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 , 2006, and ending

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: HOPE COTTAGE, INC.

Number and street (or P O box if mail is not delivered to street address): 4209 MCKINNEY AVE

Room/suite:

City or town, state or country, and ZIP + 4: DALLAS, TX 75205

D Employer identification number: 75-0800652

E Telephone number: (214) 526-8721

F Accounting method: ☐ Cash ☒ Accrual ☐ Other (specify) ▶

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

G Website: ▶ WWW.HOPECOTTAGE.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 ▶ 2,057,095.

H and I are not applicable to section 527 organizations

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

H(b) If "Yes," enter number of affiliates ▶

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 ▶

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	803,822.	
	c	Indirect public support (not included on line 1a)	1c	304,178.	
	d	Government contributions (grants) (not included on line 1a)	1d		
	e	Total (add lines 1a through 1d) (cash $ 889,943. noncash $ 218,057.)			1e 1,108,000.
	2	Program service revenue including government fees and contracts (from Part VII, line 93)			2 626,182.
	3	Membership dues and assessments			3
	4	Interest on savings and temporary cash investments			4
	5	Dividends and interest from securities			5 12,630.
	6 a	Gross rents	6a	73,807.	
	b	Less rental expenses	6b	98,774.	
	c	Net rental income or (loss) Subtract line 6b from line 6a			6c -24,967.
	7	Other investment income (describe ▶ STMT 4)			7 110,324.
	8 a	Gross amount from sales of assets other than inventory (A) Securities / (B) Other	8a		
	b	Less cost or other basis and sales expenses	8b		
	c	Gain or (loss) (attach schedule)	8c		
	d	Net gain or (loss) Combine line 8c, columns (A) and (B)			8d
	9	Special events and activities (attach schedule) If any amount is from gaming, check here ▶ ☐			
	a	Gross revenue (not including $ _____ of contributions reported on line 1b) STMT 5.	9a	61,108.	
	b	Less direct expenses other than fundraising expenses	9b	26,145.	
	c	Net income or (loss) from special events Subtract line 9b from line 9a			9c 34,963.
	10 a	Gross sales of inventory, less returns and allowances STMT 6.	10a	65,044.	
	b	Less cost of goods sold STMT 7.	10b	134,483.	
	c	Gross profit or (loss) from sales of inventory (attach schedule) Subtract line 10b from line 10a			10c -69,439.
	11	Other revenue (from Part VII, line 103)			11
	12	**Total revenue.** Add lines 1e, 2, 3, 4, 5, 6c, 7, 8d, 9c, 10c, and 11			12 1,797,693.
Expenses	13	Program services (from line 44, column (B))			13 1,635,645.
	14	Management and general (from line 44, column (C))			14 118,937.
	15	Fundraising (from line 44, column (D))			15 142,151.
	16	Payments to affiliates (attach schedule)			16
	17	**Total expenses** Add lines 16 and 44, column (A)			17 1,896,733.
Net Assets	18	Excess or (deficit) for the year Subtract line 17 from line 12			18 -99,040.
	19	Net assets or fund balances at beginning of year (from line 73, column (A))			19 3,711,795.
	20	Other changes in net assets or fund balances (attach explanation) STMT 8. STMT 9.			20 36,798.
	21	Net assets or fund balances at end of year Combine lines 18, 19, and 20			21 3,649,553.

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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 $ _____ noncash $ _____) If this amount includes foreign grants, check here ▶ ☐	22a				
22b Other grants and allocations (attach schedule) (cash $ _____ noncash $ _____) If this amount includes foreign grants, check here ▶ ☐	22b				
23 Specific assistance to individuals (attach schedule)	23	196,358.	196,358.	STMT 10	
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)	25a	136,432.	89,920.	46,512.	
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	922,609.	840,822.		81,787.
27 Pension plan contributions not included on lines 25a, b, and c	27	18,475.	16,236.	812.	1,427.
28 Employee benefits not included on lines 25a - 27	28	113,706.	99,927.	4,995.	8,784.
29 Payroll taxes	29	81,570.	71,637.	3,601.	6,332.
30 Professional fundraising fees	30				
31 Accounting fees	31	11,625.	1,300.	10,325.	
32 Legal fees	32				
33 Supplies	33				
34 Telephone	34	12,199.	6,256.	3,788.	2,155.
35 Postage and shipping	35	13,416.	6,992.	738.	5,686.
36 Occupancy	36	37,203.	31,876.	3,216.	2,111.
37 Equipment rental and maintenance	37				
38 Printing and publications	38	30,100.	18,522.	78.	11,500.
39 Travel	39	17,803.	16,866.	260.	677.
40 Conferences, conventions, and meetings	40	59,147.	59,147.		
41 Interest	41	35,383.	30,102.	3,169.	2,112.
42 Depreciation, depletion, etc (attach schedule)	42	86,318.	64,738.	17,037.	4,543.
43 Other expenses not covered above (itemize) a STMT 11	43a	124,389.	84,946.	24,406.	15,037.
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	1,896,733.	1,635,645.	118,937.	142,151.

Joint Costs. Check ▶ ☐ if you 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? ▶SEE STATEMENT 12

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	INTERNATIONAL ADOPTION: (Grants and allocations $) If this amount includes foreign grants, check here ▶ ☐	473,047.
b	SEE STATEMENT 13 (Grants and allocations $) If this amount includes foreign grants, check here ▶ ☐	356,376.
c	SEE STATEMENT 13 (Grants and allocations $) If this amount includes foreign grants, check here ▶ ☐	339,169.
d	SEE STATEMENT 13 (Grants and allocations $) If this amount includes foreign grants, check here ▶ ☐	228,252.
e	Other program services (attach schedule) SEE STATEMENT 14 (Grants and allocations $) If this amount includes foreign grants, check here ▶ ☐	238,801.
f	**Total of Program Service Expenses** (should equal line 44, column (B), Program services) ▶	1,635,645.

Form **990** (2006)

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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
Assets	45	Cash - non-interest-bearing	21,509.	45	104,939.
	46	Savings and temporary cash investments		46	
	47a	Accounts receivable 47a 180,798.			
	b	Less allowance for doubtful accounts 47b	180,541.	47c	180,798.
	48a	Pledges receivable 48a 107,022.			
	b	Less allowance for doubtful accounts 48b	133,297.	48c	107,022.
	49	Grants receivable	45,257.	49	7,584.
	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) (attach schedule)		50b	
	51a	Other notes and loans receivable (attach schedule) 51a			
	b	Less: allowance for doubtful accounts 51b		51c	
	52	Inventories for sale or use	14,537.	52	18,916.
	53	Prepaid expenses and deferred charges STMT 15	17,547.	53	22,474.
	54a	Investments - publicly-traded securities STMT 16 ▶ ☐ Cost ☒ FMV	1,056,840.	54a	1,140,631.
	b	Investments - other securities (attach schedule) ▶ ☐ Cost ☐ FMV		54b	
	55a	Investments - land, buildings, and equipment basis 55a			
	b	Less accumulated depreciation (attach schedule) 55b		55c	
	56	Investments - other (attach schedule) STMT 17	516,001.	56	441,296.
	57a	Land, buildings, and equipment basis 57a 3,542,735.			
	b	Less accumulated depreciation (attach schedule) 57b 916,059.	2,731,692.	57c	2,626,676.
	58	Other assets, including program-related investments (describe ▶ STMT 18)	3,230.	58	169,828.
	59	**Total assets** (must equal line 74) Add lines 45 through 58	4,720,451.	59	4,820,164.
Liabilities	60	Accounts payable and accrued expenses	38,448.	60	190,353.
	61	Grants payable		61	
	62	Deferred revenue	149,607.	62	145,638.
	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) STMT 19	710,854.	64b	810,505.
	65	Other liabilities (describe ▶ STMT 20)	109,747.	65	24,115.
	66	**Total liabilities.** Add lines 60 through 65	1,008,656.	66	1,170,611.
Net Assets or Fund Balances		**Organizations that follow SFAS 117, check here** ▶ ☒ and complete lines 67 through 69 and lines 73 and 74.			
	67	Unrestricted	2,581,946.	67	2,432,780.
	68	Temporarily restricted	1,129,849.	68	1,216,773.
	69	Permanently restricted	NONE	69	
		Organizations that do not follow SFAS 117, check here ▶ ☐ 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)	3,711,795.	73	3,649,553.
	74	**Total liabilities and net assets/fund balances.** Add lines 66 and 73	4,720,451.	74	4,820,164.

