

Form **990**
 Department of the Treasury
 Internal Revenue Service

Return of Organization Exempt From Income Tax
 Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation)
 The organization may have to use a copy of this return to satisfy state reporting requirements

OMB No 1545-0047
2006
 Open to Public Inspection

A For the 2006 calendar year, or tax year beginning _____, **and ending** _____

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

C Name of organization
LEGAL AID OF NORTH CAROLINA, INC.
 Number and street (or P O box if mail is not delivered to street address) Room/suite
P.O. BOX 26087
 City or town, state or country, and ZIP + 4
RALEIGH NC 27611-6087

D Employer identification number
31-1784161

E Telephone number

F Accounting method: Cash
 Accrual Other (specify)

G Website: **www.legalaidnc.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.

L Gross receipts Add lines 6b, 8b, 9b, and 10b to line 12 **16,420,312**

H and are not applicable to section 527 organizations **I**
H(a) Is this a group return for affiliates? Yes No
H(b) If "Yes," enter number of affiliates **I**
H(c) Are all affiliates included? Yes No
 (If "No," attach a list. See instructions.)
H(d) Is this a separate return filed by an organization covered by a group ruling? Yes No

I Group Exemption Number **I**
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 (See the instructions.)

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	1,332,831		
	c	Indirect public support (not included on line 1a)	1c			
	d	Government contributions (grants) (not included on line 1a)	1d	14,491,124		
	e	Total (add lines 1a through 1d) (cash \$ 15,823,955 noncash \$ _____)	1e			15,823,955
	2	Program service revenue including government fees and contracts (from Part VII, line 93)	2			131,889
	3	Membership dues and assessments	3			
	4	Interest on savings and temporary cash investments	4			140,066
	5	Dividends and interest from securities	5			
	6a	Gross rents	6a			
	b	Less rental expenses	6b			
c	Net rental income or (loss) Subtract line 6b from line 6a	6c				
7	Other investment income (describe _____)	7				
Revenue	8a	Gross amount from sales of assets other than inventory	(A) Securities	(B) Other		
	b	Less cost or other basis and sales expenses	8a			
	c	Gain or (loss) (attach schedule)	8b			
	d	Net gain or (loss) Combine line 8c, columns (A) and (B)	8c			
9	Special events and activities (attach schedule) If any amount is from gaming, check here <input type="checkbox"/>					
a	Gross revenue (not including \$ _____ of contributions reported on line 1b)	9a				
b	Less direct expenses other than fundraising expenses	9b				
c	Net income or (loss) from special events Subtract line 9b from line 9a	9c				
Revenue	10a	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			324,402
	12	Total revenue. Add lines 1e, 2, 3, 4, 5, 6c, 7, 8d, 9c, 10c, and 11	12			16,420,312
Expenses	13	Program services (from line 44, column (B))	13			15,121,853
	14	Management and general (from line 44, column (C))	14			1,269,201
	15	Fundraising (from line 44, column (D))	15			110,716
	16	Payments to affiliates (attach schedule)	16			
	17	Total expenses. Add lines 16 and 44, column (A)	17			16,501,770
Net Assets	18	Excess or (deficit) for the year Subtract line 17 from line 12	18			-81,458
	19	Net assets or fund balances at beginning of year (from line 73, column (A))	19			3,416,127
	20	Other changes in net assets or fund balances (attach explanation)	20			
	21	Net assets or fund balances at end of year Combine lines 18, 19, and 20	21			3,334,669

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Part II Statement of Functional Expenses

All organizations must complete column (A) Columns (B), (C), and (D) are required for section 501(c)(3) and (4) organizations and section 4947(a)(1) nonexempt charitable trusts but optional for others (See the instructions)

