

Return of Organization Exempt From Income Tax

OMB No 1545-0047

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation)

2006

Open to Public
InspectionDepartment of the Treasury
Internal Revenue Service

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

A For the 2006 calendar year, or tax year beginning **JUL 01, 2006**, and ending **JUN 30, 2007**

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

C Name of organization, number and street, city, town, state, and ZIP code
 FRIENDSHIP COMMUNITY
 1149 EAST OREGON ROAD
 LITITZ PA 17543-

D Employer identification number
 23-1892383

E Telephone number
 717-656-2466

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

G Website: ▶ FRIENDSHIPCOMMUNITY.NET

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 ▶ 7,744,460.

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? (If "No," attach a list See instructions) ☐ Yes ☐ No
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.)

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	541,069.		
c Indirect public support (not included on line 1a)	1c			
d Government contributions (grants) (not included on line 1a)	1d	6,010,766.		
e Total (add lines 1a through 1d) (cash \$ 6,525,111. noncash \$ 26,724.)	1e		6,551,835.	
2 Program service revenue including government fees and contracts (from Part VII, line 93)	2		1,093,346.	
3 Membership dues and assessments	3			
4 Interest on savings and temporary cash investments	4		5,346.	
5 Dividends and interest from securities	5		5,091.	
6a Gross rents	6a			
b Less rental expenses	6b			
c Net rental income or (loss) Subtract line 6b from line 6a	6c			
7 Other investment income (describe ▶ UNREALIZED GAI)	7		11,306.	
8a Gross amount from sales of assets other than inventory	(A) Securities	8a	1,200.	
b Less cost or other basis & sales expenses		8b	1,324.	
c Gain or (loss) (attach schedule)		8c	(124.)	
d Net gain or (loss) Combine line 8c, columns (A) and (B)		8d	(124.)	
9 Special events and activities (attach schedule). If any amount is from gaming, check here <input type="checkbox"/>				
a Gross revenue (not including \$ of contributions reported on line 1b)	9a	62,139.		
b Less direct expenses other than fundraising expenses	9b	26,048.		
c Net income or (loss) from special events. Subtract line 9b from line 9a	9c		36,091.	
10a Gross sales of inventory, less returns and allowances	10a			
b Less: cost of goods sold	10b			
c Gross profit or (loss) from sales of inventory (attach schedule) Subtract line 10b from line 10a	10c			
11 Other revenue (from Part VII, line 103)	11		14,197.	
12 Total revenue. Add lines 1e, 2, 3, 4, 5, 6c, 7, 8d, 9c, 10c, and 11	12		7,717,088.	
13 Program services (from line 44, column (B))	13		6,663,201.	
14 Management and general (from line 44, column (C))	14		826,142.	
15 Fundraising (from line 44, column (D))	15		132,340.	
16 Payments to affiliates (attach schedule)	16			
17 Total expenses. Add lines 16 and 44, column (A)	17		7,621,683.	
18 Excess or (deficit) for the year. Subtract line 17 from line 12	18		95,405.	
19 Net assets or fund balances at beginning of year (from line 73, column (A))	19		1,607,303.	
20 Other changes in net assets or fund balances (attach explanation)	20			
21 Net assets or fund balances at end of year Combine lines 18, 19, and 20	21		1,702,708.	

For Privacy Act and Paperwork Reduction Act Notice, see the separate instructions.

Form 990 (2006)

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 <input type="checkbox"/>	22a			
22b Other grants and allocations (attach schedule) (cash \$ _____ noncash \$ _____) If this amount includes foreign grants, check here <input type="checkbox"/>	22b			
23 Specific assistance to individuals (attach schedule)	23			
24 Benefits paid to or for members (attach schedule)	24			
25a Compensation of current officers, directors, key employees, etc. listed in Part V-A (attach schedule)	25a 307791.	38952.	230018.	38821.
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 3515237.	3287011.	208128.	20098.
27 Pension plan contributions not included on lines 25a, b, and c	27 113296.	86975.	22475.	3846.
28 Employee benefits not included on lines 25a - 27	28 992723.	893109.	88231.	11383.
29 Payroll taxes	29 290402.	252918.	33227.	4257.
30 Professional fundraising fees	30			
31 Accounting fees	31 32400.	32400.		
32 Legal fees	32 3520.		3520.	
33 Supplies	33 116233.	103417.	11627.	1189.
34 Telephone	34 66495.	58448.	7422.	625.
35 Postage and shipping	35 16084.		10629.	5455.
36 Occupancy	36 439739.	383056.	53396.	3287.
37 Equipment rental and maintenance	37			
38 Printing and publications	38 41185.	50.	23188.	17947.
39 Travel	39 124333.	116928.	6101.	1304.
40 Conferences, conventions, and meetings	40 22428.	468.	4818.	17142.
41 Interest	41 168014.	153990.	14024.	
42 Depreciation, depletion, etc. (attach schedule)	42 390971.	363682.	26553.	736.
43 Other expenses not covered above (itemize):				
a SEE STMT	43a 980,832	891,197	82,785	6,250
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 7621683.	6663201.	826142.	132340.