Part IV-A Reconciliation of Revenue per Audited Financial Statements With Revenue per Return *(See the instructions.)*

a	Total revenue, gains, and other support per audited financial statements			a	2,067,748.
b	Amounts included on line a but not on Part I, line 12				
1	Net unrealized gains on investments	b1			
2	Donated services and use of facilities	b2			
3	Recoveries of prior year grants	b3			
4	Other (specify) SEE STATEMENT 21	b4	270,055.		
	Add lines b1 through b4			b	270,055.
c	Subtract line b from line a			c	1,797,693.
d	Amounts included on Part I, line 12, but not on line a:				
1	Investment expenses not included on Part I, line 6b	d1			
2	Other (specify)	d2			
	Add lines d1 and d2			d	
e	**Total revenue** (Part I, line 12). Add lines c and d ▶			e	1,797,693.

Part IV-B Reconciliation of Expenses per Audited Financial Statements With Expenses per Return

a	Total expenses and losses per audited financial statements			a	2,129,990.
b	Amounts included on line a but not on Part I, line 17				
1	Donated services and use of facilities	b1			
2	Prior year adjustments reported on Part I, line 20	b2			
3	Losses reported on Part I, line 20	b3			
4	Other (specify): SEE STATEMENT 22	b4	233,257.		
	Add lines b1 through b4			b	233,257.
c	Subtract line b from line a			c	1,896,733.
d	Amounts included on Part I, line 17, but not on line a:				
1	Investment expenses not included on Part I, line 6b	d1			
2	Other (specify)	d2			
	Add lines d1 and d2			d	
e	**Total expenses** (Part I, line 17) Add lines c and d ▶			e	1,896,733.

Part V-A Current Officers, Directors, Trustees, and Key Employees (List each person who was an officer, director, trustee, or key employee at any time during the year even if they were not compensated.) *(See the instructions.)*

(A) Name and address	(B) Title and average hours per week devoted to position	(C) Compensation (If not paid, enter -0-)	(D) Contributions to employee benefit plans & deferred compensation plans	(E) Expense account and other allowances
SEE STATEMENT 23		136,432.	575.	-0-

Part V-A Current Officers, Directors, Trustees, and Key Employees *(continued)*

			Yes	No
75a	Enter the total number of officers, directors, and trustees permitted to vote on organization business at board meetings ▶ 15			
b	Are any officers, directors, trustees, or key employees listed in Form 990, Part V-A, or highest compensated employees listed in Schedule A, Part I, or highest compensated professional and other independent contractors listed in Schedule A, Part II-A or II-B, related to each other through family or business relationships? If "Yes," attach a statement that identifies the individuals and explains the relationship(s)	75b		X
c	Do any officers, directors, trustees, or key employees listed in Form 990, Part V-A, or highest compensated employees listed in Schedule A, Part I, or highest compensated professional and other independent contractors listed in Schedule A, Part II-A or II-B, receive compensation from any other organizations, whether tax exempt or taxable, that are related to the organization? See the instructions for the definition of "related organization." ▶	75c		X
	If "Yes," attach a statement that includes the information described in the instructions			
d	Does the organization have a written conflict of interest policy?	75d	X	

Part V-B Former Officers, Directors, Trustees, and Key Employees That Received Compensation or Other Benefits

(If any former officer, director, trustee, or key employee received compensation or other benefits (described below) during the year, list that person below and enter the amount of compensation or other benefits in the appropriate column. See the instructions)

(A) Name and address	(B) Loans and Advances	(C) Compensation (if not paid, enter -0-)	(D) Contributions to employee benefit plans & deferred compensation plans	(E) Expense account and other allowances
	-0-	-0-	-0-	-0-

Part VI Other Information *(See the instructions.)*

			Yes	No
76	Did the organization make a change in its activities or methods of conducting activities? If "Yes," attach a detailed statement of each change	76		X
77	Were any changes made in the organizing or governing documents but not reported to the IRS?	77		X
	If "Yes," attach a conformed copy of the changes			
78a	Did the organization have unrelated business gross income of $1,000 or more during the year covered by this return?	78a	X	
b	If "Yes," has it filed a tax return on **Form 990-T** for this year?	78b	X	
79	Was there a liquidation, dissolution, termination, or substantial contraction during the year? If "Yes," attach a statement	79		X
80a	Is the organization related (other than by association with a statewide or nationwide organization) through common membership, governing bodies, trustees, officers, etc , to any other exempt or nonexempt organization?	80a		X
b	If "Yes," enter the name of the organization ▶ _____ and check whether it is ☐ exempt or ☐ nonexempt			
81a	Enter direct and indirect political expenditures (See line 81 instructions) 81a			
b	Did the organization file **Form 1120-POL** for this year?	81b		X

Part VI Other Information *(continued)*

			Yes	No
82 a	Did the organization receive donated services or the use of materials, equipment, or facilities at no charge or at substantially less than fair rental value?	82a	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			
83 a	Did the organization comply with the public inspection requirements for returns and exemption applications?	83a	X	
b	Did the organization comply with the disclosure requirements relating to *quid pro quo* contributions?	83b	X	
84 a	Did the organization solicit any contributions or gifts that were not tax deductible?	84a		X
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	
85	*501(c)(4), (5), or (6) organizations* a Were substantially all dues nondeductible by members?	85a	N/A	
b	Did the organization make only in-house lobbying expenditures of $2,000 or less?	85b	N/A	
	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			
c	Dues, assessments, and similar amounts from members — 85c N/A			
d	Section 162(e) lobbying and political expenditures — 85d N/A			
e	Aggregate nondeductible amount of section 6033(e)(1)(A) dues notices — 85e N/A			
f	Taxable amount of lobbying and political expenditures (line 85d less 85e) — 85f N/A			
g	Does the organization elect to pay the section 6033(e) tax on the amount on line 85f?	85g	N/A	
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?	85h	N/A	
86	*501(c)(7) orgs* Enter a Initiation fees and capital contributions included on line 12 — 86a N/A			
b	Gross receipts, included on line 12, for public use of club facilities — 86b N/A			
87	*501(c)(12) orgs* Enter a Gross income from members or shareholders — 87a N/A			
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			
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	88a		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 ▶	88b		X
89 a	*501(c)(3) organizations* Enter Amount of tax imposed on the organization during the year under section 4911 ▶ NONE, section 4912 ▶ NONE, section 4955 ▶ NONE			
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 ▶ NONE			
d	Enter Amount of tax on line 89c, above, reimbursed by the organization ▶ NONE			
e	*All organizations* At any time during the tax year, was the organization a party to a prohibited tax shelter transaction?	89e		X
f	*All organizations* Did the organization acquire a direct or indirect interest in any applicable insurance contract?	89f		X
g	*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?	89g		X
90 a	List the states with which a copy of this return is filed ▶			
b	Number of employees employed in the pay period that includes March 12, 2006 (See instructions)	90b	29	
91 a	The books are in care of ▶ OWEN WINDHAM Telephone no ▶ 214-526-8721			
	Located at ▶ 4209 MCKINNEY AVE DALLAS, TX ZIP + 4 ▶ 75205			
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)?	91b		X
	If "Yes," enter the name of the foreign country ▶			
	See the instructions for exceptions and filing requirements for **Form TD F 90-22.1,** Report of Foreign Bank and Financial Accounts			