Do not include amounts reported on line 6b, 8b, 9b, 10b, or 16 of Part I.	(A) Total	(B) Program services	(C) Management and general	(D) Fundraising
22a Grants paid from donor advised funds (attach schedule) (cash \$ _____ non-cash \$ _____) If this amount includes foreign grants, check here <input type="checkbox"/>	22a			
22b Other grants and allocations (attach schedule) (cash \$ _____ non-cash \$ _____) If this amount includes foreign grants, check here <input type="checkbox"/>	22b			
23 Specific assistance to individuals (attach schedule)	23			
24 Benefits paid to or for members (attach schedule)	24			
25a Compensation of current officers, directors, key employees, etc. listed in Part V-A (attach schedule) See Statement 1	25a 355,851	327,932	27,919	
b Compensation of former officers, directors, key employees, etc. listed in Part V-B (attach schedule)	25b			
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) (attach schedule)	25c			
26 Salaries and wages of employees not included on lines 25a, b, and c	26 9,414,904	8,676,244	671,303	67,357
27 Pension plan contributions not included on lines 25a, b, and c	27 542,844	507,724	35,120	
28 Employee benefits not included on lines 25a - 27	28 1,801,210	1,684,676	116,534	
29 Payroll taxes	29 722,342	675,609	46,733	
30 Professional fundraising fees	30			
31 Accounting fees	31 57,405	345	57,060	
32 Legal fees	32			
33 Supplies	33 304,588	268,126	18,843	17,619
34 Telephone	34 326,478	320,042	6,436	
35 Postage and shipping	35			
36 Occupancy	36 865,132	804,535	60,597	
37 Equipment rental and maintenance	37 83,186	78,615	4,571	
38 Printing and publications	38			
39 Travel	39 200,043	173,700	26,343	
40 Conferences, conventions, and meetings	40			
41 Interest	41 58,343	58,343		
42 Depreciation, depletion, etc (attach schedule)	42 259,097	170,640	88,457	
43 Other expenses not covered above (itemize) a See Statement 2	43a 1,510,347	1,375,322	109,285	25,740
b	43b			
c	43c			
d	43d			
e	43e			
f	43f			
g	43g			
44 Total functional expenses. Add lines 22a through 43g (Organizations completing columns (B)-(D), carry these totals to lines 13-15)	44 16,501,770	15,121,853	1,269,201	110,716

Joint Costs. Check if you are following SOP 98-2

Are any joint costs from a combined educational campaign and fundraising solicitation reported in (B) Program services? Yes No

If "Yes," enter (i) the aggregate amount of these joint costs \$ _____, (ii) the amount allocated to Program services \$ _____, (iii) the amount allocated to Management and general \$ _____, and (iv) the amount allocated to Fundraising \$ _____

Part III Statement of Program Service Accomplishments (See the instructions)

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

What is the organization's primary exempt purpose?

▶ LEGAL SERVICES

All organizations must describe their exempt purpose achievements in a clear and concise manner. State the number of clients served, publications issued, etc. Discuss achievements that are not measurable (Section 501(c)(3) and (4) organizations and 4947(a)(1) nonexempt charitable trusts must also enter the amount of grants and allocations to others.)

Program Service Expenses
(Required for 501(c)(3) and (4) orgs, and 4947(a)(1) trusts, but optional for others.)

a LEGAL AID OF NORTH CAROLINA MAINTAINS A STATEWIDE ORGANIZATION TO PROVIDE LEGAL SERVICES TO INDIGENT PEOPLE IN NORTH CAROLINA.

(Grants and allocations \$) If this amount includes foreign grants, check here

15,121,853

b

(Grants and allocations \$) If this amount includes foreign grants, check here

c

(Grants and allocations \$) If this amount includes foreign grants, check here

d

(Grants and allocations \$) If this amount includes foreign grants, check here

e Other program services (attach schedule)

(Grants and allocations \$) If this amount includes foreign grants, check here

f Total of Program Service Expenses (should equal line 44, column (B), Program services)

▶ 15,121,853

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	2,510,517	45	2,262,728
	46	Savings and temporary cash investments		46	
	47a	Accounts receivable			
	b	Less allowance for doubtful accounts		47c	
	48a	Pledges receivable			
	b	Less allowance for doubtful accounts		48c	
	49	Grants receivable	821,871	49	810,978
	50a	Receivables from current and former officers, directors, trustees, and key employees (attach schedule)		50a	
	b	Receivables from other disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B) (att schedule)		50b	
	51a	Other notes and loans receivable (attach schedule)			
	b	Less allowance for doubtful accounts		51c	
	52	Inventories for sale or use		52	
	53	Prepaid expenses and deferred charges	35,524	53	29,844
	54a	Investments—publicly-traded securities		54a	
	b	Investments—other securities (attach schedule)		54b	
	55a	Investments—land, buildings, and equipment basis			
	b	Less accumulated depreciation (attach schedule)		55c	
	56	Investments—other (attach schedule)		56	
	57a	Land, buildings, and equipment—basis	3,991,076		
b	Less accumulated depreciation (attach schedule) See Statement 3	1,978,685	1,995,936	57c	2,012,391
58	Other assets, including program-related investments (describe See Statement 4)	215,337	58	202,047	
59	Total assets (must equal line 74) Add lines 45 through 58	5,579,185	59	5,317,988	
Liabilities	60	Accounts payable and accrued expenses	129,065	60	82,413
	61	Grants payable		61	
	62	Deferred revenue		62	
	63	Loans from officers, directors, trustees, and key employees (attach schedule)		63	
	64a	Tax-exempt bond liabilities (attach schedule)		64a	
	b	Mortgages and other notes payable (attach schedule) See Worksheet	870,526	64b	778,425
	65	Other liabilities (describe See Statement 5)	1,163,467	65	1,122,481
	66	Total liabilities. Add lines 60 through 65	2,163,058	66	1,983,319
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	1,315,506	67	1,535,288
	68	Temporarily restricted	2,100,621	68	1,799,381
	69	Permanently restricted		69	
	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)	3,416,127	73	3,334,669	
74	Total liabilities and net assets/fund balances. Add lines 66 and 73	5,579,185	74	5,317,988	

