMOUNT
SPECIAL EVENT EXPENSE NET W/ RELATED REVENUE	71,412.
TOTAL TO FORM 990, PART IV-A	71,412.

FORM 990	OTHER EXPENSES NOT INCLUDED ON FORM 990	STATEMENT 12
----------	---	--------------

DESCRIPTION	AMOUNT
SPECIAL EVENT EXPENSE NET W/ RELATED REVENUE	71,412.
ROUNDING	1.
TOTAL TO FORM 990, PART IV-B	71,413.

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

NAME AND ADDRESS	TITLE AND AVRG HRS/WK	COMPEN- SATION	EMPLOYEE BEN PLAN CONTRIB	EXPENSE ACCOUNT
DAVID DOLLINS 550 W WASHINGTON AVE, STE B ESCONDIDO, CA 92025	PRESIDENT 1.00	0.	0.	0.
JERRY HORTON 550 W WASHINGTON AVE, STE B ESCONDIDO, CA 92025	PAST PRESIDENT 1.00	0.	0.	0.
MICHAEL FREIDRICH 550 W WASHINGTON AVE, STE B ESCONDIDO, CA 92025	VP ADMINISTRATION 1.00	0.	0.	0.
TOM PAINE 550 W WASHINGTON AVE, STE B ESCONDIDO, CA 92025	VP COMMUNITY OUTREACH 4.00	0.	0.	0.
PETER WILLIS 550 W WASHINGTON AVE, STE B ESCONDIDO, CA 92025	VP MARKETING/COMMUNICATION 1.00	0.	0.	0.
CHRISTINE MARIE CARRICK 550 W WASHINGTON AVE, STE B ESCONDIDO, CA 92025	VP DEVELOPMENT 1.00	0.	0.	0.
JACQUES SMITH 550 W WASHINGTON AVE, STE B ESCONDIDO, CA 92025	VP PROGRAMS 1.00	0.	0.	0.
BILL FORE 550 W WASHINGTON AVE, STE B ESCONDIDO, CA 92025	VP MEMBERSHIP 1.00	0.	0.	0.
WALTER SCHEIB, JR. 550 W WASHINGTON AVE, STE B ESCONDIDO, CA 92025	CORPORATE SECRETARY 1.00	0.	0.	0.
DOUGLAS J. HANSON 550 W WASHINGTON AVE, STE B ESCONDIDO, CA 92025	CORPORATE TREASURER 1.00	0.	0.	0.
LOIS GALLOWAY 550 W WASHINGTON AVE, STE B ESCONDIDO, CA 92025	DIRECTOR 1.00	0.	0.	0.

GERARDO M. GONZALES 550 W WASHINGTON AVE, STE B ESCONDIDO, CA 92025	DIRECTOR 1.00	0.	0.	0.
JILL HENDERSON 550 W WASHINGTON AVE, STE B ESCONDIDO, CA 92025	DIRECTOR 1.00	0.	0.	0.
ROYE JOHNSON 550 W WASHINGTON AVE, STE B ESCONDIDO, CA 92025	DIRECTOR 1.00	0.	0.	0.
JEFF JONES 550 W WASHINGTON AVE, STE B ESCONDIDO, CA 92025	DIRECTOR 1.00	0.	0.	0.
LARRY KRASNOW 550 W WASHINGTON AVE, STE B ESCONDIDO, CA 92025	DIRECTOR 1.00	0.	0.	0.
LEWIS S. LEON 550 W WASHINGTON AVE, STE B ESCONDIDO, CA 92025	DIRECTOR 1.00	0.	0.	0.
JESSE LONGACRE 550 W WASHINGTON AVE, STE B ESCONDIDO, CA 92025	DIRECTOR 1.00	0.	0.	0.
MARGO MCKENNA 550 W WASHINGTON AVE, STE B ESCONDIDO, CA 92025	DIRECTOR 1.00	0.	0.	0.
MIDGE RAYMOND 550 W WASHINGTON AVE, STE B ESCONDIDO, CA 92025	DIRECTOR 1.00	0.	0.	0.
JINDA SCHATZ 550 W WASHINGTON AVE, STE B ESCONDIDO, CA 92025	DIRECTOR 1.00	0.	0.	0.
TIM SHARON 550 W WASHINGTON AVE, STE B ESCONDIDO, CA 92025	DIRECTOR 1.00	0.	0.	0.
MADISON SHOCKLEY 550 W WASHINGTON AVE, STE B ESCONDIDO, CA 92025	DIRECTOR 1.00	0.	0.	0.
JILL WRIGHT 550 W WASHINGTON AVE, STE B ESCONDIDO, CA 92025	DIRECTOR 1.00	0.	0.	0.