Part VI Other Information *(continued)*

		Yes	No
c	At any time during the calendar year, did the organization maintain an office outside of the United States? 91c		X
	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	NONE	

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)
	(A) Business code	(B) Amount	(C) Exclusion code	(D) Amount	Related or exempt function income
93 Program service revenue					
a					626,182.
b					
c					
d					
e					
f Medicare/Medicaid payments					
g Fees and contracts from government agencies					
94 Membership dues and assessments					
95 Interest on savings and temporary cash investments					
96 Dividends and interest from securities			14	12,630.	
97 Net rental income or (loss) from real estate					
a debt-financed property	531120	-24,967.			
b not debt-financed property					
98 Net rental income or (loss) from personal property					
99 Other investment income			15	110,324.	
100 Gain or (loss) from sales of assets other than inventory					
101 Net income or (loss) from special events			01	34,963.	
102 Gross profit or (loss) from sales of inventory			05	-69,439.	
103 Other revenue a					
b					
c					
d					
e					
104 Subtotal (add columns (B), (D), and (E))		-24,967.		88,478.	626,182.
105 **Total** (add line 104, columns (B), (D), and (E)) . . . . . ▶					689,693.

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)
	STMT 28

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
	%			
	%			
	%			
	%			

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).*

		Yes	No
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.		X

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

		Yes	No
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.		X

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

		Yes	No
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?		N/A

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 Rebecca Utley Date 08-27-07

Type or print name and title CEO Rebecca Utley

Paid Preparer's Use Only

Preparer's signature Bruce E Bernstien Date 8/13/07 Check if self-employed ☐ Preparer's SSN or PTIN (See Gen Inst. X) P00146008

Firm's name (or yours if self-employed), address, and ZIP + 4 BRUCE E BERNSTIEN & ASSOC, PC
10440 N CENTRAL EXPRESSWAY STE 1040
DALLAS, TX 75231

EIN ▶

Phone no ▶ 214-706-0840

Form **990** (2006)

JSA
6E1051 1 000

SCHEDULE A
(Form 990 or 990-EZ)
Department of the Treasury
Internal Revenue Service

Organization Exempt Under Section 501(c)(3)

(Except Private Foundation) and Section 501(e), 501(f), 501(k), 501(n), or 4947(a)(1) Nonexempt Charitable Trust

Supplementary Information - (See separate instructions.)

▶ MUST be completed by the above organizations and attached to their Form 990 or 990-EZ

OMB No 1545-0047

2006

Name of the organization

HOPE COTTAGE, INC.

Employer identification number

75-0800652

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

(a) Name and address of each employee paid more than $50,000	(b) Title and average hours per week devoted to position	(c) Compensation	(d) Contributions to employee benefit plans & deferred compensation	(e) Expense account and other allowances
SEE STATEMENT 29				
Total number of other employees paid over $50,000 . . ▶	NONE			

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 . . . . . ▶ NONE		

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 . . . . . ▶ NONE		

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)	1		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?	2a		X
b	Lending of money or other extension of credit?	2b		X
c	Furnishing of goods, services, or facilities?	2c		X
d	Payment of compensation (or payment or reimbursement of expenses if more than $1,000)? .STMT.30	2d	X	
e	Transfer of any part of its income or assets?	2e		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)	3a		X
b	Did the organization have a section 403(b) annuity plan for its employees?	3b	X	
c	Did the organization receive or hold an easement for conservation purposes, including easements to preserve open space, the environment, historic land areas or historic structures? If "Yes," attach a detailed statement	3c		X
d	Did the organization provide credit counseling, debt management, credit repair, or debt negotiation services?	3d		X
4a	Did the organization maintain any donor advised funds? If "Yes," complete lines 4b through 4g If "No," complete lines 4f and 4g	4a		X
b	Did the organization make any taxable distributions under section 4966?	4b	N/A	
c	Did the organization make a distribution to a donor, donor advisor, or related person?	4c	N/A	
d	Enter the total number or 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 rights to provide advice on the distribution or investment of amounts in such funds or accounts ▶ NONE			
g	Enter the aggregate value of assets held in all funds or accounts included on line 4f at the end of the tax year ▶ NONE			

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)

11 a ☒ 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)

11 b ☐ 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 by the organization after June 30, 1975 See section 509(a)(2) (Also complete the **Support Schedule** in Part IV-A)

13 ☐ An organization that is not controlled by any disqualified persons (other than foundation managers) and otherwise meets the requirements of section 509(a)(3) Check the box that describes the type of supporting organization

☐ Type I ☐ Type II ☐ Type III - Functionally Integrated ☐ Type III - Other

Provide the following information about the supported organizations. (See page 7 of the instructions)

(a) Name(s) of supported organization(s)	(b) Employer identification number (EIN)	(c) Type of organization (described in lines 5 through 12 above or IRC section)	(d) Is the supported organization listed in the supporting organization's governing documents? Yes	(d) No	(e) Amount of support
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)	819,096.	638,728.	704,399.	805,099.	2,967,322.
16 Membership fees received					
17 Gross receipts from admissions, merchandise sold or services performed, or furnishing of facilities in any activity that is related to the organization's charitable, etc, purpose	857,263.	555,350.	527,668.	461,181.	2,401,462.
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	202,822.	848.	2,795.	1,463.	207,928.
19 Net income from unrelated business activities not included in line 18					
20 Tax revenues levied for the organization's benefit and either paid to it or expended on its behalf					
21 The value of services or facilities furnished to the organization by a governmental unit without charge Do not include the value of services or facilities generally furnished to the public without charge					
22 Other income Attach a schedule Do not include gain or (loss) from sale of capital assets	STMT 31 71,159.	67,330.	68,783.	74,767.	282,039.
23 Total of lines 15 through 22	1,950,340.	1,262,256.	1,303,645.	1,342,510.	5,858,751.
24 Line 23 minus line 17	1,093,077.	706,906.	775,977.	881,329.	3,457,289.
25 Enter 1% of line 23	19,503.	12,623.	13,036.	13,425.	

26 Organizations described on lines 10 or 11:

a Enter 2% of amount in column (e), line 24 ▶ **26a** 69,146.

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** 17,285.

c Total support for section 509(a)(1) test Enter line 24, column (e) ▶ **26c** 3,457,289.

d Add Amounts from column (e) for lines 18 207,928. 19 _____ 22 282,039. 26b 17,285. ▶ **26d** 507,252.

e Public support (line 26c minus line 26d total) ▶ **26e** 2,950,037.

f **Public support percentage (line 26e (numerator) divided by line 26c (denominator))** ▶ **26f** 85.3280 %

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

NOT APPLICABLE

(2005) _____ (2004) _____ (2003) _____ (2002) _____

b For any amount included in line 17 that was received from each person (other than "disqualified persons"), prepare a list for your records to show the name of, and amount received for each year, that was more than the **larger** of **(1)** the amount on line 25 for the year or **(2)** $5,000 (Include in the list organizations described in lines 5 through 11b, as well as individuals) **Do not file this list with your return.** After computing the difference between the amount received and the larger amount described in **(1)** or **(2)**, enter the sum of these differences (the excess amounts) for each year

(2005) _____ (2004) _____ (2003) _____ (2002) _____

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.) NOT APPLICABLE
(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?	29		
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?	30		
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?	31		
	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.)			
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		

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) NOT APPLICABLE

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 -			
If the amount on line 40 is - **The lobbying nontaxable amount is -**			
Not over $500,000 — 20% of the amount on line 40	41		
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)

	Lobbying Expenditures During 4-Year Averaging Period				
Calendar year (or fiscal year beginning in) ▶	(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** NOT APPLICABLE
(For reporting only by organizations that did not complete Part VI-A) (See page 13 of the instructions.)