Part VI Other Information (continued)

		Yes	No
82a	Did the organization receive donated services or the use of materials, equipment, or facilities at no charge or at substantially less than fair rental value?		X
b	If "Yes," you may indicate the value of these items here. Do not include this amount as revenue in Part I or as an expense in Part II (See instructions in Part III)		
82b			
83a	Did the organization comply with the public inspection requirements for returns and exemption applications?	X	
b	Did the organization comply with the disclosure requirements relating to quid pro quo contributions?	N/A	
83b			
84a	Did the organization solicit any contributions or gifts that were not tax deductible?		X
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	N/A	
84b			
85	501(c)(4), (5), or (6) organizations a Were substantially all dues nondeductible by members?	N/A	
b	Did the organization make only in-house lobbying expenditures of \$2,000 or less? If "Yes" was answered to either 85a or 85b, do not complete 85c through 85h below unless the organization received a waiver for proxy tax owed for the prior year	N/A	
c	Dues, assessments, and similar amounts from members	85c	
d	Section 162(e) lobbying and political expenditures	85d	
e	Aggregate nondeductible amount of section 6033(e)(1)(A) dues notices	85e	
f	Taxable amount of lobbying and political expenditures (line 85d less 85e)	85f	
g	Does the organization elect to pay the section 6033(e) tax on the amount on line 85f?	N/A	
85g			
h	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	
85h			
86	501(c)(7) orgs Enter a Initiation fees and capital contributions included on line 12	86a	
b	Gross receipts, included on line 12, for public use of club facilities	86b	
87	501(c)(12) orgs Enter a Gross income from members or shareholders	87a	
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)	87b	
88a	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
b	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
88b			
89a	501(c)(3) organizations Enter Amount of tax imposed on the organization during the year under section 4911 \blacktriangleright 0 , section 4912 \blacktriangleright 0 , section 4955 \blacktriangleright 0		
b	501(c)(3) and 501(c)(4) orgs Did the organization engage in any section 4958 excess benefit transaction during the year or did it become aware of an excess benefit transaction from a prior year? If "Yes," attach a statement explaining each transaction	89b	X
c	Enter Amount of tax imposed on the organization managers or disqualified persons during the year under sections 4912, 4955, and 4958 \blacktriangleright 0		
d	Enter Amount of tax on line 89c, above, reimbursed by the organization \blacktriangleright 0		
89e	All organizations At any time during the tax year, was the organization a party to a prohibited tax shelter transaction?		X
f	All organizations Did the organization acquire a direct or indirect interest in any applicable insurance contract?	89f	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
90a	List the states with which a copy of this return is filed \blacktriangleright None		
b	Number of employees employed in the pay period that includes March 12, 2006 (See instructions)	90b	241
91a	The books are in care of \blacktriangleright CHRISTOPHER MARKS 224 S. DAWSON ST Located at \blacktriangleright RALEIGH, NC	Telephone no	\blacktriangleright 919-856-2131
		ZIP + 4	\blacktriangleright 27611
b	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 \blacktriangleright See the instructions for exceptions and filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts	89b	X

Part VI Other Information (continued)

c At any time during the calendar year, did the organization maintain an office outside of the United States? 91c Yes No

If "Yes," enter the name of the foreign country ▶

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

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) Exclusion code	(D) Amount	
93 Program service revenue					
a RENTAL INCOME			16	131,889	
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			14	140,066	
96 Dividends and interest from securities					
97 Net rental income or (loss) from real estate					
a debt-financed property					
b not debt-financed property					
98 Net rental income or (loss) from personal property					
99 Other investment income					
100 Gain or (loss) from sales of assets other than inventory					
101 Net income or (loss) from special events					
102 Gross profit or (loss) from sales of inventory					
103 Other revenue a					
b EMPLOYEE CONTR TO HEALTH PLAN			41	263,565	
c OTHER REVENUE			1	60,837	
d					
e					
104 Subtotal (add columns (B), (D), and (E))			0	596,357	0
105 Total (add line 104, columns (B), (D), and (E))					596,357

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)
N/A	

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

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

Part X Information Regarding Transfers Associated with Personal Benefit Contracts (See the instructions.)