<p>SUZANNE POHLMAN 550 W WASHINGTON AVE, STE B ESCONDIDO, CA 92025</p>	<p>EXECUTIVE DIRECTOR 40.00</p>	<p>97,055.</p>	<p>8,594.</p>	<p>1,560.</p>
<p>PETER ORWICK 550 W WASHINGTON AVE, STE B ESCONDIDO, CA 92025</p>	<p>CFO 40.00</p>	<p>80,000.</p>	<p>12,414.</p>	<p>0.</p>
<p>TOTALS INCLUDED ON FORM 990, PART V-A</p>		<p>177,055.</p>	<p>21,008.</p>	<p>1,560.</p>

COPY

Exempt Organization Business Income Tax Return (and proxy tax under section 6033(e))

2006

Department of the Treasury Internal Revenue Service

For calendar year 2006 or other tax year beginning AUG 1, 2006, and ending JUL 31, 2007

Open to Public Inspection for 501(c)(3) Organizations Only

Header section containing organization name (NORTH COUNTY INTERFAITH COUNCIL), address (550 W WASHINGTON AVE B, ESCONDIDO, CA 92025), and identification number (95-3837714).

H Describe the organization's primary unrelated business activity.

I During the tax year, was the corporation a subsidiary in an affiliated group or a parent-subsidiary controlled group?

J The books are in care of PETER ORWICK, CFO Telephone number 760-489-6380

Table for Part I: Unrelated Trade or Business Income. Columns include (A) Income, (B) Expenses, and (C) Net. Rows include Gross receipts or sales, Cost of goods sold, and Total income of 0.

Part II Deductions Not Taken Elsewhere (See instructions for limitations on deductions.)

Table for Part II: Deductions Not Taken Elsewhere. Rows include Compensation of officers, directors, and trustees; Salaries and wages; Repairs and maintenance; Interest; Taxes and licenses; Charitable contributions; Depreciation; and Unrelated business taxable income.

Part III Tax Computation

35 Organizations Taxable as Corporations. See instructions for tax computation. Controlled group members (sections 1561 and 1563) check here... 36 Trusts Taxable at Trust Rates. See instructions for tax computation. Income tax on the amount on line 34 from: 37 Proxy tax. See instructions 38 Alternative minimum tax 39 Total. Add lines 37 and 38 to line 35c or 36, whichever applies

Part IV Tax and Payments

40a Foreign tax credit (corporations attach Form 1118; trusts attach Form 1116) 40b Other credits (see instructions) 40c General business credit. Check here and indicate which forms are attached: 40d Credit for prior year minimum tax (attach Form 8801 or 8827) 40e Total credits. Add lines 40a through 40d 41 Subtract line 40e from line 39 42 Other taxes. Check if from: 43 Total tax. Add lines 41 and 42 44a Payments: A 2005 overpayment credited to 2006 44b 2006 estimated tax payments 44c Tax deposited with Form 8868 44d Foreign organizations: Tax paid or withheld at source (see instructions) 44e Backup withholding (see instructions) 44f Credit for federal telephone excise tax paid (attach Form 8913) 44g Other credits and payments: 45 Total payments. Add lines 44a through 44g 46 Estimated tax penalty (see instructions). Check if Form 2220 is attached 47 Tax due. If line 45 is less than the total of lines 43 and 46, enter amount owed 48 Overpayment. If line 45 is larger than the total of lines 43 and 46, enter amount overpaid 49 Enter the amount of line 48 you want: Credited to 2007 estimated tax Refunded

Part V Statements Regarding Certain Activities and Other Information (See instructions on page 18)

1 At any time during the 2006 calendar year, did the organization have an interest in or a signature or other authority over a financial account (bank, securities, or other) in a foreign country? If YES, the organization may have to file Form TD F 90-22.1. If YES, enter the name of the foreign country here 2 During the tax year, did the organization receive a distribution from, or was it the grantor of, or transferor to, a foreign trust? If YES, see page 5 of the instructions for other forms the organization may have to file. 3 Enter the amount of tax-exempt interest received or accrued during the tax year

Schedule A - Cost of Goods Sold. Enter method of inventory valuation N/A

1 Inventory at beginning of year 2 Purchases 3 Cost of labor 4a Additional section 263A costs 4b Other costs (attach schedule) 5 Total. Add lines 1 through 4b 6 Inventory at end of year 7 Cost of goods sold. Subtract line 6 from line 5. Enter here and in Part I, line 2 8 Do the rules of section 263A (with respect to property produced or acquired for resale) apply to the organization?

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

Sign Here Signature of officer Date Title May the IRS discuss this return with the preparer shown below (see instructions)? Yes No

Paid Preparer's Use Only Preparer's signature ELSA A. ROMERO Date 06/13/08 Check if self-employed Preparer's SSN or PTIN P00485021 Firm's name (or yours if self-employed), address, and ZIP code A K T LLP 312 S. JUNIPER ST., SUITE 100 ESCONDIDO, CA 92025 EIN 95-2802865 Phone no. 760-746-1560 Form 990-T (2006)