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.)			

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

Part VII **Information Regarding Transfers To and Transactions and Relationships With Noncharitable Exempt Organizations** (See page 13 of the instructions.)

51 Did the reporting organization directly or indirectly engage in any of the following with any other organization described in section 501(c) of the Code (other than section 501(c)(3) organizations) or in section 527, relating to political organizations?

		Yes	No
a Transfers from the reporting organization to a noncharitable exempt organization of			
(i) Cash	51a(i)		X
(ii) Other assets	a(ii)		X
b Other transactions			
(i) Sales or exchanges of assets with a noncharitable exempt organization	b(i)		X
(ii) Purchases of assets from a noncharitable exempt organization	b(ii)		X
(iii) Rental of facilities, equipment, or other assets	b(iii)		X
(iv) Reimbursement arrangements	b(iv)		X
(v) Loans or loan guarantees	b(v)		X
(vi) Performance of services or membership or fundraising solicitations	b(vi)		X
c Sharing of facilities, equipment, mailing lists, other assets, or paid employees	c		X

d If the answer to any of the above is "Yes," complete the following schedule Column (b) should always show the fair market value of the goods, other assets, or services given by the reporting organization If the organization received less than fair market value in any transaction or sharing arrangement, show in column (d) the value of the goods, other assets, or services received

(a) Line no	(b) Amount involved	(c) Name of noncharitable exempt organization	(d) Description of transfers, transactions, and sharing arrangements
N/A			

52a Is the organization directly or indirectly affiliated with, or related to, one or more tax-exempt organizations described in section 501(c) of the Code (other than section 501(c)(3)) or in section 527? ▶ ☐ Yes ☒ No

b If "Yes," complete the following schedule

(a) Name of organization	(b) Type of organization	(c) Description of relationship
N/A		

SUPPLEMENT TO RENT AND ROYALTY SCHEDULE

OTHER DEDUCTIONS

EMPLOYEE BENEFITS	1,016.
MISCELLANEOUS EXPENSE	25.
OFFICE EXPENSE	25.
PRINTING	72.
RETIREMENT CONTRIBUTIONS	166.
SALARIES	9,481.
	10,785.

RENT AND ROYALTY SUMMARY

PROPERTY	TOTAL INCOME	DEPLETION/ DEPRECIATION	OTHER EXPENSES	ALLOWABLE NET INCOME
OFFICE SPACE	73,807.	27,257.	71,517.	-24,967.
TOTALS	73,807.	27,257.	71,517.	-24,967.

FORM 990, PART I - OTHER INVESTMENT INCOME

DESCRIPTION	AMOUNT
ROYALTY INCOME FROM MINERAL INTERESTS	110,324.
TOTAL	110,324.

FORM 990, PART I - SPECIAL FUNDRAISING EVENTS AND ACTIVITIES

DESCRIPTION	GROSS REVENUE	DIRECT EXPENSES	NET INCOME
ANNUAL GOLF TOURNAMENT	49,297.	17,067.	32,230.
VIVA LA WOMEN	9,708.	928.	8,780.
COOKBOOK	2,103.	7,950.	-5,847.
OTHER EVENTS		200.	-200.
TOTALS	61,108.	26,145.	34,963.

FORM 990, PART I - GROSS SALES LESS RETURNS AND ALLOWANCES

DESCRIPTION	AMOUNT
RESALE STORE	65,044.
TOTAL	65,044.

. OF GOODS SOLD

N	BEGINNING INVENTORY	PURCHASES	SALARIES AND WAGES	OTHER COSTS	MINUS: ENDING INVENTORY	COST OF GOODS SOLD
E STORE	14,537.	52,134.	62,595.	24,133.	18,916.	134,483.
TOTALS	14,537.	52,134.	62,595.	24,133.	18,916.	134,483.

FORM 990, PART I - OTHER INCREASES IN FUND BALANCES

DESCRIPTION	AMOUNT
INVESTMENT IN CHARITABLE TRUST	111,503.
TOTAL	111,503.

FORM 990, PART I - OTHER DECREASES IN FUND BALANCES

DESCRIPTION	AMOUNT
UNREALIZED CHANGE IN MINERAL INTEREST	74,705.
TOTAL	74,705.

FORM 990, PART II - SPECIFIC ASSISTANCE TO INDIVIDUALS

DESCRIPTION	PROGRAM SERVICES
ADOPTION FEES	54,284.
FOOD AND CLOTHING FOR INDIGENTS	47,605.
PROFESSIONAL SERVICES FOR INDIVIDUALS	59,486.
TRAVEL AND LODGING FOR INDIVIDUALS	34,983.
TOTALS	196,358.

PART II - OTHER EXPENSES

DESCRIPTION	TOTAL	PROGRAM SERVICES	MANAGEMENT AND GENERAL	FUNDRAISING
ADVERTISING	26,475.	17,825.	2,850.	5,800.
BANK FEES	2,310.	820.	1,440.	50.
CLIENT SVCS: PROFESSIONAL SVCS	2,775.		1,225.	1,550.
CLIENT SVCS: TRAVEL/LODGING	325.		325.	
DUES & SUBSCRIPTIONS	1,804.	1,600.	204.	
INSURANCE EXPENSE	33,031.	29,880.	1,037.	2,114.
MISCELLANEOUS EXPS	12,578.	12,471.	55.	52.
OFFICE EXPENSE	13,807.	10,604.	2,233.	970.
PROPERTY TAXES	863.	863.		
REPAIRS & MAINTENANCE	22,628.	8,349.	9,887.	4,392.
SECURITY	1,159.	925.	125.	109.
TRUSTEE FEES	6,634.	1,609.	5,025.	
TOTALS	124,389.	84,946.	24,406.	15,037.

FORM 990, PART III - ORGANIZATION'S PRIMARY EXEMPT PURPOSE

THE AGENCY IS DALLAS' OLDEST ADOPTION CENTER. IT IS A NON-SECTARIAN, NON-PROFIT, UNITED WAY AFFILIATED ORGANIZATION WHOSE MISSION IS TO FACILITATE ADOPTIONS & PROVIDE EDUCATION AND SUPPORT TO ALL MEMBERS OF THE ADOPTION TRIAD (BIRTH FAMILY, ADOPTION FAMILY & ADOPTED INDIVIDUALS). THE AGENCY ALSO PROVIDES COUNSELING & FINANCIAL ASSISTANCE FOR WOMEN IN CRISIS PREGNANCIES.

FORM 990, PART III - PROGRAM SERVICE ACCOMPLISHMENTS

PROGRAM SERVICE ACCOMPLISHMENT B

PREGNANCY & FOSTER CARE: PROVIDE SERVICES TO ANY WOMAN EXPERIENCING AN UNPLANNED PREGNANCY. LICENSED SOCIAL WORKERS COUNSEL, EDUCATE, AND ASSIST IN HELPING THE MOTHER PLAN FOR HER AND HER CHILD'S FUTURE. CRISIS INTERVENTION AND EMERGENCY ASSISTANCE IS PROVIDED FOR BASIC NEEDS SUCH AS FOOD, HOUSING, CLOTHING, MEDICAL CARE, AND TRANSPORTATION FOR PREGNANCY CLIENTS. FOSTER CARE IS PROVIDED FOR SOME INFANTS WHILE THEIR MOTHERS FINALIZE THEIR PLANS. THE EXTENDED BIRTH FAMILY IS ALSO SERVED THROUGHOUT COUNSELING. IN 2006 SERVED 352 CLIENTS THROUGH 1,419 SERVICE HOURS.