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

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

Note: If "Yes" to (b), file Form 8870 and Form 4720 (see instructions)

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

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

Yes	No
	X

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

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

Yes	No
	X

	(A) Name, address, of each controlled entity	(B) Employer ID 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

Please Sign Here

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

Signature of officer: *George R. Hausen, Jr.* Date: 11/13/07

Type or print name and title: George R. Hausen, Jr. - President

Paid Preparer's Use Only

Preparer's signature: *[Signature]* Date: 11/13/07 Check if self-employed: Preparer's SSN or PTIN (See Gen Instr X): 435-31-3306

Firm's name (or yours if self-employed), address, and ZIP + 4: ROMEO, WIGGINS & COMPANY, LLP EIN: 56-1627242

8210 Creedmoor Rd., #202 Phone no: 919-870-5151

Raleigh, NC 27613

**SCHEDULE A
(Form 990 or 990-EZ)**

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

OMB No 1545-0047

2006

Department of the Treasury
Internal Revenue Service

Supplementary Information-(See separate instructions.)
▶ **MUST be completed by the above organizations and attached to their Form 990 or 990-EZ**

Name of the organization

LEGAL AID OF NORTH CAROLINA, INC.

Employer identification number

31-1784161

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) Comp	(d) Contrib to empl ben plans & deferred comp	(e) Expense account & other allowances
RONALD HALPERN 224 S DAWSON ST RALEIGH NC 27611	ATTORNEY 40	86,342	6,044	0
RICHARD KLEIN 224 S DAWSON ST RALEIGH NC 27611	ATTORNEY 40	84,229	5,896	0
JAMES WALL 224 S DAWSON ST RALEIGH NC 27611	ATTORNEY 40	84,229	5,896	0
DALE DEESE 224 S DAWSON ST RALEIGH NC 27611	ATTORNEY 40	81,380	5,697	0
VICTOR BOONE 224 S DAWSON ST RALEIGH NC 27611	ATTORNEY 40	80,775	5,654	0
Total number of other employees paid over \$50,000	▶ 47			

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
NONE		
Total number of others receiving over \$50,000 for professional services	▶	

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
NONE		
Total number of other contractors receiving over \$50,000 for other services	▶	

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

		Yes	No
1	During the year, has the organization attempted to influence national, state, or local legislation, including any attempt to influence public opinion on a legislative matter or referendum? If "Yes," enter the total expenses paid or incurred in connection with the lobbying activities ▶ \$ _____ (Must equal amounts on line 38, Part VI-A, or line i of Part VI-B)		X
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.			
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?		X
b	Lending of money or other extension of credit?		X
c	Furnishing of goods, services, or facilities?		X
d	Payment of compensation (or payment or reimbursement of expenses if more than \$1,000)? See Part V-A, Form 990	X	
e	Transfer of any part of its income or assets?		X
3a	Did the organization make grants for scholarships, fellowships, student loans, etc.? (If "Yes," attach an explanation of how the organization determines that recipients qualify to receive payments.)		X
b	Did the organization have a section 403(b) annuity plan for its employees?		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.		X
d	Did the organization provide credit counseling, debt management, credit repair, or debt negotiation services?		X
4a	Did the organization maintain any donor advised funds? If "Yes," complete lines 4b through 4g. If "No," complete lines 4f and 4g.		X
b	Did the organization make any taxable distributions under section 4966?		
c	Did the organization make a distribution to a donor, donor advisor, or related person?		
d	Enter the total number of donor advised funds owned at the end of the tax year ▶ _____		
e	Enter the aggregate value of assets held in all donor advised funds owned at the end of the tax year ▶ _____		
f	Enter the total number of separate funds or accounts owned at the end of the tax year (excluding donor advised funds included on line 4d) where donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts ▶ _____		0
g	Enter the aggregate value of assets held 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 Intergrated
 - 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)	16,153,966	14,547,067	14,631,537	6,181,357	51,513,927
16 Membership fees received					0
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	264,795	248,948	240,367	202,740	956,850
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	91,631	87,234	99,539	54,913	333,317
19 Net income from unrelated business activities not included in line 18			9,287	2,980	12,267
20 Tax revenues levied for the organization's benefit and either paid to it or expended on its behalf					0
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					0
22 Other income Attach a schedule Do not include gain or (loss) from sale of capital assets Stmt 7	117,293	256,650	338,660	61,533	774,136
23 Total of lines 15 through 22	16,627,685	15,139,899	15,319,390	6,503,523	53,590,497
24 Line 23 minus line 17	16,362,890	14,890,951	15,079,023	6,300,783	52,633,647
25 Enter 1% of line 23	166,277	151,399	153,194	65,035	

26 Organizations described on lines 10 or 11:	a Enter 2% of amount in column (e), line 24	26a	1,052,673
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	
c Total support for section 509(a)(1) test Enter line 24, column (e)		26c	52,633,647
d Add Amounts from column (e) for lines 18 333,317 19 12,267		26d	1,119,720
22 774,136 26b		26e	51,513,927
e Public support (line 26c minus line 26d total)		26f	97.8726%
f Public support percentage (line 26e (numerator) divided by line 26c (denominator))			