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

Are any joint costs from a combined educational campaign and fundraising solicitation reported in (B) Program services? ☐ Yes ☒ No
 If "Yes," enter (i) the aggregate amount of these joint costs \$ _____, (ii) the amount allocated to Program services \$ _____,
 (iii) the amount allocated to Management and general \$ _____; and (iv) the amount allocated to Fundraising \$ _____

Form 990 (2006)

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 ATTACHED

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 INTERMEDIATE CARE FACILITIES - SEE ATTACHED

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

2019578.

b COMMUNITY LIVING ARRANGEMENTS - SEE ATTACHED

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

3802217.

c FRIENDSHIP MINISTRIES - SEE ATTACHED

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

841406.

d

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

e Other program services (attach schedule)

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

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

6663201.

Form 990 (2006)

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	32,090.	45	78,133.
	46 Savings and temporary cash investments	155,839.	46	130,047.
	47a Accounts receivable	47a 25,779.		
	b Less: allowance for doubtful accounts	47b	28,352.	47c 25,779.
	48a Pledges receivable	48a		
	b Less: allowance for doubtful accounts	48b		48c
	49 Grants receivable	543,203.	49	686,099.
	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		52	
	53 Prepaid expenses and deferred charges	20,273.	53	20,879.
	54a Investments - publicly-traded securities <input type="checkbox"/> Cost <input checked="" type="checkbox"/> FMV	154,816.	54a	204,877.
	b Investments - other securities (attach schedule) <input type="checkbox"/> Cost <input type="checkbox"/> FMV		54b	
	55a Investments - land, buildings, and equipment basis	55a		
	b Less: accumulated depreciation (attach schedule)	55b		55c
	56 Investments - other (attach schedule)		56	80,000.
57a Land, buildings, and equipment basis	57a 8,193,929.			
b Less: accumulated depreciation (attach schedule)	57b 3,615,009.	4,503,706.	57c	4,578,920.
58 Other assets, including program-related investments (describe ▶ FINANCE COST NET OF AMOR)	24,291.	58	22,423.	
59 Total assets (must equal line 74). Add lines 45 through 58	5,462,570.	59	5,827,157.	
Liabilities	60 Accounts payable and accrued expenses	373,198.	60	490,032.
	61 Grants payable		61	
	62 Deferred revenue	569,749.	62	497,139.
	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)	2,892,474.	64b	3,115,770.
	65 Other liabilities (describe ▶ SECURITY DEPOSITS)	19,846.	65	21,508.
66 Total liabilities. Add lines 60 through 65	3,855,267.	66	4,124,449.	
Net Assets or Fund Balances	Organizations that follow SFAS 117, check here <input checked="" type="checkbox"/> and complete lines 67 through 69 and lines 73 and 74.			
	67 Unrestricted	1,415,303.	67	1,523,106.
	68 Temporarily restricted	145,880.	68	130,047.
	69 Permanently restricted	46,120.	69	49,555.
	Organizations that do not follow SFAS 117, check here <input type="checkbox"/> and complete lines 70 through 74.			
	70 Capital stock, trust principal, or current funds		70	
	71 Paid-in or capital surplus, or land, building, and equipment fund		71	
	72 Retained earnings, endowment, accumulated income, or other funds		72	
	73 Total net assets or fund balances. Add lines 67 through 69 or lines 70 through 72. (Column (A) must equal line 19 and column (B) must equal line 21)	1,607,303.	73	1,702,708.
	74 Total liabilities and net assets/fund balances. Add lines 66 and 73	5,462,570.	74	5,827,157.