PROGRAM SERVICE ACCOMPLISHMENT C

DOMESTIC ADOPTION: AS A LICENSED CHILD PLACEMENT AGENCY OF THE STATE OF TEXAS, HOPE COTTAGE PROVIDES SERVICES TO FAMILIES WHO ARE WANTING TO BUILD A FAMILY THROUGH ADOPTION. SERVICES INCLUDE FREE ORIENTATIONS, EDUCATIONAL SEMINARS, MONTHLY EDUCATIONAL AND SUPPORT GROUPS, HOME STUDIES, AND POST-PLACEMENT SUPERVISION. INTENSIVE COUNSELING IS PROVIDED TO ADOPTIVE COUPLES, BIRTH PARENTS, AND EXTENED FAMILY. IN 2006, HOPE COTTAGE WORKED WITH 220 DOMESTIC ADOPTION CLIENTS, USING 979 SERVICE HOURS. THIS WORK CULMINATED IN THE PLACEMENT OF 5 CHILDREN.

PROGRAM SERVICE ACCOMPLISHMENT D

FAMILIES NOW ADOPTION: THIS PROGRAM IS AIMED AT PROVIDING LOVING, STABLE FAMILES FOR MINORITY CHILDREN WHO MIGHT OTHERWISE WAIT IN FOSTER CARE. SERVICES NOT ONLY INCLUDE THE TRADITIONAL ADOPTION SERVICES PROVIDED IN THE REGULAR DOMESTIC ADOPTION PROGRAM, BUT ALSO INCLUDES EXTENSIVE RECRUITMENT IN THE COMMUNITY FOR AFRICAN-AMERICAN ADOPTIVE FAMILIES, TRANS-RACIAL TRAINING AND ON-GOING EDUCATION IN CULTURAL DIVERSITY AND IDENTITY ISSUES. IN 2006, HOPE COTTAGE WORKED WITH 233 CLIENTS PROVIDING 1,306 SERVICE HOURS, WHILE PLACING 15 CHILDREN.

FORM 990, PART III - OTHER PROGRAM SERVICES (LINE E)

DESCRIPTION	GRANTS AND ALLOCATIONS	EXPENSES
POST ADOPTION SUPPORT SERVICES		89,238.
GIVNG LIFE A SECOND CHANCE PROGRAM		47,285.
PARTNERS IN HOPE		102,278.
TOTALS		238,801.

HOPE COTTAGE, INC. 75-0800652

FORM 990, PART IV - PREPAID EXPENSES AND DEFERRED CHARGES

DESCRIPTION	ENDING BOOK VALUE
PREPAID INSURANCE	22,382.
PREPAID OTHER	92.
TOTALS	22,474.

HOPE COTTAGE, INC. 75-0800652

FORM 990, PART IV - INVESTMENTS - PUBLICLY TRADED SECURITIES

DESCRIPTION	ENDING BOOK VALUE
MONEY MARKET FUNDS	30,880.
INVESTMENT IN CHARITABLE TRUST	1,109,751.
UBS FINANCIAL STOCK FUND	NONE
TOTALS	1,140,631.

HOPE COTTAGE, INC. 75-0800652

FORM 990, PART IV - INVESTMENTS - OTHER

DESCRIPTION	ENDING BOOK VALUE
MINERAL INTERESTS	441,296.
TOTALS	441,296.

HOPE COTTAGE, INC. 75-0800652

FORM 990, PART IV - OTHER ASSETS

DESCRIPTION	ENDING BOOK VALUE
INTANGIBLES	3,230.
WEBSITE	165,923.
DUE FROM AFFILIATE	675.
TOTALS	169,828.

FORM 990, PART IV - MORTGAGES AND OTHER NOTES PAYABLE

LENDER: COMERICA BANK
INTEREST RATE: 8.000000
MATURITY DATE: 06/30/2029
REPAYMENT TERMS: $2,759 MTHLY PAYMENTS, INCLUDING INTEREST & PRINC
SECURITY PROVIDED: REAL ESTATE
PURPOSE OF LOAN: OPERATING CAPITAL
DESCRIPTION AND FMV OF CONSIDERATION: CASH

BEGINNING BALANCE DUE	539,854.
ENDING BALANCE DUE	529,707.

LENDER: J P MORGAN LOC
DATE OF NOTE: 01/31/2005
MATURITY DATE: 01/31/2006
REPAYMENT TERMS: PAYMENTS OF INTEREST DUE QTRLY BEG 4/30/2005
SECURITY PROVIDED: SIGNATURE
PURPOSE OF LOAN: OPERATING CAPITAL
DESCRIPTION AND FMV OF CONSIDERATION: CASH

BEGINNING BALANCE DUE	171,000.

LENDER: JP MORGAN
INTEREST RATE: 7.500000
DATE OF NOTE: 04/30/2006
MATURITY DATE: 01/31/2007
REPAYMENT TERMS: PMT OF INTEREST ONLY, DUE QTRLY; PRINCIPAL 1/31/07
SECURITY PROVIDED: GUARANTEED BY HOPE COTTAGE FOUNDATION
PURPOSE OF LOAN: OPERATIONS
DESCRIPTION AND FMV OF CONSIDERATION: CASH LINE OF CREDIT

ENDING BALANCE DUE	280,798.

TOTAL BEGINNING MORTGAGES AND OTHER NOTES PAYABLE	710,854.
TOTAL ENDING MORTGAGES AND OTHER NOTES PAYABLE	810,505.

HOPE COTTAGE, INC. 75-0800652

FORM 990, PART IV - OTHER LIABILITIES

DESCRIPTION	ENDING BOOK VALUE
LT DEBT - CURRENT PORTION	13,086.
TENANT SECURITY DEPOSITS	11,029.
TOTALS	24,115.

HOPE COTTAGE, INC. 75-0800652

FORM 990, PART IV-A - OTHER REVENUE ON BOOKS BUT NOT ON RETURN

DESCRIPTION	AMOUNT
CHANGE IN MINERAL INTEREST	-74,705.
NET CHANGE IN CHARITABLE TRUST	111,503.
COST OF MERCHANDISE SOLD	134,483.
RENTAL EXPENSES	98,774.
TOTAL	270,055.

HOPE COTTAGE, INC. 75-0800652

FORM 990, PART IV-B - OTHER EXPENSES ON BOOKS BUT NOT ON RETURN

DESCRIPTION	AMOUNT
RENTAL EXPENSES	98,774.
COST OF MERCHANDISE SOLD	134,483.
TOTAL	233,257.

FORM 990, PART V-A - CURRENT OFFICERS, DIRECTORS, AND TRUSTEES

NAME AND ADDRESS	TITLE AND TIME DEVOTED TO POSITION	COMPENSATION	CONTRIBUTIONS TO EMPLOYEE BENEFIT PLANS	EXPENSE ACCT AND OTHER ALLOWANCES
LINDA CASEY 4209 MCKINNEY AVE DALLAS, TX 75205	CHAIRPERSON 1.00			
CLIFTON GRIFFIN 4209 MCKINNEY AVE DALLAS, TX 75205	CHAIRMAN-ELECT 1.00			
WHITNEY MOORE 4209 MCKINNEY AVE DALLAS, TX 75205	VICE PRESIDENT 1.00			
KRISTI FRANCIS 4209 MCKINNEY AVE DALLAS, TX 75205	VICE PRESIDENT 1.00			
KATHI DEVLIN PAGE 4209 MCKINNEY AVE DALLAS, TX 75205	VICE PRESIDENT 1.00			
GRACE LEAL 4209 MCKINNEY AVE DALLAS, TX 75205	VICE PRESIDENT 1.00			
KATHY DICKEY	TREASURER 1.00			

