

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 2005 calendar year, or tax year beginning JUL 1, 2005 and ending JUN 30, 2006

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

Please use IRS label or print or type See Specific Instructions

C Name of organization: ACTION FOR CHILDREN NORTH CAROLINA FORMERLY NC CHILD ADVOCACY INSTITUTE. Address: 1300 ST. MARY'S STREET, RALEIGH, NC 27605

D Employer identification number: 58-1534066. E Telephone number: 919-834-6623. F Accounting method: Accrual

Section 501(c)(3) organizations and 4947(a)(1) nonexempt charitable trusts must attach a completed Schedule A (Form 990 or 990-EZ)

H and I are not applicable to section 527 organizations. H(a) Is this a group return for affiliates? No. H(b) If "Yes," enter number of affiliates: N/A. H(c) Are all affiliates included? N/A. H(d) Is this a separate return filed by an organization covered by a group ruling? No. I Group Exemption Number: N/A

G Website: WWW.NCCHILD.ORG

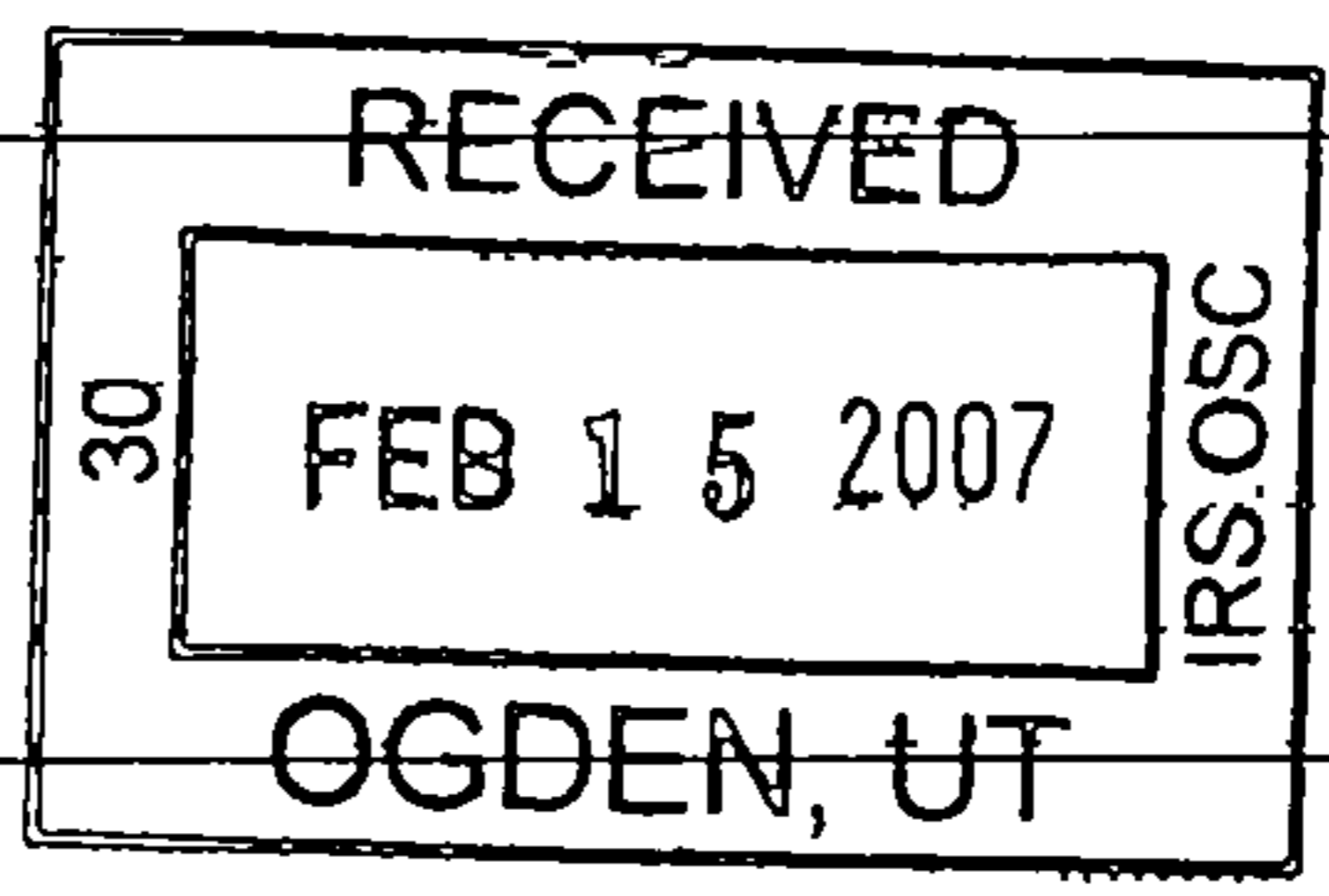
J Organization type: 501(c)(3)

K Check here if the organization's gross receipts are normally not more than \$25,000

L Gross receipts Add lines 6b, 8b, 9b, and 10b to line 12: 1,632,510.

