

Return of Organization Exempt From Income Tax

2006

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

Open to Public Inspection

Department of the Treasury
Internal Revenue Service

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

A For the 2006 calendar year, or tax year beginning 2/1, 2006, and ending 1/31, 20 07

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

C Name of organization: **Paul Carlson Medical Program**
 Number and street (or P O box if mail is not delivered to street address) / Room/suite: **5101 N. Francisco Avenue**
 City or town, state or country, and ZIP + 4: **Chicago, IL 60625**

D Employer identification number: **36 2645180**

E Telephone number: **(773) 784-3000**

F Accounting method: Cash Accrual
 Other (specify) ▶

G Website: ▶

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 ▶

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 ▶ **1,368,350**

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		Expenses		Net Assets	
1	Contributions, gifts, grants, and similar amounts received:				
a	Contributions to donor advised funds	1a	1,252,916		
b	Direct public support (not included on line 1a)	1b			
c	Indirect public support (not included on line 1a)	1c			
d	Government contributions (grants) (not included on line 1a)	1d			
e	Total (add lines 1a through 1d) (cash \$ _____ noncash \$ _____)	1e		1,252,916	
2	Program service revenue including government fees and contracts (from Part VII, line 93)	2			
3	Membership dues and assessments	3			
4	Interest on savings and temporary cash investments	4			
5	Dividends and interest from securities	5			
6a	Gross rents	6a			
b	Less: rental expenses	6b			
c	Net rental income or (loss). Subtract line 6b from line 6a	6c			
7	Other investment income (describe ▶ From invested cash)	7		80,936	
8a	Gross amount from sales of assets other than inventory	(A) Securities		(B) Other	
b	Less: cost or other basis and sales expenses	8a		8b	
c	Gain or (loss) (attach schedule)	44,506	8c		
d	Net gain or (loss). Combine line 8c, columns (A) and (B)	8d		44,506	
9	Special events and activities (attach schedule). If any amount is from gaming, check here <input type="checkbox"/>				
a	Gross revenue (not including \$ _____ of contributions reported on line 1b)	9a			
b	Less: direct expenses other than fundraising expenses	9b			
c	Net income or (loss) from special events. Subtract line 9b from line 9a	9c			
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		4,125	
12	Total revenue. Add lines 1e, 2, 3, 4, 5, 6c, 7, 8d, 9c, 10c, and 11	12		1,368,350	
13	Program services (from line 14, column (C))	13		901,775	
14	Management and general (from line 44, column (C))	14		64,467	
15	Fundraising (from line 24, column (D))	15		50,723	
16	Payments to affiliates (attach schedule)	16			
17	Total expenses. Add lines 16 and 44, column (A)	17		1,016,985	
18	Excess or (deficit) for the year. Subtract line 17 from line 12	18		351,365	
19	Net assets or fund balances at beginning of year (from line 73, column (A))	19		2,295,551	
20	Other changes in net assets or fund balances (attach explanation)	20		122,561	
21	Net assets or fund balances at end of year. Combine lines 18, 19, and 20	21		2,769,477	

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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 <input type="checkbox"/>	781,003	781,003		
22b	Other grants and allocations (attach schedule) (cash \$ _____ noncash \$ _____) If this amount includes foreign grants, check here <input type="checkbox"/>				
23	Specific assistance to individuals (attach schedule)				
24	Benefits paid to or for members (attach schedule)				
25a	Compensation of current officers, directors, key employees, etc. listed in Part V-A (attach schedule)	77,658	52,658	20,000	5,000
b	Compensation of former officers, directors, key employees, etc. listed in Part V-B (attach schedule)				
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)				
26	Salaries and wages of employees not included on lines 25a, b, and c				
27	Pension plan contributions not included on lines 25a, b, and c				
28	Employee benefits not included on lines 25a - 27				
29	Payroll taxes				
30	Professional fundraising fees				
31	Accounting fees	10,000		10,000	
32	Legal fees	690		690	
33	Supplies	1,321		1,321	
34	Telephone	86		86	
35	Postage and shipping	221		221	
36	Occupancy				
37	Equipment rental and maintenance				
38	Printing and publications				
39	Travel	28,089	18,089	5,000	5,000
40	Conferences, conventions, and meetings				
41	Interest				
42	Depreciation, depletion, etc. (attach schedule)				
43	Other expenses not covered above (itemize):				
a	Fund Raising	40,723			40,723
b	Office and Field Expense	75,060	50,045	25,015	
c	Board and Misc Expense	2,134		2,134	
d					
e					
f					
g					
44	Total functional expenses. Add lines 22a through 43g. (Organizations completing columns (B)-(D), carry these totals to lines 13-15)	1,016,985	901,775	64,467	50,723