FORM 990, PART V-A - CURRENT OFFICERS, DIRECTORS, AND TRUSTEES

NAME AND ADDRESS	TITLE AND TIME DEVOTED TO POSITION	COMPENSATION	CONTRIBUTIONS TO EMPLOYEE BENEFIT PLANS	EXPENSE ACCT AND OTHER ALLOWANCES
4209 MCKINNEY AVE DALLAS, TX 75205				
CHARLENE JONES 4209 MCKINNEY AVE DALLAS, TX 75205	ASSISTANT TREASURER 1.00			
LINDA POTTINGER, PH.D 4209 MCKINNEY AVE DALLAS, TX 75205	SECRETARY 1.00			
ELVA ARISTA, PHR 4209 MCKINNEY AVE DALLAS, TX 75205	DIRECTOR 1.00			
RITA LANGLEY DUNCAN 4209 MCKINNEY AVE DALLAS, TX 75205	DIRECTOR 1.00			
CATALINA ESPERANZA GARCIA, MD 4209 MCKINNEY AVE DALLAS, TX 75205	DIRECTOR 1.00			
CHARLENE JONES 4209 MCKINNEY AVE DALLAS, TX 75205	DIRECTOR 1.00			

FORM 990, PART V-A - CURRENT OFFICERS, DIRECTORS, AND TRUSTEES

NAME AND ADDRESS	TITLE AND TIME DEVOTED TO POSITION	COMPENSATION	CONTRIBUTIONS TO EMPLOYEE BENEFIT PLANS	EXPENSE ACCT AND OTHER ALLOWANCES
CINDY KANG 4209 MCKINNEY AVE DALLAS, TX 75205	DIRECTOR 1.00			
EMILY KERN 4209 MCKINNEY AVE DALLAS, TX 75205	DIRECTOR 1.00			
GRACE LEAL 4209 MCKINNEY AVE DALLAS, TX 75205	VP/DIRECTOR 1.00			
WHITNEY MOORE 4209 MCKINNEY AVE DALLAS, TX 75205	DIRECTOR 1.00			
MOLLY STEELE 4209 MCKINNEY AVE DALLAS, TX 75205	DIRECTOR 1.00			
REBECCA UTLEY 4209 MCKINNEY AVE DALLAS, TX 75205	CEO 40.00	83,042.	575.	

FORM 990, PART V-A - CURRENT OFFICERS, DIRECTORS, AND TRUSTEES

NAME AND ADDRESS	TITLE AND TIME DEVOTED TO POSITION	COMPENSATION	CONTRIBUTIONS TO EMPLOYEE BENEFIT PLANS	EXPENSE ACCT AND OTHER ALLOWANCES
OWEN WINDHAM 4209 MCKINNEY AVE DALLAS, TX 75205	DIRECTOR OF FINANCE 40.00	53,390.		
	GRAND TOTALS	136,432.	575.	

FORM 990, PART VII - PROGRAM SERVICE REVENUE

DESCRIPTION	BUSINESS CODE	AMOUNT	EXCLUSION CODE	AMOUNT	RELATED OR EXEMPT FUNCTION INCOME
ADOPTION & COUNSELING FEES					626,182.
TOTALS					626,182.

FORM 990, PART VIII - ACCOMPLISHMENT OF EXEMPT PURPOSES

LINE NO.	EXPLANATION OF HOW EACH ACTIVITY FOR WHICH INCOME IS REPORTED IN COLUMN (E) OF PART VII CONTRIBUTED IMPORTANTLY TO THE ACCOMPLISHMENT OF EXEMPT PURPOSES
93A	FEES ARE CHARGED TO STUDY PROSPECTIVE PARENTS AND COUNSEL THEM ABOUT THE RAMIFICATIONS OF ADOPTION AND TO ARRANGE MEETINGS WITH BIRTH PARENTS AND TO LEGALLY TRANSFER PARENTAL RIGHTS. EDUCATION FEES ARE CHARGED FROM PROSPECTIVE ADOPTIVE PARENTS. COUNSELING SESSIONS ARE PROVIDED A FEE FOR PARENTS WITH ADOPTIVE ISSUES. POST-ADOPTION FEES ARE CHARGED FOR WORKSHOPS, SUPPORT GROUPS, AND PREPARATION OF BACK-GROUND HISTORIES. FEES ARE ALSO CHARGED FOR PROFESSIONAL EDUCATION, ADOPTION COURSES, AND TRAINING.

SCHEDULE A, PART I - COMPENSATION OF THE FIVE HIGHEST PAID EMPLOYEES

NAME AND ADDRESS	TITLE AND TIME DEVOTED TO POSITION	COMPENSATION	CONTRIBUTIONS TO EMPLOYEE BENEFIT PLANS	EXPENSE ACCOUNT
BARBARA WALLACE 4209 MCKINNEY AVE. DALLAS, TX 75205	DIR. DOMESTIC ADOPT. 40.00	43,666.	9,828.	NONE
	TOTAL COMPENSATION	43,666.	9,828.	NONE

SCHEDULE A, PART III - EXPLANATION FOR LINE 2D

SEE FROM 990, PART V.

SCHEDULE A, PART IV-A - OTHER INCOME

DESCRIPTION	2005	2004	2003	2002	TOTAL
SALE OF INVENTORY	71,159.	67,330.	68,783.	74,767.	282,039.
TOTALS	71,159.	67,330.	68,783.	74,767.	282,039.

Form **4562**

Department of the Treasury
Internal Revenue Service

Depreciation and Amortization
(Including Information on Listed Property)

▶ See separate instructions. ▶ Attach to your tax return.

OMB No 1545-0172

2006

Attachment Sequence No **67**

Name(s) shown on return

HOPE COTTAGE, INC.

Identifying number

75-0800652

Business or activity to which this form relates

GENERAL DEPRECIATION

Part I Election To Expense Certain Property Under Section 179

Note: *If you have any listed property, complete Part V before you complete Part I.*

1	Maximum amount See the instructions for a higher limit for certain businesses	1	
2	Total cost of section 179 property placed in service (see instructions)	2	
3	Threshold cost of section 179 property before reduction in limitation	3	
4	Reduction in limitation Subtract line 3 from line 2 If zero or less, enter -0-	4	
5	Dollar limitation for tax year Subtract line 4 from line 1 If zero or less, enter -0- If married filing separately, see instructions	5	

	(a) Description of property	(b) Cost (business use only)	(c) Elected cost
6			

7	Listed property Enter the amount from line 29	7	
8	Total elected cost of section 179 property Add amounts in column (c), lines 6 and 7	8	
9	Tentative deduction Enter the **smaller** of line 5 or line 8	9	
10	Carryover of disallowed deduction from line 13 of your 2005 Form 4562	10	
11	Business income limitation Enter the smaller of business income (not less than zero) or line 5 (see instructions)	11	
12	Section 179 expense deduction Add lines 9 and 10, but do not enter more than line 11	12	
13	Carryover of disallowed deduction to 2007 Add lines 9 and 10, less line 12 ▶	13	

Note: *Do not use Part II or Part III below for listed property Instead, use Part V*

Part II Special Depreciation Allowance and Other Depreciation (Do not include listed property.) (See instructions.)

14	Special allowance for qualified New York Liberty or Gulf Opportunity Zone property (other than listed property) placed in service during the tax year (see instructions)	14	
15	Property subject to section 168(f)(1) election	15	
16	Other depreciation (including ACRS)	16	

Part III MACRS Depreciation (Do not include listed property) (See instructions)

Section A

17	MACRS deductions for assets placed in service in tax years beginning before 2006	17	84,061.
18	If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here ▶ ☐		

Section B - Assets Placed in Service During 2006 Tax Year Using the General Depreciation System

	(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only - see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
19a	3-year property	SEE DETAIL	8,560.	3.000	HY	SL	2,257.
b	5-year property						
c	7-year property						
d	10-year property						
e	15-year property						
f	20-year property						
g	25-year property			25 yrs		S/L	
h	Residential rental property			27 5 yrs	MM	S/L	
				27 5 yrs	MM	S/L	
i	Nonresidential real property			39 yrs	MM	S/L	
					MM	S/L	

Section C - Assets Placed in Service During 2006 Tax Year Using the Alternative Depreciation System

20a	Class life					S/L	
b	12-year			12 yrs		S/L	
c	40-year			40 yrs	MM	S/L	

Part IV Summary (see instructions)

21	Listed property Enter amount from line 28	21	
22	**Total.** Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21 Enter here and on the appropriate lines of your return Partnerships and S corporations - see instr	22	86,318.
23	For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs	23	

Part V **Listed Property** (Include automobiles, certain other vehicles, cellular telephones, certain computers, and property used for entertainment, recreation, or amusement.)