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

Table with 21 rows detailing Revenue (lines 1-12) and Expenses (lines 13-17), leading to Net Assets (lines 18-21). Total revenue is 1,297,192 and total expenses are 711,323.



Net SCANNED FEB 26 2007 Expenses Assets

Handwritten initials: GR15

**ACTION FOR CHILDREN NORTH CAROLINA  
FORMERLY NC CHILD ADVOCACY INSTITUTE**

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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.

<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
22 Grants and allocations (attach schedule) (cash \$ <u>0</u> . noncash \$ <u>0</u> .) If this amount includes foreign grants, check here <input type="checkbox"/>	22				
23 Specific assistance to individuals (attach schedule)	23				
24 Benefits paid to or for members (attach schedule)	24				
25 Compensation of officers, directors, etc * *	25	91,153.	57,584.	31,181.	2,388.
26 Other salaries and wages	26	313,055.	212,153.	52,803.	48,099.
27 Pension plan contributions	27				
28 Other employee benefits	28	46,966.	31,679.	8,290.	6,997.
29 Payroll taxes	29	34,129.	22,887.	6,938.	4,304.
30 Professional fundraising fees	30				
31 Accounting fees	31	13,450.		13,450.	
32 Legal fees	32				
33 Supplies	33	5,280.	45.	5,137.	98.
34 Telephone	34	7,075.		7,075.	
35 Postage and shipping	35	7,823.	4,135.	2,305.	1,383.
36 Occupancy	36	4,211.		4,211.	
37 Equipment rental and maintenance	37	6,659.		6,659.	
38 Printing and publications	38	22,308.	18,171.	1,065.	3,072.
39 Travel	39	5,355.	2,515.	919.	1,921.
40 Conferences, conventions, and meetings	40	2,128.	1,231.	527.	370.
41 Interest	41	9,245.		9,245.	
42 Depreciation, depletion, etc (attach schedule)	42	13,829.	9,563.	2,621.	1,645.
43 Other expenses not covered above (itemize)					
a _____	43a				
b _____	43b				
c _____	43c				
d _____	43d				
e _____	43e				
f _____	43f				
g <b>SEE STATEMENT 4</b>	43g	128,657.	123,126.	<6,416.>	11,947.
44 <b>Total functional expenses.</b> Add lines 22 through 43 (Organizations completing columns (B)-(D), carry these totals to lines 13-15)	44	711,323.	483,089.	146,010.	82,224.

**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

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\* \* SEE STATEMENT 5

**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? ► <b>SEE STATEMENT 6</b>	Program Service Expenses
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.)	(Required for 501(c)(3) and (4) orgs, and 4947(a)(1) trusts, but optional for others.)
<b>a KNOWLEDGE EXCHANGE</b>	
(Grants and allocations \$ ) If this amount includes foreign grants, check here ► <input type="checkbox"/>	<b>174,718.</b>
<b>b DATA REPORTS</b>	
(Grants and allocations \$ ) If this amount includes foreign grants, check here ► <input type="checkbox"/>	<b>84,103.</b>
<b>c COMMUNITY ENGAGEMENT</b>	
(Grants and allocations \$ ) If this amount includes foreign grants, check here ► <input type="checkbox"/>	<b>58,543.</b>
<b>d HEALTH AND SAFETY</b>	
(Grants and allocations \$ ) If this amount includes foreign grants, check here ► <input type="checkbox"/>	<b>45,772.</b>
<b>e Other program services (attach schedule) SEE STATEMENT 7</b>	
(Grants and allocations \$ ) If this amount includes foreign grants, check here ► <input type="checkbox"/>	<b>119,953.</b>
<b>f Total of Program Service Expenses</b> (should equal line 44, column (B), Program services) ►	<b>483,089.</b>