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	(2005)	(2004)	(2003)	(2002)	N/A
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		(2005)	(2004)	(2003)	(2002)	N/A
c Add Amounts from column (e) for lines 15 16		17	20	21		27c
d Add Line 27a total and line 27b total						27d
e Public support (line 27c total minus line 27d total)						27e
f Total support for section 509(a)(2) test Enter amount from line 23, column (e)						27f
g Public support percentage (line 27e (numerator) divided by line 27f (denominator))						27g %
h Investment income percentage (line 18, column (e) (numerator) divided by line 27f (denominator))						27h %

28 Unusual Grants: For an organization described in line 10, 11, or 12 that received any unusual grants during 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.)
(To be completed ONLY by schools that checked the box on line 6 in Part IV)

		N/A	Yes	No
29	Does the organization have a racially nondiscriminatory policy toward students by statement in its charter, bylaws, other governing instrument, or in a resolution of its governing body?			
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?	32d		
	If you answered "No" to any of the above, please explain (If you need more space, attach a separate statement)			
33	Does the organization discriminate by race in any way with respect to			
a	Students' rights or privileges?	33a		
b	Admissions policies?	33b		
c	Employment of faculty or administrative staff?	33c		
d	Scholarships or other financial assistance?	33d		
e	Educational policies?	33e		
f	Use of facilities?	33f		
g	Athletic programs?	33g		
h	Other extracurricular activities?	33h		
	If you answered "Yes" to any of the above, please explain (If you need more space, attach a separate statement)			
34a	Does the organization receive any financial aid or assistance from a governmental agency?	34a		
b	Has the organization's right to such aid ever been revoked or suspended? If you answered "Yes" to either 34a or b, please explain using an attached statement	34b		
35	Does the organization certify that it has complied with the applicable requirements of sections 4 01 through 4 05 of Rev Proc 75-50, 1975-2 C B 587, covering racial nondiscrimination? If "No," attach an explanation	35		

Part VI-A Lobbying Expenditures by Electing Public Charities (See page 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												
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-														
<table border="0"> <tr> <td>If the amount on line 40 is-</td> <td>The lobbying nontaxable amount is-</td> </tr> <tr> <td>Not over \$500,000</td> <td>20% of the amount on line 40</td> </tr> <tr> <td>Over \$500,000 but not over \$1,000,000</td> <td>\$100,000 plus 15% of the excess over \$500,000</td> </tr> <tr> <td>Over \$1,000,000 but not over \$1,500,000</td> <td>\$175,000 plus 10% of the excess over \$1,000,000</td> </tr> <tr> <td>Over \$1,500,000 but not over \$17,000,000</td> <td>\$225,000 plus 5% of the excess over \$1,500,000</td> </tr> <tr> <td>Over \$17,000,000</td> <td>\$1,000,000</td> </tr> </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	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	41	
If the amount on line 40 is-	The lobbying nontaxable amount is-													
Not over \$500,000	20% of the amount on line 40													
Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000													
Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000													
Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000													
Over \$17,000,000	\$1,000,000													
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				
	(a) 2006	(b) 2005	(c) 2004	(d) 2003	(e) Total
45 Lobbying nontaxable amount					
46 Lobbying ceiling amount (150% of line 45(e))					
47 Total lobbying expenditures					
48 Grassroots nontaxable amount					
49 Grassroots ceiling amount (150% of line 48(e))					
50 Grassroots lobbying expenditures					

Part VI-B Lobbying Activity by Nonelecting Public Charities

(For reporting only by organizations that did not complete Part VI-A) (See page 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

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

Yes	No	Amount

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

Forms 990 / 990-PF	Mortgages and Other Notes Payable	2006
For calendar year 2006, or tax year beginning _____, and ending _____		

Name LEGAL AID OF NORTH CAROLINA, INC.	Employer Identification Number 31-1784161
--	---

Form 990, Part IV, Line 64b - Additional Information

Name of lender	Relationship to disqualified person
(1) BB&T	
(2)	
(3)	
(4)	
(5)	
(6)	
(7)	
(8)	
(9)	
(10)	

Original amount borrowed	Date of loan	Maturity date	Repayment terms	Interest rate
(1) 640,122	4/28/03	4/30/13		4.250
(2)				
(3)				
(4)				
(5)				
(6)				
(7)				
(8)				
(9)				
(10)				

Security provided by borrower	Purpose of loan
(1) RALEIGH OFFICE BUILDING	
(2)	
(3)	
(4)	
(5)	
(6)	
(7)	
(8)	
(9)	
(10)	