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

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

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

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

What is the organization's primary exempt purpose? ▶ 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 <u>The Paul Carlson Foundation provides a caring compassionate quality mechanism for individuals and organizations to channel gifts-in-kind,time and funds to meet urgent, international health needs in a high quality effective manner</u> (Grants and allocations \$) If this amount includes foreign grants, check here ▶ <input type="checkbox"/>	901,775
b (Grants and allocations \$) If this amount includes foreign grants, check here ▶ <input type="checkbox"/>	
c (Grants and allocations \$) If this amount includes foreign grants, check here ▶ <input type="checkbox"/>	
d (Grants and allocations \$) If this amount includes foreign grants, check here ▶ <input type="checkbox"/>	
e Other program services (attach schedule) (Grants and allocations \$) If this amount includes foreign grants, check here ▶ <input type="checkbox"/>	
f Total of Program Service Expenses (should equal line 44, column (B), Program services). . . . ▶	901,775

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	149,233	45	428,917
	46 Savings and temporary cash investments		46	
	47a Accounts receivable			
	b Less: allowance for doubtful accounts	5,477	47c	82,600
	48a Pledges receivable			
	b Less: allowance for doubtful accounts		48c	
	49 Grants receivable		49	
	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)			
	b Less: allowance for doubtful accounts		51c	
	52 Inventories for sale or use		52	
	53 Prepaid expenses and deferred charges		53	
	54a Investments—publicly-traded securities <input type="checkbox"/> Cost <input checked="" type="checkbox"/> FMV	2,283,257	54a	2,401,909
	b Investments—other securities (attach schedule) <input type="checkbox"/> Cost <input type="checkbox"/> FMV		54b	
	55a Investments—land, buildings, and equipment: basis			
	b Less: accumulated depreciation (attach schedule)		55c	
	56 Investments—other (attach schedule)		56	
	57a Land, buildings, and equipment: basis			
b Less: accumulated depreciation (attach schedule)		57c		
58 Other assets, including program-related investments (describe ►)	8,397	58	1,397	
59 Total assets (must equal line 74). Add lines 45 through 58	2,446,364	59	2,914,823	
Liabilities	60 Accounts payable and accrued expenses	28,252	60	36,918
	61 Grants payable		61	
	62 Deferred revenue		62	
	63 Loans from officers, directors, trustees, and key employees (attach schedule)		63	
	64a Tax-exempt bond liabilities (attach schedule)		64a	
	b Mortgages and other notes payable (attach schedule)		64b	
	65 Other liabilities (describe ► Unrealized gains on securities)	122,561	65	108,428
66 Total liabilities. Add lines 60 through 65	150,813	66	145,346	
Net Assets or Fund Balances	Organizations that follow SFAS 117, check here <input type="checkbox"/> and complete lines 67 through 69 and lines 73 and 74.			
	67 Unrestricted	2,185,238	67	2,672,706
	68 Temporarily restricted	110,313	68	96,771
	69 Permanently restricted		69	
	Organizations that do not follow SFAS 117, check here <input type="checkbox"/> and complete lines 70 through 74.			
	70 Capital stock, trust principal, or current funds		70	
	71 Paid-in or capital surplus, or land, building, and equipment fund		71	
	72 Retained earnings, endowment, accumulated income, or other funds		72	
73 Total net assets or fund balances. Add lines 67 through 69 or lines 70 through 72. (Column (A) must equal line 19 and column (B) must equal line 21)	2,295,551	73	2,769,477	
74 Total liabilities and net assets/fund balances. Add lines 66 and 73	2,446,364	74	2,914,823	