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FORMERLY NC CHILD ADVOCACY INSTITUTE**

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**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
<b>Assets</b>	45 Cash - non-interest-bearing	5,209.	45	525,984.
	46 Savings and temporary cash investments	10,054.	46	10,353.
	47 a Accounts receivable	8,632.		
	b Less allowance for doubtful accounts		47c	8,632.
	48 a Pledges receivable	21,500.		
	b Less allowance for doubtful accounts		48c	21,500.
	49 Grants receivable	82,146.	49	187,501.
	50 Receivables from officers, directors, trustees, and key employees		50	
	51 a Other notes and loans receivable			
	b Less allowance for doubtful accounts		51c	
	52 Inventories for sale or use		52	
	53 Prepaid expenses and deferred charges	3,932.	53	10,135.
	54 Investments securities	▶ <input type="checkbox"/> Cost <input type="checkbox"/> FMV	54	
	55 a Investments land, buildings, and equipment basis			
	b Less accumulated depreciation		55c	
56 Investments other	SEE STATEMENT 8	0.	56	203,903.
57 a Land, buildings, and equipment basis	34,464.			
b Less accumulated depreciation	7,208.		57c	27,256.
58 Other assets (describe ▶ <b>OTHER ASSETS</b> )			58	4,061.
59 <b>Total assets</b> (must equal line 74) Add lines 45 through 58	466,997.	59		999,325.
<b>Liabilities</b>	60 Accounts payable and accrued expenses	8,927.	60	55,086.
	61 Grants payable		61	
	62 Deferred revenue		62	
	63 Loans from officers, directors, trustees, and key employees		63	
	64 a Tax-exempt bond liabilities		64a	
	b Mortgages and other notes payable	99,700.	64b	
	65 Other liabilities (describe ▶ _____)		65	
66 <b>Total liabilities.</b> Add lines 60 through 65)	108,627.	66		55,086.
<b>Net Assets or Fund Balances</b>	<b>Organizations that follow SFAS 117, check here</b> <input checked="" type="checkbox"/> and complete lines 67 through 69 and lines 73 and 74			
	67 Unrestricted	54,574.	67	491,196.
	68 Temporarily restricted	96,197.	68	245,444.
	69 Permanently restricted	207,599.	69	207,599.
	<b>Organizations that do not follow SFAS 117, check here</b> <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 <b>Total net assets or fund balances</b> (add lines 67 through 69 or lines 70 through 72, column (A) must equal line 19; column (B) must equal line 21)	358,370.	73		944,239.
74 <b>Total liabilities and net assets/fund balances.</b> Add lines 66 and 73	466,997.	74		999,325.

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**ACTION FOR CHILDREN NORTH CAROLINA  
FORMERLY NC CHILD ADVOCACY INSTITUTE**