Consideration furnished by lender	Balance due at beginning of year	Balance due at end of year
(1)	870,526	778,425
(2)		
(3)		
(4)		
(5)		
(6)		
(7)		
(8)		
(9)		
(10)		
Totals	870,526	778,425

LEGAL AID OF NORTH CAROLINA, INC. **Federal Statements**

31-1784161

FYE: 12/31/2006

Statement 1 - Form 990, Part II, Line 25a - Compensation of Current Officers

Name	Program Services	Management & General	Fundraising
Expenses	\$	\$	\$
Compensation	327,932	27,919	
Total	<u>\$ 327,932</u>	<u>\$ 27,919</u>	<u>\$ 0</u>

31-1784161

Federal Statements

FYE: 12/31/2006

Statement 2 - Form 990, Part II, Line 43 - Other Functional Expenses

Description	Total Expenses	Program Service	Mgt & General	Fund- Raising
	\$	\$	\$	\$
Expenses				
SOFTWARE MAINT & SUPPORT	71,150	71,150		
STAFF TRAINING	223,567	199,136	24,431	
LIBRARY EXPENSE	120,951	115,431	5,520	
INSURANCE	109,462	103,909	5,553	
DUES & FEES	110,458	99,891	10,567	
LITIGATION	85,963	84,600	1,363	
CONTRACT SERVICES	453,396	394,100	33,556	25,740
OTHER EXPENSE	292,029	263,734	28,295	
LOSS ON EQUIPMENT DISPOSAL	43,371	43,371		
Total	<u>\$ 1,510,347</u>	<u>\$ 1,375,322</u>	<u>\$ 109,285</u>	<u>\$ 25,740</u>

31-1784161

Federal Statements

FYE: 12/31/2006

Statement 3 - Form 990, Part IV, Line 57 - Land, Buildings, and Equipment

<u>Description</u>	<u>Beginning of Year</u>	<u>Accum Deprec</u>	<u>End of Year</u>	<u>Accum Deprec</u>
PROPERTY AND EQUIPMENT	\$ 4,413,261	\$ 2,417,325	\$ 3,991,076	\$ 1,978,685
Total	<u>\$ 4,413,261</u>	<u>\$ 2,417,325</u>	<u>\$ 3,991,076</u>	<u>\$ 1,978,685</u>

Statement 4 - Form 990, Part IV, Line 58 - Other Assets

<u>Description</u>	<u>Beginning of Year</u>	<u>End of Year</u>
CLIENT ESCROW FUNDS	\$ 46,507	\$ 59,173
OTHER RECEIVABLES	14,397	27,188
DEPOSITS	33,406	16,336
PREPAID EXPENSES	121,027	99,350
Total	<u>\$ 215,337</u>	<u>\$ 202,047</u>

Statement 5 - Form 990, Part IV, Line 65 - Other Liabilities

<u>Description</u>	<u>Beginning of Year</u>	<u>End of Year</u>
CLIENT DEPOSITS	\$ 46,160	\$ 59,173
ACCRUED PAI PAYABLE	16,737	12,258
ACCRUED VACATION	464,956	476,004
OTHER LIABILTIIES	635,614	575,046
Total	<u>\$ 1,163,467</u>	<u>\$ 1,122,481</u>

Federal Statements

31-1784161

FYE: 12/31/2006

Statement 6 - Form 990, Part V-A - List of Officers, Directors, Trustees, and Key Employees

Name and Address	Title	Average Hours	Compensation	Benefits	Expenses
GEORGE HAUSEN JR. 224 S DAWSON ST RALEIGH NC 27611	EXEC DIRECTR	40	107,000	7,490	0
CHRIS MARKS 224 S DAWSON ST RALEIGH NC 27611	FINANCE	40	89,267	6,249	0
CELIA PISTOLIS 224 S DAWSON ST RALEIGH NC 27611	ADVOCACY	40	81,917	5,734	0
THEODORE FILLETTE 224 S DAWSON ST RALEIGH NC 27611	ASST DIRECTR	40	77,667	5,437	0
REID C ADAMS, ESQ WINSTON-SALEM NC	CHAIRMAN	0	0	0	0
GLENN A BARFIELD, ESQ GOLDSBORO NC	VICE CHAIR	0	0	0	0
LETO COPELEY, ESQ RALEIGH NC	TREASURER	0	0	0	0
MARY FLOWERS HIGH POINT NC	SECRETARY	0	0	0	0
LEO L ALLISON EFLAND NC	AT-LRG CHAIR	0	0	0	0
BURTON CRAIGE, ESQ RALEIGH NC	DIRECTOR	0	0	0	0
SARAH DAVIS APEX NC	DIRECTOR	0	0	0	0

Federal Statements

31-1784161

FYE: 12/31/2006

Statement 6 - Form 990, Part V-A - List of Officers, Directors, Trustees, and Key Employees (continued)