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	1,476,778
b	Amounts included on line a but not on Part I, line 12:			
1	Net unrealized gains on investments	b1 108,428		
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	108,428
c	Subtract line b from line a		c	1,368,350
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	1,368,350

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

a	Total expenses and losses per audited financial statements		a	1,016,985
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	0
c	Subtract line b from line a		c	1,016,985
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	0
e	Total expenses (Part I, line 17). Add lines c and d		e	1,016,985

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
Jim Sundholm 5101 N Francisco Avenue, Chicago IL 60625	Director, 20 hours	56,625	4,041	none
Ruth Hill 5101 N Francisco Avenue, Chicago IL 60625	Vice-Chair	none	none	none
Curtis Peterson 5101 N Francisco Avenue, Chicago IL 60625	President	none	none	none
Harold Spooner 5101 N Francisco Avenue, Chicago IL 60625	Chairman	none	none	none
Elliott Johnson 5101 N Francisco Avenue, Chicago IL 60625	Treasurer	none	none	none
David Dwight 5101 N Francisco Avenue, Chicago IL 60625	Director	none	none	none
Ray Enarson 5101 N Francisco Avenue, Chicago IL 60625	Director	none	none	none
Glenn Palmberg 5101 N Francisco Avenue, Chicago IL 60625	Director	none	none	none
E Dan Peterson 5101 N Francisco Avenue, Chicago IL 60625	Operations Director 40 hours	16,992	none	none

Part VI Other Information *(continued)*

	Yes	No
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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?	82a		✓
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	82b		
83a Did the organization comply with the public inspection requirements for returns and exemption applications?	83a	✓	
b Did the organization comply with the disclosure requirements relating to <i>quid pro quo</i> contributions?	83b	✓	
84a Did the organization solicit any contributions or gifts that were not tax deductible?	84a		✓
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?	85a		
b Did the organization make only in-house lobbying expenditures of \$2,000 or less? If "Yes" was answered to either 85a or 85b, do not complete 85c through 85h below unless the organization received a waiver for proxy tax owed for the prior year.	85b		
c Dues, assessments, and similar amounts from members 85c	85c		
d Section 162(e) lobbying and political expenditures 85d	85d		
e Aggregate nondeductible amount of section 6033(e)(1)(A) dues notices 85e	85e		
f Taxable amount of lobbying and political expenditures (line 85d less 85e) 85f	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	86a		
b Gross receipts, included on line 12, for public use of club facilities 86b	86b		
87 501(c)(12) orgs. Enter: a Gross income from members or shareholders 87a	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	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	88a		✓
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		✓
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	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?	89e		✓
f All organizations. Did the organization acquire a direct or indirect interest in any applicable insurance contract?	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?	89g		✓
90a List the states with which a copy of this return is filed ▶ <u>Illinois</u>			
b Number of employees employed in the pay period that includes March 12, 2006 (See instructions.) 90b	90b		1
91a The books are in care of ▶ <u>Elliott Johnson</u> Telephone no. ▶ <u>(773) 784-3000</u> Located at ▶ <u>5101 N Francisco Avenue</u> ZIP + 4 ▶ <u>60625</u>			
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	Yes	No
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)

c At any time during the calendar year, did the organization maintain an office outside of the United States? **91c** Yes No
 If "Yes," enter the name of the foreign country ▶

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

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

Note: Enter gross amounts unless otherwise indicated.