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	7717088.
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) _____	b4	
	Add lines b1 through b4	b	
c	Subtract line b from line a	c	7717088.
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	7717088.

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

a	Total expenses and losses per audited financial statements	a	7621683.
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) _____	b4	
	Add lines b1 through b4	b	
c	Subtract line b from line a	c	7621683.
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	7621683.

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 comp. plans	(E) Expense account and other allowances
GEORGE STOLTZFUS 1149 E OREGON ROAD	CEO 40	76,920.	4,615.	
BRIAN FRENCH 1149 E OREGON ROAD	DIR PROGRA 40	50,794.	3,048.	
MYRON STONER 1149 E OREGON ROAD	DIR FINANC 40	49,783.	2,987.	
IRVIN ENCK 1149 E OREGON ROAD	DIR BUILDI 40	43,280.	2,597.	
MILT STOLTZFUS 1149 E OREGON ROAD	DIR DEVELO 40	45,672.	2,740.	
ROBERT REDCAY 1149 E OREGON ROAD	DIR HR 40	41,342.	2,481.	
SEE ATTACHED FOR BOARD		0		

Part VI Other Information (continued)

		Yes	No
82a	Did the organization receive donated services or the use of materials, equipment, or facilities at no charge or at substantially less than fair rental value?	X	
b	If "Yes," you may indicate the value of these items here. Do not include this amount as revenue in Part I or as an expense in Part II. (See instructions in Part III.)		
82b			
83a	Did the organization comply with the public inspection requirements for returns and exemption applications?	X	
b	Did the organization comply with the disclosure requirements relating to quid pro quo contributions?	X	
83b			
84a	Did the organization solicit any contributions or gifts that were not tax deductible?		X
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?		
84b			
85	501(c)(4), (5), or (6) organizations. a Were substantially all dues nondeductible by members?		
b	Did the organization make only in-house lobbying expenditures of \$2,000 or less?		
85a			
	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			
d	Section 162(e) lobbying and political expenditures		
85d			
e	Aggregate nondeductible amount of section 6033(e)(1)(A) dues notices		
85e			
f	Taxable amount of lobbying and political expenditures (line 85d less 85e)		
85f			
g	Does the organization elect to pay the section 6033(e) tax on the amount on line 85f?		
85g			
h	If section 6033(e)(1)(A) dues notices were sent, does the organization agree to add the amount on line 85f to its reasonable estimate of dues allocable to nondeductible lobbying and political expenditures for the following tax year?		
85h			
86	501(c)(7) orgs. Enter: a Initiation fees and capital contributions included on line 12		
86a			
b	Gross receipts, included on line 12, for public use of club facilities		
86b			
87	501(c)(12) orgs. Enter: a Gross income from members or shareholders		
87a			
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)		
87b			
88a	At any time during the year, did the organization own a 50% or greater interest in a taxable corporation or partnership, or an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? If "Yes," complete Part IX		X
b	At any time during the year, did the organization, directly or indirectly, own a controlled entity within the meaning of section 512(b)(13)? If "Yes," complete Part XI		X
88b			
89a	501(c)(3) organizations Enter Amount of tax imposed on the organization during the year under section 4911 ▶ ; section 4912 ▶ ; section 4955 ▶		
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		X
89b			
c	Enter Amount of tax imposed on the organization managers or disqualified persons during the year under sections 4912, 4955, and 4958 ▶		
d	Enter: Amount of tax on line 89c, above, reimbursed by the organization ▶		
e	All organizations At any time during the tax year, was the organization a party to a prohibited tax shelter transaction?		X
89e			
f	All organizations Did the organization acquire a direct or indirect interest in any applicable insurance contract?		X
89f			
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?		X
89g			
90a	List the states with which a copy of this return is filed ▶ PA		
b	Number of employees employed in the pay period that includes March 12, 2006 (See instructions)	90b	205
91a	The books are in care of ▶ FREINDSHIP COMMUNITY Telephone no ▶ 717-656-2466		
	Located at ▶ 1149 EAST OREGON ROAD, LITITZ PA ZIP + 4 ▶ 17543-		
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)?	Yes	No
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** ☐ ☒

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

92 Section 4947(a)(1) nonexempt charitable trusts filing Form 990 in lieu of Form 1041 - Check here. ☐and enter the amount of tax-exempt interest received or accrued during the tax year ▶ **92****Part VII Analysis of Income-Producing Activities** (See the instructions)