<b>Part VI Other Information</b> <i>(continued)</i>		Yes	No
<b>82 a</b>	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?	82a	X
<b>b</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	14,550.
<b>83 a</b>	Did the organization comply with the public inspection requirements for returns and exemption applications?	83a	X
<b>b</b>	Did the organization comply with the disclosure requirements relating to quid pro quo contributions?	83b	X
<b>84 a</b>	Did the organization solicit any contributions or gifts that were not tax deductible?	84a	X
<b>b</b>	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	84b	N/A
<b>85</b>	<i>501(c)(4), (5), or (6) organizations</i> <b>a</b> Were substantially all dues nondeductible by members?	85a	N/A
<b>b</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.	85b	N/A
<b>c</b>	Dues, assessments, and similar amounts from members	85c	N/A
<b>d</b>	Section 162(e) lobbying and political expenditures	85d	N/A
<b>e</b>	Aggregate nondeductible amount of section 6033(e)(1)(A) dues notices	85e	N/A
<b>f</b>	Taxable amount of lobbying and political expenditures (line 85d less 85e)	85f	N/A
<b>g</b>	Does the organization elect to pay the section 6033(e) tax on the amount on line 85f?	85g	N/A
<b>h</b>	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?	85h	N/A
<b>86</b>	<i>501(c)(7) organizations</i> Enter <b>a</b> Initiation fees and capital contributions included on line 12	86a	N/A
<b>b</b>	Gross receipts, included on line 12, for public use of club facilities	86b	N/A
<b>87</b>	<i>501(c)(12) organizations</i> Enter <b>a</b> Gross income from members or shareholders	87a	N/A
<b>b</b>	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them.)	87b	N/A
<b>88</b>	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.	88	X
<b>89 a</b>	<i>501(c)(3) organizations</i> Enter Amount of tax imposed on the organization during the year under section 4911 <u>0.</u> , section 4912 <u>0.</u> , section 4955 <u>0.</u>		
<b>b</b>	<i>501(c)(3) and 501(c)(4) organizations</i> 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
<b>c</b>	Enter Amount of tax imposed on the organization managers or disqualified persons during the year under sections 4912, 4955, and 4958 <span style="float: right;">▶ <u>0.</u></span>		
<b>d</b>	Enter Amount of tax on line 89c, above, reimbursed by the organization <span style="float: right;">▶ <u>0.</u></span>		
<b>90 a</b>	List the states with which a copy of this return is filed ▶ <u>NC</u>		
<b>b</b>	Number of employees employed in the pay period that includes March 12, 2005	90b	8
<b>91 a</b>	The books are in care of ▶ <u>JENNIFER C. BARKSDALE</u> Telephone no ▶ <u>919-834-6623</u> Located at ▶ <u>1300 ST. MARY'S STREET, SUITE 500, RALEIGH, NC</u> ZIP + 4 ▶ <u>27605</u>		
<b>b</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 ▶ <u>N/A</u> See the instructions for exceptions and filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts.	91b	X
<b>c</b>	At any time during the calendar year, did the organization maintain an office outside of the United States? If "Yes," enter the name of the foreign country ▶ <u>N/A</u>	91c	X
<b>92</b>	Section 4947(a)(1) nonexempt charitable trusts filing Form 990 in lieu of Form 1041- Check here <input type="checkbox"/> and enter the amount of tax-exempt interest received or accrued during the tax year <span style="float: right;">▶ <u>N/A</u></span>	92	N/A

**ACTION FOR CHILDREN NORTH CAROLINA  
FORMERLY NC CHILD ADVOCACY INSTITUTE**

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

	Unrelated business income		Excluded by section 512, 513, or 514		(E) Related or exempt function income
	(A) Business code	(B) Amount	(C) Exclu- sion code	(D) Amount	
<b>Note:</b> Enter gross amounts unless otherwise indicated					
93 Program service revenue					
a					
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	1,579.	
96 Dividends and interest from securities					
97 Net rental income or (loss) from real estate					
a debt-financed property					
b not debt-financed property			16	660.	
98 Net rental income or (loss) from personal property					
99 Other investment income					
100 Gain or (loss) from sales of assets other than inventory			18	518,079.	
101 Net income or (loss) from special events					112.
102 Gross profit or (loss) from sales of inventory					
103 Other revenue					
a <u>PARKING INCOME</u>	812930	142.			
b <u>SALES OF PRODUCT</u>					187.
c					
d					
e					
104 Subtotal (add columns (B), (D), and (E))		142.		520,318.	299.
105 Total (add line 104, columns (B), (D), and (E))					520,759.

**Note:** Line 105 plus line 1d, 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)
103B	FUNDS RECEIVED & USED TO PROMOTE CHILD ADVOCACY ISSUES

**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)

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: [Signature] Date: 2-8-2007 Type or print name and title: Barbara Bradley, President & CEO

Paid Preparer's Use Only

Preparer's signature: [Signature] Date: 2/7/07 Check if self-employed:  Preparer's SSN or PTIN: FOO001837

Firm's name (or yours if self-employed), address, and ZIP + 4: RSM MCGLADREY, INC.  
1201 EDWARDS MILL ROAD, SUITE 300  
RALEIGH, NC 27605

EIN: 41-1944416 Phone no.: 919.781.1458

523163 02-03-06

**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

**2005**

Name of the organization **ACTION FOR CHILDREN NORTH CAROLINA**  
**FORMERLY NC CHILD ADVOCACY INSTITUTE** Employer identification number  
**58 1534066**

**Part I Compensation of the Five Highest Paid Employees Other Than Officers, Directors, and Trustees**  
(See page 1 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>ROBIN COSTELLO</u> <u>1300 ST. MARY'S STREET, SUITE 500, RA</u>	<u>DIR. EXTERNAL</u> <u>40.00</u>	<u>AFFAIR</u> <u>70,000.</u>	<u>10,133.</u>	
<u>ELIZABETH HUDGINS</u> <u>1300 ST. MARY'S STREET, SUITE 500, R</u>	<u>DIR. POLICY &amp;</u> <u>40.00</u>	<u>RESEAR</u> <u>65,000.</u>	<u>7,229.</u>	
Total number of other employees paid over \$50,000 ▶	<b>0</b>			