Name and Address	Title	Average Hours	Compensation	Benefits	Expenses
WILLIE DAWSON, ESQ NEW BERN NC	DIRECTOR	0	0	0	0
RICHARD E FAY, ESQ CHARLOTTE NC	DIRECTOR	0	0	0	0
OLGA ROSA GOMEZ ROCKY MOUNT NC	DIRECTOR	0	0	0	0
HADA V HAULSEE, ESQ WINSTON-SALEM NC	DIRECTOR	0	0	0	0
NELLIE KEARNEY HENDERSON NC	DIRECTOR	0	0	0	0
SCOTT B LEWIS, ESQ LEXINGTON NC	DIRECTOR	0	0	0	0
JAMES B MAXWELL, ESQ DURHAM NC	DIRECTOR	0	0	0	0
PENDER R MCELROY, ESQ CHARLOTTE NC	DIRECTOR	0	0	0	0
PEARL NEALEY SPINDALE NC	DIRECTOR	0	0	0	0
RAYMOND E OWENS, JR ESQ CHARLOTTE NC	DIRECTOR	0	0	0	0
FRANK G QUEEN, ESQ WAYNESVILLE NC	DIRECTOR	0	0	0	0
RHONDA SHEPHERD MILLERS CREEK NC	DIRECTOR	0	0	0	0

Federal Statements

Statement 6 - Form 990, Part V-A - List of Officers, Directors, Trustees, and Key Employees (continued)

Name and Address	Title	Average Hours	Compensation	Benefits	Expenses
SAKEETA TAMEGA SPIVEY BLADENBORO NC	DIRECTOR	0	0	0	0
CHARLES R WARD LAKE WACCAMAW NC	DIRECTOR	0	0	0	0
WILLIS E WILLIAMS JAMESVILLE NC	DIRECTOR	0	0	0	0
PHILLIP LEIGH CRESWELL NC	DIRECTOR	0	0	0	0
HELEN COOK FAYETTEVILLE NC	DIRECTOR	0	0	0	0
DIANA WILLIAMS-COTTON WINSTON-SALEM NC	DIRECTOR	0	0	0	0
GREGG MCDUGAL RALEIGH NC	DIRECTOR	0	0	0	0
LISA MORGAN DURHAM NC	DIRECTOR	0	0	0	0
PAUL SHEPARD WINSTON-SALEM NC	DIRECTOR	0	0	0	0
CAL ADAMS WINSTON-SALEM NC	DIRECTOR	0	0	0	0
CRAIGE BURTON RALEIGH NC	DIRECTOR	0	0	0	0

Federal Statements

Statement 7 - Schedule A, Part IV-A, Line 22 - Other Income

<u>Description</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
OTHER INCOME	\$ <u>117,293</u>	\$ <u>256,650</u>	\$ <u>338,660</u>	\$ <u>61,533</u>
Total	\$ <u><u>117,293</u></u>	\$ <u><u>256,650</u></u>	\$ <u><u>338,660</u></u>	\$ <u><u>61,533</u></u>

31-1784161

Federal Statements

FYE: 12/31/2006

Form 990, Part I, Line 1b - Direct Public Support

Description	Cash	Noncash	Total
	\$ 550,300	\$	\$ 550,300
	782,531		782,531
	<u>\$ 1,332,831</u>	<u>\$ 0</u>	<u>\$ 1,332,831</u>

Form 990, Part I, Line 1d - Government Contributions

Description	Cash	Noncash	Total
	\$ 14,491,124	\$	\$ 14,491,124
	<u>\$ 14,491,124</u>	<u>\$ 0</u>	<u>\$ 14,491,124</u>

31-1784161

Federal Statements

FYE: 12/31/2006

Schedule A, Part IV-A, Line 26b - Excess Gifts

Donor Name	<u>Total</u>	<u>Excess</u>
	\$ 1,015,833	\$
	447,264	
	835,000	
	35,000	
	35,000	
	55,730	
	10,000	
	20,500	
	40,000	
	48,746	
	<u>\$ 2,543,073</u>	<u>\$ 0</u>

Form **8868**

(Rev. April 2007)

Application for Extension of Time To File an Exempt Organization Return

OMB No 1545-1709

Department of the Treasury
Internal Revenue Service

▶ File a separate application for each return

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

Do not complete Part II unless you have already been granted an automatic 3-month extension on a previously filed Form 8868

Part I Automatic 3-Month Extension of Time. Only submit original (no copies needed).