Note: Enter gross amounts unless otherwise indicated

	Unrelated business income		Excluded by section 512, 513, or 514		(E)
	(A) Business code	(B) Amount	(C) Exclusion code	(D) Amount	Related or exempt function income
93 Program service revenue					
a ICF PROGRAMS					140,064.
b CLA PROGRAMS					419,786.
c PCH & SUPP LIVING					533,496.
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	5,346.	
96 Dividends and interest from securities			14	5,091.	
97 Net rental income or (loss) from real estate:					
a debt-financed property					
b not debt-financed property					
98 Net rental income or (loss) from personal property					
99 Other investment income			14	11,306.	
100 Gain or (loss) from sales of assets other than inventory					(124.)
101 Net income or (loss) from special events			01	36,091.	
102 Gross profit or (loss) from sales of inventory					
103 Other revenue: a OTHER					14,197.
b					
c					
d					
e					
104 Subtotal (add columns (B), (D), & (E))				57,834.	1,107,419.
105 Total (add line 104, columns (B), (D), and (E))					1,165,253.

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)
93	ROOM AND BOARD FOR DEVELOPMENTALLY DISABLED PERSONS IN OUR PROGRAMS

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

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

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

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

Yes	No

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

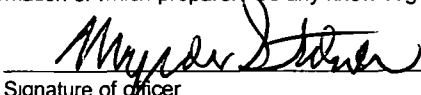
107 Did the reporting organization receive any transfers from a controlled entity as defined in section 512(b)(13) of the Code?
If "Yes," complete the schedule below for each controlled entity.

Yes	No

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

108 Did the organization have a binding written contract in effect on August 17, 2006, covering the interest, rents, royalties, and annuities described in question 107 above?

Yes	No

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		Date 3/14/08	
	MYRON STONER Type or print name and title		DIRECTOR OF FINANCE	
Paid Preparer's Use Only	Preparer's signature	Date	Check if self employed <input type="checkbox"/>	Preparer's SSN or PTIN (See Gen. Inst. X)
	Firm's name (or yours if self-employed), address, and ZIP + 4			EIN
				Phone no

Form **990** (2006)

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

FRIENDSHIP COMMUNITY

Employer identification number

23-1892383

Part I Compensation of the Five Highest Paid Employees Other Than Officers, Directors, and Trustees

(See 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
NONE				

Total number of other employees paid over \$50,000 ▶

Part II-A Compensation of the Five Highest Paid Independent Contractors for Professional Services

(See the instructions. List each one (whether individuals or firms) If there are none, enter "None")

(a) Name and address of each independent contractor paid more than \$50,000	(b) Type of service	(c) Compensation
NONE		

Total number of others receiving over \$50,000 for professional services ▶

Part II-B Compensation of the Five Highest Paid Independent Contractors for Other Services

(List each contractor who performed services other than professional services, whether individuals or firms If there are none, enter "None." See 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 ▶

For Paperwork Reduction Act Notice, see the Instructions for Form 990 and Form 990-EZ.

Schedule A (Form 990 or 990-EZ) 2006

Part III Statements About Activities (See 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)?	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		
c Did the organization make a distribution to a donor, donor advisor, or related person?	4c		
d Enter the total number of donor advised funds owned at the end of the tax year	▶ _____		
e Enter the aggregate value of assets held in all donor advised funds owned at the end of the tax year	▶ _____		
f Enter the total number of separate funds or accounts owned at the end of the tax year (excluding donor advised funds included on line 4d) where donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts	▶ _____		
g Enter the aggregate value of assets held in all funds or accounts included on line 4f at the end of the tax year	▶ _____		

Part IV Reason for Non-Private Foundation Status (See the instructions)I certify that the organization is not a private foundation because it is: (Please check only **ONE** applicable box.)