	Unrelated business income		Excluded by section 512, 513, or 514		(E) Related or exempt function income
	(A) Business code	(B) Amount	(C) Exclusion code	(D) Amount	
93 Program service revenue:					
a _____					
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					
97 Net rental income or (loss) from real estate:					
a debt-financed property					
b not debt-financed property					
98 Net rental income or (loss) from personal property					
99 Other investment income					
100 Gain or (loss) from sales of assets other than inventory					
101 Net income or (loss) from special events					
102 Gross profit or (loss) from sales of inventory					
103 Other revenue: a <u>Card sales</u>					4,125
b _____					
c _____					
d _____					
e _____					
104 Subtotal (add columns (B), (D), and (E))					4,125
105 Total (add line 104, columns (B), (D), and (E))					4,125

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)
103	The cards were purchased by individuals in lieu of gifts to other people and amounts were designated to be applied to specific projects supported by the Paul Carlson Medical Program

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

(A) Name, address, of each controlled entity	(B) Employer Identification Number	(C) Description of transfer

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

Please Sign Here

Signature of officer: Curtis D. Peterson Date: 1/23/07

Type or print name and title: Curtis D. Peterson, President

Paid Preparer's Use Only

Preparer's signature: _____ Date: _____

Firm's name (or yours if self-employed), address, and ZIP + 4: _____

Check if self-employed:

Preparer's SSN or PTIN (See Gen Inst X): _____

EIN: _____

Phone no: () _____

SCHEDULE A
(Form 990 or 990-EZ)

Organization Exempt Under Section 501(c)(3)

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

OMB No 1545-0047

2006

Department of the Treasury
Internal Revenue Service

Supplementary Information—(See separate instructions.)

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

Name of the organization Paul Carlson Medical Program	Employer identification number 36 : 2645180
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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
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 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
Total number of others receiving over \$50,000 for professional services ▶		

Part II-B Compensation of the Five Highest Paid Independent Contractors for Other Services
(List each contractor who performed services other than professional services, whether individuals or firms. If there are none, enter "None." See page 2 of the instructions.)

(a) Name and address of each independent contractor paid more than \$50,000	(b) Type of service	(c) Compensation
Total number of other contractors receiving over \$50,000 for other services ▶		

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

Yes No

1 During the year, has the organization attempted to influence national, state, or local legislation, including any attempt to influence public opinion on a legislative matter or referendum? If "Yes," enter the total expenses paid or incurred in connection with the lobbying activities ▶ \$ _____ (Must equal amounts on line 38, Part VI-A, or line i of Part VI-B.)

1 Yes No

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 Yes No

b Lending of money or other extension of credit

2b Yes No

c Furnishing of goods, services, or facilities?

2c Yes No

d Payment of compensation (or payment or reimbursement of expenses if more than \$1,000)?

2d Yes No

e Transfer of any part of its income or assets?

2e Yes No

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 Yes No

b Did the organization have a section 403(b) annuity plan for its employees?

3b Yes No

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 Yes No

d Did the organization provide credit counseling, debt management, credit repair, or debt negotiation services?

3d Yes No

4a Did the organization maintain any donor advised funds? If "Yes," complete lines 4b through 4g. If "No," complete lines 4f and 4g

4a Yes No

b Did the organization make any taxable distributions under section 4966?

4b Yes No

c Did the organization make a distribution to a donor, donor advisor, or related person?

4c Yes No

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 pages 4 through 7 of the instructions.)

I certify that the organization is not a private foundation because it is: (Please check only **ONE** applicable box.)

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

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

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

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

Part IV-A Support Schedule (Complete only if you checked a box on line 10, 11, or 12.) *Use cash method of accounting.*
Note: You may use the worksheet in the instructions for converting from the accrual to the cash method of accounting.