Note: *For any vehicle for which you are using the standard mileage rate or deducting lease expense, complete only 24a, 24b, columns (a) through (c) of Section A, all of Section B, and Section C if applicable*

Section A - Depreciation and Other Information (Caution: *See the instructions for limits for passenger automobiles*)

24a Do you have evidence to support the business/investment use claimed? Yes [X] No 24b If "Yes," is the evidence written? Yes [X] No

(a) Type of property (list vehicles first)	(b) Date placed in service	(c) Business/ investment use percentage	(d) Cost or other basis	(e) Basis for depreciation (business/investment use only)	(f) Recovery period	(g) Method/ Convention	(h) Depreciation deduction	(i) Elected section 179 cost
25 Special allowance for qualified New York Liberty or Gulf Opportunity Zone property placed in service during the tax year and used more than 50% in a qualified business use (see instructions)						25		
26 Property used more than 50% in a qualified business use								
		%						
		%						
		%						
27 Property used 50% or less in a qualified business use								
		%				S/L -		
		%				S/L -		
		%				S/L -		
28 Add amounts in column (h), lines 25 through 27 Enter here and on line 21, page 1						28		
29 Add amounts in column (i), line 26 Enter here and on line 7, page 1							29	

Section B - Information on Use of Vehicles

Complete this section for vehicles used by a sole proprietor, partner, or other "more than 5% owner," or related person
If you provided vehicles to your employees, first answer the questions in Section C to see if you meet an exception to completing this section for those vehicles

	(a) Vehicle 1		(b) Vehicle 2		(c) Vehicle 3		(d) Vehicle 4		(e) Vehicle 5		(f) Vehicle 6	
30 Total business/investment miles driven during the year (do not include commuting miles)												
31 Total commuting miles driven during the year												
32 Total other personal (noncommuting) miles driven												
33 Total miles driven during the year Add lines 30 through 32												
	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
34 Was the vehicle available for personal use during off-duty hours?												
35 Was the vehicle used primarily by a more than 5% owner or related person?												
36 Is another vehicle available for personal use?												

Section C - Questions for Employers Who Provide Vehicles for Use by Their Employees

Answer these questions to determine if you meet an exception to completing Section B for vehicles used by employees who are not more than 5% owners or related persons (see instructions).

	Yes	No
37 Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees?		
38 Do you maintain a written policy statement that prohibits personal use of vehicles, except commuting, by your employees? See the instructions for vehicles used by corporate officers, directors, or 1% or more owners		
39 Do you treat all use of vehicles by employees as personal use?		
40 Do you provide more than five vehicles to your employees, obtain information from your employees about the use of the vehicles, and retain the information received?		
41 Do you meet the requirements concerning qualified automobile demonstration use? (See instructions)		

Note: *If your answer to 37, 38, 39, 40, or 41 is "Yes," do not complete Section B for the covered vehicles*

Part VI **Amortization**

(a) Description of costs	(b) Date amortization begins	(c) Amortizable amount	(d) Code section	(e) Amortization period or percentage	(f) Amortization for this year
42 Amortization of costs that begins during your 2006 tax year (see instructions)					
43 Amortization of costs that began before your 2006 tax year				43	
44 **Total.** Add amounts in column (f) See the instructions for where to report				44	

Form **4562**

Department of the Treasury
Internal Revenue Service

Depreciation and Amortization
(Including Information on Listed Property)

▶ See separate instructions. ▶ Attach to your tax return.

OMB No 1545-0172

2006

Attachment Sequence No **67**

Name(s) shown on return

HOPE COTTAGE, INC.

Identifying number

75-0800652

Business or activity to which this form relates

OFFICE SPACE

Part I Election To Expense Certain Property Under Section 179

Note: *If you have any listed property, complete Part V before you complete Part I.*

1	Maximum amount See the instructions for a higher limit for certain businesses	1	
2	Total cost of section 179 property placed in service (see instructions)	2	
3	Threshold cost of section 179 property before reduction in limitation	3	
4	Reduction in limitation Subtract line 3 from line 2 If zero or less, enter -0-	4	
5	Dollar limitation for tax year Subtract line 4 from line 1 If zero or less, enter -0- If married filing separately, see instructions	5	

	(a) Description of property	(b) Cost (business use only)	(c) Elected cost
6			

7	Listed property Enter the amount from line 29	7	
8	Total elected cost of section 179 property Add amounts in column (c), lines 6 and 7	8	
9	Tentative deduction Enter the **smaller** of line 5 or line 8	9	
10	Carryover of disallowed deduction from line 13 of your 2005 Form 4562	10	
11	Business income limitation Enter the smaller of business income (not less than zero) or line 5 (see instructions)	11	
12	Section 179 expense deduction Add lines 9 and 10, but do not enter more than line 11	12	
13	Carryover of disallowed deduction to 2007 Add lines 9 and 10, less line 12 ▶	13	

Note: *Do not use Part II or Part III below for listed property Instead, use Part V*

Part II Special Depreciation Allowance and Other Depreciation (Do not include listed property.) (See instructions.)

14	Special allowance for qualified New York Liberty or Gulf Opportunity Zone property (other than listed property) placed in service during the tax year (see instructions)	14	
15	Property subject to section 168(f)(1) election	15	
16	Other depreciation (including ACRS)	16	

Part III MACRS Depreciation (Do not include listed property) (See instructions)

Section A

17	MACRS deductions for assets placed in service in tax years beginning before 2006	17	27,257.
18	If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here ▶ ☐		

Section B - Assets Placed in Service During 2006 Tax Year Using the General Depreciation System

	(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only - see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
19a	3-year property						
b	5-year property						
c	7-year property						
d	10-year property						
e	15-year property						
f	20-year property						
g	25-year property			25 yrs		S/L	
h	Residential rental property			27 5 yrs	MM	S/L	
				27 5 yrs	MM	S/L	
i	Nonresidential real property			39 yrs	MM	S/L	
					MM	S/L	

Section C - Assets Placed in Service During 2006 Tax Year Using the Alternative Depreciation System

20a	Class life					S/L	
b	12-year			12 yrs		S/L	
c	40-year			40 yrs	MM	S/L	

Part IV Summary (see instructions)

21	Listed property Enter amount from line 28	21	
22	Total. Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21 Enter here and on the appropriate lines of your return Partnerships and S corporations - see instr	22	27,257.
23	For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs	23	

Part V **Listed Property** (Include automobiles, certain other vehicles, cellular telephones, certain computers, and property used for entertainment, recreation, or amusement.)