- 5 ☐ A church, convention of churches, or association of churches. Section 170(b)(1)(A)(i)
- 6 ☐ A school. Section 170(b)(1)(A)(ii) (Also complete Part V.)
- 7 ☐ A hospital or a cooperative hospital service organization. Section 170(b)(1)(A)(iii)
- 8 ☐ A federal, state, or local government or governmental unit. Section 170(b)(1)(A)(v)
- 9 ☐ A medical research organization operated in conjunction with a hospital. Section 170(b)(1)(A)(iii) Enter the hospital's name, city, and state ► _____
- 10 ☐ An organization operated for the benefit of a college or university owned or operated by a governmental unit. Section 170(b)(1)(A)(iv). (Also complete the **Support Schedule** in Part IV-A.)
- 11a ☒ An organization that normally receives a substantial part of its support from a governmental unit or from the general public. Section 170(b)(1)(A)(v) (Also complete the **Support Schedule** in Part IV-A.)
- 11b ☐ A community trust. Section 170(b)(1)(A)(vi) (Also complete the **Support Schedule** in Part IV-A.)
- 12 ☐ An organization that normally receives: (1) more than 33 1/3% of its support from contributions, membership fees, and gross receipts from activities related to its charitable, etc., functions - subject to certain exceptions, and (2) no more than 33 1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975. See section 509(a)(2). (Also complete the **Support Schedule** in Part IV-A.)
- 13 ☐ An organization that is not controlled by any disqualified persons (other than foundation managers) and otherwise meets the requirements of section 509(a)(3). Check the box that describes the type of supporting organization:
☐ Type I ☐ Type II ☐ Type III-Functionally Integrated ☐ Type IV-Other

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

(a) Name(s) of supported organization(s)	(b) Employer identification number (EIN)	(c) Type of organization (described in lines 5 through 12 above or IRC section)	(d) Is the supported organization listed in the supporting organization's governing documents?		(e) Amount of support
			Yes	No	
Total					►

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

Schedule A (Form 990 or 990-EZ) 2006

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)	6333747	6105062	5700336	5619526	23758671
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	1078046	1019335	940569	982908	4020858
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	3457	1047	2557	5002	12063
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.	3290	1856	837	918	6901
23 Total of lines 15 through 22	7418540	7127300	6644299	6608354	27798493
24 Line 23 minus line 17	6340494	6107965	5703730	5625446	23777635
25 Enter 1% of line 23	74185	71273	66443	66084	

26 Organizations described on lines 10 or 11: a Enter 2% of amount in column (e), line 24	▶	26a	475553
b Prepare a list for your records to show the name of and amount contributed by each person (other than a governmental unit or publicly supported organization) whose total gifts for 2002 through 2005 exceeded the amount shown in line 26a. Do not file this list with your return. Enter the total of all these excess amounts	▶	26b	
c Total support for section 509(a)(1) test. Enter line 24, column (e)	▶	26c	23777635
d Add: Amounts from column (e) for lines: 18 <u>12063</u> 19 <u> </u> 22 <u>6901</u> 26b <u> </u>	▶	26d	18964
e Public support (line 26c minus line 26d total)	▶	26e	23758671
f Public support percentage (line 26e (numerator) divided by line 26c (denominator))	▶	26f	99.92 %

27 Organizations described on line 12: a For amounts included in lines 15, 16, and 17 that were received from a "disqualified person," prepare a list for your records to show the name of, and total amounts received in each year from, each "disqualified person." Do not file this list with your return. Enter the sum of such amounts for each year: (2005) <u> </u> (2004) <u> </u> (2003) <u> </u> (2002) <u> </u>			
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) <u> </u> (2004) <u> </u> (2003) <u> </u> (2002) <u> </u>			
c Add: Amounts from column (e) for lines: 15 <u> </u> 16 <u> </u> 17 <u> </u> 20 <u> </u> 21 <u> </u>	▶	27c	
d Add: Line 27a total <u> </u> and line 27b total <u> </u>	▶	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 VI-A Lobbying Expenditures by Electing Public Charities (See 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												
36 Total lobbying expenditures to influence public opinion (grassroots lobbying)	36													
37 Total lobbying expenditures to influence a legislative body (direct lobbying)	37													
38 Total lobbying expenditures (add lines 36 and 37)	38													
39 Other exempt purpose expenditures	39													
40 Total exempt purpose expenditures (add lines 38 and 39)	40													
41 Lobbying nontaxable amount. Enter the amount from the following table -														
<table border="0"> <tr> <td>If the amount on line 40 is -</td> <td>The lobbying nontaxable amount is -</td> </tr> <tr> <td>Not over \$500,000</td> <td>20% of the amount on line 40</td> </tr> <tr> <td>Over \$500,000 but not over \$1,000,000</td> <td>\$100,000 plus 15% of the excess over \$500,000</td> </tr> <tr> <td>Over \$1,000,000 but not over \$1,500,000</td> <td>\$175,000 plus 10% of the excess over \$1,000,000</td> </tr> <tr> <td>Over \$1,500,000 but not over \$17,000,000</td> <td>\$225,000 plus 5% of the excess over \$1,500,000</td> </tr> <tr> <td>Over \$17,000,000</td> <td>\$1,000,000</td> </tr> </table>	If the amount on line 40 is -	The lobbying nontaxable amount is -	Not over \$500,000	20% of the amount on line 40	Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000	Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000	Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000	Over \$17,000,000	\$1,000,000	41	
If the amount on line 40 is -	The lobbying nontaxable amount is -													
Not over \$500,000	20% of the amount on line 40													
Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000													
Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000													
Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000													
Over \$17,000,000	\$1,000,000													
42 Grassroots nontaxable amount (enter 25% of line 41)	42													
43 Subtract line 42 from line 36. Enter -0- if line 42 is more than line 36	43													
44 Subtract line 41 from line 38. Enter -0- if line 41 is more than line 38	44													