**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>NONE</u>		
Total number of others receiving over \$50,000 for professional services ▶	<b>0</b>	

**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 ▶	<b>0</b>	

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

	Yes	No
<b>1</b> During the year, has the organization attempted to influence national, state, or local legislation, including any attempt to influence public opinion on a legislative matter or referendum? If "Yes," enter the total expenses paid or incurred in connection with the lobbying activities ► \$ _____ \$ <u>5,285.</u> (Must equal amounts on line 38, Part VI-A, or line 1 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 <b>VI-A, LINE 38B</b>	<b>X</b>	
<b>2</b> 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 )		
<b>a</b> Sale, exchange, or leasing of property?		<b>X</b>
<b>b</b> Lending of money or other extension of credit?		<b>X</b>
<b>c</b> Furnishing of goods, services, or facilities?		<b>X</b>
<b>d</b> Payment of compensation (or payment or reimbursement of expenses if more than \$1,000)? <b>SEE STATEMENT 11</b>	<b>X</b>	
<b>e</b> Transfer of any part of its income or assets?		<b>X</b>
<b>3 a</b> Do you make grants for scholarships, fellowships, student loans, etc.? (If "Yes," attach an explanation of how you determine that recipients qualify to receive payments )		<b>X</b>
<b>b</b> Do you have a section 403(b) annuity plan for your employees?	<b>X</b>	
<b>c</b> During the year, did the organization receive a contribution of qualified real property interest under section 170(h)?		<b>X</b>
<b>4 a</b> Did you maintain any separate account for participating donors where donors have the right to provide advice on the use or distribution of funds?		<b>X</b>
<b>b</b> Do you provide credit counseling, debt management, credit repair, or debt negotiation services?		<b>X</b>

**Part IV Reason for Non-Private Foundation Status** (See pages 3 through 6 of the instructions )

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 supports organizations described in: (1) lines 5 through 12 above, or (2) sections 501(c)(4), (5), or (6), if they meet the test of section 509(a)(2). Check the box that describes the type of supporting organization: ►  Type 1  Type 2  Type 3

Provide the following information about the supported organizations. (See page 6 of the instructions )

(a) Name(s) of supported organization(s)	(b) Line number from above

14  An organization organized and operated to test for public safety. Section 509(a)(4) (See page 6 of the instructions.)



**Part V** Private School Questionnaire (See page 7 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.)		
<hr/> <hr/> <hr/>			
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	
<hr/> <hr/>			
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? If you answered "Yes" to any of the above, please explain. (If you need more space, attach a separate statement)	33h	
<hr/> <hr/>			
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? 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	

**ACTION FOR CHILDREN NORTH CAROLINA**

**Part VI-A Lobbying Expenditures by Electing Public Charities** (See page 9 of the instructions.)

(To be completed ONLY by an eligible organization that filed Form 5768)

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	1,676.												
37	Total lobbying expenditures to influence a legislative body (direct lobbying)	37	3,609.												
38	Total lobbying expenditures (add lines 36 and 37)	38	5,285.												
39	Other exempt purpose expenditures	39	722,876.												
40	Total exempt purpose expenditures (add lines 38 and 39)	40	728,161.												
41	Lobbying nontaxable amount Enter the amount from the following table -														
	<table border="0"> <tr> <td><b>If the amount on line 40 is -</b></td> <td><b>The lobbying nontaxable amount is -</b></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>	<b>If the amount on line 40 is -</b>	<b>The lobbying nontaxable amount is -</b>	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		
<b>If the amount on line 40 is -</b>	<b>The lobbying nontaxable amount is -</b>														
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	134,224.												
42	Grassroots nontaxable amount (enter 25% of line 41)	42	33,556.												
43	Subtract line 42 from line 36 Enter -0- if line 42 is more than line 36	43	0.												
44	Subtract line 41 from line 38 Enter -0- if line 41 is more than line 38	44	0.												

**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 11 of the instructions.)

Calendar year (or fiscal year beginning in)	Lobbying Expenditures During 4-Year Averaging Period				
	(a) 2005	(b) 2004	(c) 2003	(d) 2002	(e) Total
45	134,224.	141,783.	139,979.	137,912.	553,898.
46					830,847.
47	5,285.	10,059.	4,819.	16,645.	36,808.
48	33,556.	35,446.	34,995.	34,478.	138,475.
49					207,713.
50	1,676.	2,217.	95.	4,291.	8,279.