Calendar year (or fiscal year beginning in)	(a) 2005	(b) 2004	(c) 2003	(d) 2002	(e) Total
15 Gifts, grants, and contributions received. (Do not include unusual grants. See line 28.)	883,701	1,177,127	15,282		2,076,110
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					
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	67,924	32,002	23,472		123,398
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	993,967	11,140			1,005,107
23 Total of lines 15 through 22	1,945,592	1,220,469	38,754		3,206,615
24 Line 23 minus line 17	1,945,592	1,220,469	38,754		3,206,615
25 Enter 1% of line 23	19,456	12,205	388		
26 Organizations described on lines 10 or 11: a Enter 2% of amount in column (e), line 24					26a 64,132
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 631,373
c Total support for section 509(a)(1) test: Enter line 24, column (e)					26c 3,206,615
d Add: Amounts from column (e) for lines: 18 123,398 19 _____					26d 123,398
22 _____ 26b _____					26e 3,081,217
e Public support (line 26c minus line 26d total)					26e 3,081,217
f Public support percentage (line 26e (numerator) divided by line 26c (denominator))					26f 96.1 %
27 Organizations described on line 12: a For amounts included in lines 15, 16, and 17 that were received from a "disqualified person," prepare a list for your records to show the name of, and total amounts received in each year from, each "disqualified person." Do not file this list with your return. Enter the sum of such amounts for each year:					
(2005) _____ (2004) _____ (2003) _____ (2002) _____					
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 _____					27c _____
17 _____ 20 _____ 21 _____					27d _____
d Add: Line 27a total _____ and line 27b total _____					27e _____
e Public support (line 27c total minus line 27d total)					27f _____
f Total support for section 509(a)(2) test: Enter amount from line 23, column (e)					27g _____ %
g Public support percentage (line 27e (numerator) divided by line 27f (denominator))					27h _____ %
h Investment income percentage (line 18, column (e) (numerator) divided by line 27f (denominator))					
28 Unusual Grants: For an organization described in line 10, 11, or 12 that received any unusual grants during 2002 through 2005, prepare a list for your records to show, for each year, the name of the contributor, the date and amount of the grant, and a brief description of the nature of the grant. Do not file this list with your return. Do not include these grants in line 15.					

Part V Private School Questionnaire (See page 9 of the instructions.)
(To be completed ONLY by schools that checked the box on line 6 in Part IV)

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

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)

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		(a) Affiliated group totals	(b) To be completed for all electing organizations
(The term "expenditures" means amounts paid or incurred.)			
36	Total lobbying expenditures to influence public opinion (grassroots lobbying)	36	
37	Total lobbying expenditures to influence a legislative body (direct lobbying)	37	
38	Total lobbying expenditures (add lines 36 and 37)	38	
39	Other exempt purpose expenditures	39	
40	Total exempt purpose expenditures (add lines 38 and 39)	40	
41	Lobbying nontaxable amount. Enter the amount from the following table—		
	If the amount on line 40 is— The lobbying nontaxable amount is—		
	Not over \$500,000 20% of the amount on line 40	}	
	Over \$500,000 but not over \$1,000,000 \$100,000 plus 15% of the excess over \$500,000		
	Over \$1,000,000 but not over \$1,500,000 \$175,000 plus 10% of the excess over \$1,000,000		
	Over \$1,500,000 but not over \$17,000,000 \$225,000 plus 5% of the excess over \$1,500,000		
	Over \$17,000,000 \$1,000,000		
42	Grassroots nontaxable amount (enter 25% of line 41)	42	
43	Subtract line 42 from line 36. Enter -0- if line 42 is more than line 36.	43	
44	Subtract line 41 from line 38. Enter -0- if line 41 is more than line 38.	44	

Caution: If there is an amount on either line 43 or line 44, you must file Form 4720.

4-Year Averaging Period Under Section 501(h)

(Some organizations that made a section 501(h) election do not have to complete all of the five columns below.
 See the instructions for lines 45 through 50 on page 13 of the instructions.)

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

Part VI-B Lobbying Activity by Nonelecting Public Charities

(For reporting only by organizations that did not complete Part VI-A) (See page 13 of the instructions.)

During the year, did the organization attempt to influence national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of:

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

Yes	No	Amount

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

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Paul Carlson Partnership
Chicago, IL

We have audited the accompanying statements of financial position of the Paul Carlson Partnership (the "Partnership") as of January 31, 2007 and 2006, and the related statements of activities and of cash flows for the years ended January 31, 2007 and January 31, 2006. These financial statements are the responsibility of the Partnership's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Partnership's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the financial position of the Partnership as of January 31, 2007 and 2006, and the changes in its net assets and its cash flows for the years ended January 31, 2007 and January 31, 2006 in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 4, the accompanying financial statements for the year ended January 31, 2006 have been restated.