Caution: If there is an amount on either line 43 or line 44, you must file Form 4720**4-Year Averaging Period Under Section 501(h)**

(Some organizations that made a section 501(h) election do not have to complete all of the five columns below)

See the instructions for lines 45 through 50.)

	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

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

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

Yes	No	Amount
	X	
	X	
	X	
	X	
	X	
	X	
	X	
	X	

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

FRIENDSHIP COMMUNITY
EIN: 23-1892383
YEAR ENDED JUNE 30, 2007

FORM 990

PART II - STATEMENT OF FUNCTIONAL EXPENSES

LINE 42, DEPRECIATION, DEPLETION, ETC.

Friendship Community depreciates its assets using the straight-line method over their estimated useful lives as listed in the Uniform Chart of Accounts and Definitions for Hospitals published by the American Hospital Association.

Description	Total	Program	Management	Fundraising
Land Improvements	26,008	26,008		
Building/Leasehold Imp.	223,735	223,735		
Equipment/Furnishings	59,184	31,895	26,553	736
Adaptive Equipment	2,336	2,336		
Vehicles	77,840	77,840		
Finance Costs (Amort.)	<u>1,868</u>	<u>1,868</u>	<u></u>	<u></u>
Total	<u>390,971</u>	<u>363,682</u>	<u>26,553</u>	<u>736</u>

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US 990**Other Functional Expenses: Page 2, Line 43****2006**

Description of the Asset	Total	Program Services	Management and General	Fundraising
PURCHASED PERSONNEL	411,295.	380,882.	30,413.	
RESIDENT PROGRAMS	184,413.	184,413.		
PURCHASED SERVICES	6,784.	1,876.	4,908.	
STAFF DEVELOPMENT	19,288.	16,294.	2,641.	353.
STAFF RECRUITMENT	21,615.	14,467.	7,133.	15.
INSURANCE	82,870.	60,850.	22,020.	
FOOD	192,600.	192,600.		
CLOTHING	3,759.	3,759.		
RESIDENT DEVELOPMENT	5,517.	5,517.		
MEMBERSHIPS	21,674.	1,305.	15,167.	5,202.
MISCELLANEOUS	31,017.	29,834.	503.	680.
	980,832.	891,797.	82,785.	6,250.

FRIENDSHIP COMMUNITY
EIN: 23-1892383
YEAR ENDED JUNE 30, 2007

FORM 990

PART III - STATEMENT OF ORGANIZATION'S PRIMARY EXEMPT PURPOSE

Friendship Community is a Christian ministry supporting persons with developmental disabilities. It was founded in 1972 and currently serves 129 persons with 200 full and part time staff.

The vision of Friendship Community is to be a community which:

- * Affirms the worth of all people
- * Responds to families and individuals seeking a Christian program
- * Supports personal growth and wholeness
- * Advocates for community and church inclusion
- * Provides opportunities for spiritual growth and service

PART III (a) - INTERMEDIATE CARE FACILITIES

This program includes three homes that provide intermediate care for 17 individuals. Funding comes from the Pennsylvania Department of Public Welfare, Office of Mental Retardation for these programs. All residents are engaged in vocational programs outside the facility during the day.