**Part VI-B Lobbying Activity by Nonelecting Public Charities**

(For reporting only by organizations that did not complete Part VI-A) (See page 11 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

RENTAL INCOME

STATEMENT 1

KIND AND LOCATION OF PROPERTY	ACTIVITY NUMBER	GROSS RENTAL INCOME
311 EAST EDENTON STREET	1	660.
TOTAL TO FORM 990, PART I, LINE 6A		660.

FORM 990 GAIN (LOSS) FROM SALE OF OTHER ASSETS STATEMENT 2

DESCRIPTION	DATE ACQUIRED	DATE SOLD	METHOD ACQUIRED	NET GAIN OR (LOSS)	
			PURCHASED		
NAME OF BUYER	GROSS SALES PRICE	COST OR OTHER BASIS	EXPENSE OF SALE	DEPREC	
BUILDING	851,109.	413,924.	0.	80,894.	518,079.
TO FM 990, PART I, LN 8	851,109.	413,924.	0.	80,894.	518,079.

FORM 990 SPECIAL EVENTS AND ACTIVITIES STATEMENT 3

DESCRIPTION OF EVENT	GROSS RECEIPTS	CONTRIBUT. INCLUDED	GROSS REVENUE	DIRECT EXPENSES	NET INCOME
LIFETIME LEGACY AWARD	30,376.	27,976.	2,400.	2,288.	112.
TO FM 990, PART I, LINE 9	30,376.	27,976.	2,400.	2,288.	112.

FORM 990 OTHER EXPENSES STATEMENT 4

DESCRIPTION	(A) TOTAL	(B) PROGRAM SERVICES	(C) MANAGEMENT AND GENERAL	(D) FUNDRAISING
CONSULTANTS	20,439.	6,612.	13,827.	
FELLOWS	50,500.	50,500.		
OTHER SPECIAL EVENT EXPENSES	3,440.			3,440.
DUES & SUBSCRIPTIONS	6,888.	5,784.		1,104.
FEEES	4,602.	400.	3,932.	270.
PROFESSIONAL FEES	1,370.		1,370.	
TECHNOLOGY	680.	680.		
BUILDING MAINTENANCE & SUPPLIES	8,530.		8,530.	
OTHER EXPENSES	5,193.		5,193.	
INSURANCE	4,141.		4,141.	
UTILITIES	7,049.		7,049.	
INCOME TAX EXPENSE	87.		87.	
OTHER PROGRAM EXPENSE	15,738.	15,738.		

PROFESSIONAL SERVICES AND FEES ALLOCATION	0.	16,107.	<18,371.>	2,264.
OFFICE EXPENSE ALLOCATION	0.	27,305.	<32,174.>	4,869.
TOTAL TO FM 990, LN 43	128,657.	123,126.	<6,416.>	11,947.



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FORM 990	OTHER PROGRAM SERVICES	STATEMENT	7
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DESCRIPTION	GRANTS AND ALLOCATIONS	EXPENSES
EVALUATION AND OTHER PROGRAMS		41,115.
COALITIONS		38,044.
JUVENILE JUSTICE		19,273.
CHILD MALTREATMENT AND NEGLECT		9,701.
EDUCATION		6,535.
LOBBYING		3,609.
GRASS ROOTS LOBBYING		1,676.
TOTAL TO FORM 990, PART III, LINE E		119,953.

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FORM 990	OTHER INVESTMENTS	STATEMENT	8
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DESCRIPTION	VALUATION METHOD	AMOUNT
CASH HELD FOR RESTRICTED PURPOSES	COST	203,903.
TOTAL TO FORM 990, PART IV, LINE 56, COLUMN B		203,903.

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FORM 990	OTHER EXPENSES NOT INCLUDED ON FORM 990	STATEMENT	9
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DESCRIPTION	AMOUNT
FUNDRAISING EVENT	2,288.
TOTAL TO FORM 990, PART IV-B	2,288.

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FORM 990	OTHER REVENUE INCLUDED ON FORM 990	STATEMENT	10
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DESCRIPTION	AMOUNT
INVESTMENT RETURN IN EXCESS OF AMOUNTS DESIGNATED FOR CURRENT OPERATIONS	299.
TOTAL TO FORM 990, PART IV-A	299.