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

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

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

Type or print	Name of Exempt Organization LEGAL AID OF NORTH CAROLINA, INC.	Employer identification number 31-1784161
File by the due date for filing your return See instructions	Number, street, and room or suite no If a P O box, see instructions P.O. BOX 26087	
	City, town or post office, state, and ZIP code For a foreign address, see instructions RALEIGH NC 27611-6087	

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

- Form 990
- Form 990-BL
- Form 990-EZ
- Form 990-PF
- Form 990-T (corporation)
- Form 990-T (sec 401(a) or 408(a) trust)
- Form 990-T (trust other than above)
- Form 1041-A
- Form 4720
- Form 5227
- Form 6069
- Form 8870

• The books are in the care of ▶ **CHRISTOPHER MARKS**

Telephone No ▶ **919-856-2131** FAX No ▶

- If the organization does not have an office or place of business in the United States, check this box
- If this is for a Group Return, enter the organization's four digit Group Exemption Number (GEN) _____ If this is for the whole group, check this box If it is for part of the group, check this box and attach a list with the names and EINs of all members the extension will cover

1 I request an automatic 3-month (6 months for a section 501(c) corporation required to file Form 990-T) extension of time until **8/15/07**, to file the exempt organization return for the organization named above The extension is for the organization's return for
▶ calendar year **2006** or
▶ tax year beginning _____, and ending _____

2 If this tax year is for less than 12 months, check reason Initial return Final return Change in accounting period

3a If this application is for Form 990-BL, 990-PF, 990-T, 4720, or 6069, enter the tentative tax, less any nonrefundable credits See instructions	3a	\$	
b If this application is for Form 990-PF or 990-T, enter any refundable credits and estimated tax payments made Include any prior year overpayment allowed as a credit	3b	\$	
c Balance Due. Subtract line 3b from line 3a Include your payment with this form, or, if required, deposit with FTD coupon or, if required, by using EFTPS (Electronic Federal Tax Payment System) See instructions	3c	\$	None

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

For Privacy Act and Paperwork Reduction Act Notice, see Instructions.

Form **8868** (Rev 4-2007)

If you are filing for an Additional (not automatic) 3-Month Extension, complete only Part II and check this box

Note. Only complete Part II if you have already been granted an automatic 3-month extension on a previously filed Form 8868

If you are filing for an Automatic 3-Month Extension, complete only Part I (on page 1)

Part II Additional (not automatic) 3-Month Extension of Time. You must file original and one copy

Form with fields: Type or print, Name of Exempt Organization (LEGAL AID OF NORTH CAROLINA, INC.), Employer identification number (31-1784161), Number, street, and room or suite no (P.O. BOX 26087), City, town or post office, state, and ZIP code (RALEIGH NC 27611-6087)

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

- Form 990 (checked), Form 990-BL, Form 990-EZ, Form 990-PF, Form 990-T (sec 401(a) or 408(a) trust), Form 990-T (trust other than above), Form 1041-A, Form 4720, Form 5227, Form 6069, Form 8870

STOP! Do not complete Part II if you were not already granted an automatic 3-month extension on a previously filed Form 8868.

The books are in the care of CHRISTOPHER MARKS

Telephone No 919-856-2131 FAX No

If the organization does not have an office or place of business in the United States, check this box

If this is for a Group Return, enter the organization's four digit Group Exemption Number (GEN) for the whole group, check this box If it is for part of the group, check this box and attach a

list with the names and EINs of all members the extension is for

I request an additional 3-month extension of time until 11/15/07

For calendar year 2006, or other tax year beginning, and ending

If this tax year is for less than 12 months, check reason Initial return Final return Change in accounting period

State in detail why you need the extension

ADDITIONAL TIME IS REQUESTED TO GATHER INFORMATION TO PREPARE A COMPLETE AND ACCURATE RETURN.

Table with 3 columns: Question (8a, 8b, 8c), Amount, and Currency. 8a: tentative tax less nonrefundable credits. 8b: refundable credits and estimated tax payments. 8c: Balance Due. Answer for 8c is None.

Signature and Verification

Under penalties of perjury, I declare that I have examined this form, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete, and that I am authorized to prepare this form

Signature [Signature] Title CPA Date 8/15/07

Notice to Applicant. (To Be Completed by the IRS)

- We have approved this application Please attach this form to the organization's return
We have not approved this application However, we have granted a 10-day grace period from the later of the date shown below or the due date of the organization's return (including any prior extensions) This grace period is considered to be a valid extension of time for elections otherwise required to be made on a timely return Please attach this form to the organization's return
We have not approved this application After considering the reasons stated in item 7, we cannot grant your request for an extension of time to file We are not granting a 10-day grace period
We cannot consider this application because it was filed after the extended due date of the return for which an extension was requested
Other

Director By Date

Alternate Mailing Address. Enter the address if you want the copy of this application for an additional 3-month extension returned to an address different than the one entered above

Form with fields: Name (ROMEO, WIGGINS & CO., LLP (JKL)), Number and street (8210 CREEDMOOR ROAD, SUITE 202), City or town, province or state, and country (RALEIGH NC 27613)