PART III (b) - COMMUNITY LIVING ARRANGEMENTS & COMMUNITY RESIDENTIAL FACILITIES

This program includes 13 group homes which serve 45 individuals, family living for 10 individuals, supported apartment living for 7 individuals and offers a range of residential and social services providing an independent environment which helps develop living skills. Funding comes from the Lancaster and Lebanon County MH/MR Programs via an annual contract.

PART III (c) - FRIENDSHIP MINISTRIES

This is a privately funded church related service which includes counseling and networking, supervised living for 26 individuals, respite care and three personal care homes serving 24 individuals.

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US 990 **Other Investments** **990: Page 4, Line 56; 990-PF: Page 2, Line 13** **2006**

Description	Book Value	Market Value
OWNERSHIP INT IN HEALTH GROUP RESERVE FUND	80,000.	80,000.
	80,000.	80,000.

Land, Buildings and Equipment**US 990****990: Page 4, Line 57; 990-PF: Page 2, Line 14****2006**

Description	Cost / Basis	Accumulated Depreciation	Book Value
LAND	545,732.		545,732.
LAND IMPROVEMENTS	456,855.	308,891.	147,964.
BUILDINGS	5,806,935.	2,284,422.	3,522,513.
FURNISHINGS AND EQUIPMENT	739,351.	530,363.	208,988.
ADAPTIVE EQUIPMENT	23,509.	15,578.	7,931.
VEHICLES	621,547.	475,755.	145,792.
	8,193,929.	3,615,009.	4,578,920.

FRIENDSHIP COMMUNITY
EIN: 23-1892383
YEAR ENDED JUNE 30, 2007

FORM 990

PART VI - BALANCE SHEETS

LINE 64 Mortgages and notes payable:

Lender	Balance
Bank of Lancaster County	
4.9% bond payable secured by property	1,530,314
8.25% working capital loan secured by property	568,140
7.75% mortgage payable secured by property	174,374
Eastern Mennonite Missions	
5.75% mortgages secured by property	709,729
Mennonite Financial Federal Credit Union	
Vehicle loans with interest rates between 6%-8.5%	<u>133,213</u>
	<u><u>3,115,770</u></u>

FRIENDSHIP COMMUNITY
Board of Directors
October 17, 2007

	<u>Current Term Ends</u>	<u>Entry Year</u>
William Rohrer (President) 355 E. Chestnut Street Lancaster, PA 17602 Phone: 397-7312 E-mail: roarlikealion@qwestonline.com Employment: Retired	(2008)	(eligible to 2011) (2002)
Charles Kahler (Vice President) 2565 Spring Valley Rd Lancaster, PA 17601 1917 Phone: (717) 392-8455 E-mail: charleskahler@comcast.net Employment: Retired	(2008)	(eligible to 2014) (2005)
Bob Peifer (Treasurer) 1222 Main Street Akron, PA 17501 Phone: (717) 859-1294 E-mail: Bob@cloisterTax.com Employment: Self-employed accountant/Tax preparations	(2009)	(eligible to 2012) (2003)
Connie Bender (Secretary) 808 East Jefferson Court Lancaster, Pennsylvania 17602 Phone: 717 293-1513 Fax: 717 299-1074 E-mail: lrbender@aol.com Employment: Self-employed, Farm Supply Business	(2008)	(eligible to 2014) (2005)
Jay C. Garber (5th member) 2275 New Danville Pike Lancaster, PA 17603 Phone: (717) 872-6298 E-mail: garberlj@verizon.net Employment: Retired	(2008)	(eligible to 2008) (1997)
Catherine Scandrett 210 Church Avenue Ephrata, PA 17522 Phone: (717) 738-3243 (most days 8-9AM) E-mail cscandrett@dejazzd.com Employment: Acute Rehab Staff Nurse	(2009)	(eligible to 2016) (2007)

Board Members
Page 2

Beulah M. Landis
3245 Glengreen Drive
Lancaster, PA 17601
Phone: 285-2027
E-mail: bmlandis@dejazzd.com
Employment: Retired

(2008)(eligible to 2010)
(1999)

Georgia Martin
2124 Creek Hill Road
Lancaster, PA 17601
Phone: (717) 392-2823
E-mail: Samgeo@earthlink.net

(2010) (eligible to 2016)
(2007)

(gs10/07)