SCHEDULE A

EXPLANATION OF TRANSACTIONS  
PART III, LINE 2D

STATEMENT 11

THE ORGANIZATION'S REIMBURSEMENT ACCOUNT PRIMARILY REPRESENTS MILEAGE REIMBURSEMENT AT THE FEDERAL STANDARD MILEAGE RATE.

SCHEDULE A

OTHER INCOME

STATEMENT 12

DESCRIPTION	2004 AMOUNT	2003 AMOUNT	2002 AMOUNT	2001 AMOUNT
OTHER	21,315.	34,030.	28,452.	2,215.
TOTAL TO SCHEDULE A, LINE 22	21,315.	34,030.	28,452.	2,215.

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SCHEDULE A            INVOLVEMENT WITH NONCHARITABLE ORGANIZATIONS            STATEMENT 13  
PART VII, LINE 51, COLUMN (D)

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NAME OF NONCHARITABLE EXEMPT ORGANIZATION

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COVENANT WITH NORTH CAROLINA'S CHILDREN

DESCRIPTION OF TRANSFERS, TRANSACTIONS, AND SHARING ARRANGEMENTS

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THE COVENANT WITH NORTH CAROLINA'S CHILDREN IS A COALITION OF CHILD-RELATED ORGANIZATIONS ACROSS NORTH CAROLINA. NEITHER ACTION FOR CHILDREN NORTH CAROLINA NOR THE COVENANT HAS A CONTROLLING INTEREST IN THE OTHER ORGANIZATION. DURING THE FISCAL YEAR ENDED JUNE 30, 2006, ACTION FOR CHILDREN NORTH CAROLINA (FORMERLY NORTH CAROLINA CHILD ADVOCACY INSTITUTE) HAD A FOUNDATION GRANT WHICH COVERED A PORTION OF THE SALARY FOR THE NON-LOBBYING WORK OF THE COVENANT'S EXECUTIVE DIRECTOR. THE COVENANT BILLED AND ACTION FOR CHILDREN PAID \$15,738 FOR THESE NON-LOBBYING EXPENSES DURING THIS FISCAL YEAR. THE GRANT ENDED ON DECEMBER 31, 2005, AND THE TWO ORGANIZATIONS HAVE HAD NO FURTHER FINANCIAL TRANSACTIONS SINCE THAT TIME.

**BOARD OF DIRECTORS**  
**Action for Children North Carolina**  
**June 20, 2006**

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Asheville, North Carolina

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Raleigh, North Carolina

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**BARBARA BRADLEY**  
Raleigh, North Carolina

**DINA C. CASTRO, PH.D.**  
Chapel Hill, North Carolina

\*Member, Executive Committee

Statement 14

# Application for Extension of Time To File an Exempt Organization Return

▶ 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)

**Form 990-T corporations** requesting an automatic 6-month extension - check this box and complete Part I only

*All other corporations (including Form 990-C filers) must use Form 7004 to request an extension of time to file income tax returns. Partnerships, REMICs, and trusts must use Form 8736 to request an extension of time to file Form 1065, 1066, or 1041*

**Electronic Filing (e-file).** Form 8868 can be filed electronically if you want a 3-month automatic extension of time to file one of the returns noted below (6 months for corporate Form 990-T filers). However, you cannot file it electronically if you want the additional (not automatic) 3-month extension, instead you must submit the fully completed signed page 2 (Part II) of Form 8868. For more details on the electronic filing of this form, visit [www.irs.gov/efile](http://www.irs.gov/efile)

<b>Type or print</b>	Name of Exempt Organization <b>NC CHILD ADVOCACY INSTITUTE</b>	Employer identification number <b>58-1534066</b>
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 <b>311 EAST EDENTON STREET</b>	
	City, town or post office, state, and ZIP code. For a foreign address, see instructions <b>RALEIGH, NC 27601</b>	

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

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

• The books are in the care of ▶ **JENNIFER C. BARKSDALE**  
 Telephone No ▶ **919-834-6623** 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 **Form 990-T corporation**) extension of time until **FEBRUARY 15, 2007** to file the exempt organization return for the organization named above. The extension is for the organization's return for  
 ▶  calendar year \_\_\_\_\_ or  
 ▶  tax year beginning **JUL 1, 2005**, and ending **JUN 30, 2006**

**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 \$ \_\_\_\_\_

**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 \$ \_\_\_\_\_

**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 \$ **N/A**

**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