Note: *For any vehicle for which you are using the standard mileage rate or deducting lease expense, complete only 24a, 24b, columns (a) through (c) of Section A, all of Section B, and Section C if applicable*

Section A - Depreciation and Other Information (Caution: *See the instructions for limits for passenger automobiles*)

24a Do you have evidence to support the business/investment use claimed? Yes [X] No 24b If "Yes," is the evidence written? Yes [X] No

(a) Type of property (list vehicles first)	(b) Date placed in service	(c) Business/ investment use percentage	(d) Cost or other basis	(e) Basis for depreciation (business/investment use only)	(f) Recovery period	(g) Method/ Convention	(h) Depreciation deduction	(i) Elected section 179 cost
25 Special allowance for qualified New York Liberty or Gulf Opportunity Zone property placed in service during the tax year and used more than 50% in a qualified business use (see instructions)						25		
26 Property used more than 50% in a qualified business use								
		%						
		%						
		%						
27 Property used 50% or less in a qualified business use								
		%				S/L -		
		%				S/L -		
		%				S/L -		
28 Add amounts in column (h), lines 25 through 27 Enter here and on line 21, page 1						28		
29 Add amounts in column (i), line 26 Enter here and on line 7, page 1							29	

Section B - Information on Use of Vehicles

Complete this section for vehicles used by a sole proprietor, partner, or other "more than 5% owner," or related person
If you provided vehicles to your employees, first answer the questions in Section C to see if you meet an exception to completing this section for those vehicles

	(a) Vehicle 1		(b) Vehicle 2		(c) Vehicle 3		(d) Vehicle 4		(e) Vehicle 5		(f) Vehicle 6	
30 Total business/investment miles driven during the year (do not include commuting miles)												
31 Total commuting miles driven during the year												
32 Total other personal (noncommuting) miles driven												
33 Total miles driven during the year Add lines 30 through 32												
	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
34 Was the vehicle available for personal use during off-duty hours?												
35 Was the vehicle used primarily by a more than 5% owner or related person?												
36 Is another vehicle available for personal use?												

Section C - Questions for Employers Who Provide Vehicles for Use by Their Employees

Answer these questions to determine if you meet an exception to completing Section B for vehicles used by employees who are not more than 5% owners or related persons (see instructions)

	Yes	No
37 Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees?		
38 Do you maintain a written policy statement that prohibits personal use of vehicles, except commuting, by your employees? See the instructions for vehicles used by corporate officers, directors, or 1% or more owners		
39 Do you treat all use of vehicles by employees as personal use?		
40 Do you provide more than five vehicles to your employees, obtain information from your employees about the use of the vehicles, and retain the information received?		
41 Do you meet the requirements concerning qualified automobile demonstration use? (See instructions)		

Note: *If your answer to 37, 38, 39, 40, or 41 is "Yes," do not complete Section B for the covered vehicles*

Part VI **Amortization**

(a) Description of costs	(b) Date amortization begins	(c) Amortizable amount	(d) Code section	(e) Amortization period or percentage	(f) Amortization for this year
42 Amortization of costs that begins during your 2006 tax year (see instructions)					
43 Amortization of costs that began before your 2006 tax year				43	
44 **Total.** Add amounts in column (f) See the instructions for where to report				44	

EIN: 75-0800652
FYE:

FORM 990, PART II, LINE 42 AND PART IV, LINE 57 - FIXED ASSETS and DEPRECIATION

Description	Cost	Current Depreciation	Accumulated Depreciation	Net Book Value
Land	771,410.	NONE	NONE	771,410.
Land Improvements				
Buildings	2,416,145.	80,538.	613,535.	1,802,610.
Leasehold Improvements	43,857.	5,829.	33,778.	10,079.
Equipment	192,285.	20,943.	160,933.	31,352.
Furniture & Fixtures	119,038.	6,265.	107,813.	11,225.
Property, Plant & Equipment	3,542,735.	113,575.	916,059.	2,626,676.
Construction in Progress		NONE	NONE	
Total Fixed Assets, line 57	3,542,735.		916,059.	2,626,676.
Total Depreciation Expense, line 42		113,575.		

NOTE: Depreciation is calculated using the straight-line method over the estimated useful life of the asset.

Form **8868**
(Rev April 2007)
Department of the Treasury
Internal Revenue Service

Application for Extension of Time To File an Exempt Organization Return

▶ File a separate application for each return

OMB No 1545-1709

- 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 From 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	**Employer identification number**
File by the due date for filing your return See instructions	HOPE COTTAGE, INC.	75-0800652
	Number, street, and room or suite no If a P O box, see instructions 4209 MCKINNEY AVE	
	City, town or post office, state, and ZIP code For a foreign address, see instructions DALLAS, TX 75205	

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

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

- The books are in the care of ▶ OWEN WINDHAM

Telephone No ▶ 214 526-8721 FAX No ▶ 214 528-7168

- 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 11/15, 2007, 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	$	NONE
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)

JSA
6F8054 5 000

HCI 005

Form **8868**
(Rev April 2007)
Department of the Treasury
Internal Revenue Service

Application for Extension of Time To File an Exempt Organization Return

▶ File a separate application for each return

OMB No 1545-1709

- If you are filing for an **Automatic 3-Month Extension, complete only Part I** and check this box . . . . . ▶ [X]
- 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 From 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 File by the due date for filing your return See instructions	Name of Exempt Organization	Employer identification number
	HOPE COTTAGE, INC.	75-0800652
	Number, street, and room or suite no If a P O box, see instructions	
	4209 MCKINNEY AVE	
	City, town or post office, state, and ZIP code For a foreign address, see instructions	
	DALLAS, TX 75205	

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

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

- The books are in the care of ▶ OWEN WINDHAM

Telephone No ▶ 214 526-8721 FAX No. ▶ 214 528-7168

- 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 08/15, 2007, to file the exempt organization return for the organization named above The extension is for the organization's return for

▶ [X] 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

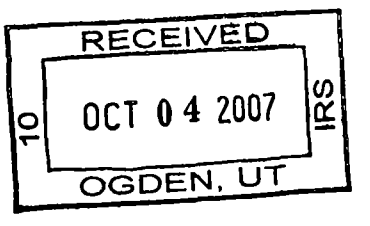
3a	If this application is for Form 990-BL, 990-PF, 990-T, 4720, or 6069, enter the tentative tax, less any nonrefundable credits See instructions	3a	$
b	If this application is for Form 990-PF or 990-T, enter any refundable credits and estimated tax payments made Include any prior year overpayment allowed as a credit	3b	$ NONE
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	$

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)

JSA
6F8054 5 000

HCI 005



6E7000 1 000

RENT AND ROYALTY INCOME

Taxpayer's Name	Identifying Number
HOPE COTTAGE, INC.	75-0800652

DESCRIPTION OF PROPERTY

OFFICE SPACE

☐ Yes ☐ No Did you actively participate in the operation of the activity during the tax year?

RENTAL INCOME	73,807.	
OTHER INCOME		
TOTAL GROSS INCOME		73,807.
OTHER EXPENSES:		
INSURANCE	372.	
LEGAL AND OTHER PROFESSIONAL FEES	380.	
MORTGAGE INTEREST PAID TO FINANCIAL INSTITUTIONS	12,674.	
REPAIRS	17,761.	
TAXES	15,629.	
UTILITIES	13,916.	
OTHER EXPENSES	10,785.	

DEPRECIATION (SHOWN BELOW)	27,257.		
LESS: Beneficiary's Portion			
AMORTIZATION			
LESS: Beneficiary's Portion			
DEPLETION			
LESS: Beneficiary's Portion			
TOTAL EXPENSES			98,774.
TOTAL RENT OR ROYALTY INCOME (LOSS)			-24,967.

Less Amount to	
Rent or Royalty	
Depreciation	
Depletion	
Investment Interest Expense	
Other Expenses	
Net Income (Loss) to Others	
Net Rent or Royalty Income (Loss)	-24,967.
Deductible Rental Loss (If Applicable)	

SCHEDULE FOR DEPRECIATION CLAIMED

(a) Description of property	(b) Cost or unadjusted basis	(c) Date acquired	(d) ACRS des	(e) Bus %	(f) Basis for depreciation	(g) Depreciation in prior years	(h) Method	(i) Life or rate	(j) Depreciation for this year
SEE STATEMENT									
JSA Totals									27,257.