Deloitte & Touche LLP

May 18, 2007

PAUL CARLSON PARTNERSHIP

STATEMENTS OF FINANCIAL POSITION AS OF JANUARY 31, 2007 AND 2006

	2007	2006
ASSETS		
CASH	\$ 428,917	\$ 149,233
DUE FROM AFFILIATES	82,600	5,477
INVESTMENTS	2,401,909	2,283,257
OTHER CURRENT ASSETS	<u>1,397</u>	<u>8,397</u>
TOTAL	<u>\$2,914,823</u>	<u>\$2,446,364</u>
 LIABILITIES AND NET ASSETS		
LIABILITIES:		
Accounts payable and accrued expenses	\$ 36,918	\$ 14,523
Due to affiliates	<u> </u>	<u>13,729</u>
Total liabilities	<u>36,918</u>	<u>28,252</u>
 NET ASSETS:		
Unrestricted	2,781,134	2,307,799
Temporarily restricted	<u>96,771</u>	<u>110,313</u>
Total net assets	<u>2,877,905</u>	<u>2,418,112</u>
TOTAL	<u>\$2,914,823</u>	<u>\$2,446,364</u>

See notes to financial statements.

PAUL CARLSON PARTNERSHIP

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JANUARY 31, 2007

	Unrestricted	Temporarily Restricted	Total
INCOME:			
Contributions	\$ 938,525	\$ 314,391	\$ 1,252,916
Investment income	218,652	1,085	219,737
Other income	4,125		4,125
Total income	1,161,302	315,476	1,476,778
NET ASSETS RELEASED FROM RESTRICTIONS			
	329,018	(329,018)	-
	<u>1,490,320</u>	<u>(13,542)</u>	<u>1,476,778</u>
EXPENSES:			
Field project expense	781,003		781,003
Indirect administrative fees	75,060		75,060
Salaries and benefits	77,658		77,658
Fundraising	40,723		40,723
Travel	28,089		28,089
Professional fees	10,690		10,690
Office expense	3,762		3,762
Total expenses	<u>1,016,985</u>	<u>-</u>	<u>1,016,985</u>
INCREASE (DECREASE) IN NET ASSETS	473,335	(13,542)	459,793
NET ASSETS — Beginning of year	<u>2,307,799</u>	<u>110,313</u>	<u>2,418,112</u>
NET ASSETS — End of year	<u>\$2,781,134</u>	<u>\$ 96,771</u>	<u>\$2,877,905</u>

See notes to financial statements.

PAUL CARLSON PARTNERSHIP

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JANUARY 31, 2006

	Unrestricted	Temporarily Restricted	Total
INCOME:			
Contributions	\$ 455,580	\$ 428,121	\$ 883,701
Investment income	224,614		224,614
Other income	8,424		8,424
Total income	688,618	428,121	1,116,739
NET ASSETS RELEASED FROM RESTRICTIONS			
	442,314	(442,314)	-
	1,130,932	(14,193)	1,116,739
EXPENSES:			
Field project expense	762,606		762,606
Video project	15,259		15,259
Indirect administrative fees	84,287		84,287
Salaries and benefits	51,399		51,399
Fundraising	117,003		117,003
Travel	38,266		38,266
Professional fees	11,033		11,033
Office expense	3,996		3,996
Total expenses	1,083,849	-	1,083,849
INCREASE (DECREASE) IN NET ASSETS	47,083	(14,193)	32,890
TRANSFER FROM AFFILIATE	985,543		985,543
NET ASSETS — Beginning of year	1,275,173	124,506	1,399,679
NET ASSETS — End of year	\$2,307,799	\$ 110,313	\$2,418,112

See notes to financial statements.

PAUL CARLSON PARTNERSHIP

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JANUARY 31, 2007 AND 2006 (RESTATED)

	2007	2006 (As Restated, see Note 4)
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase in net assets	\$ 459,793	\$ 32,890
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Unrealized appreciation on investments	(108,428)	(122,561)
Gain on sale of investments	(30,373)	(34,129)
Change in assets and liabilities:		
Contributions receivable		110,447
Due from affiliates	(77,123)	13,876
Other current assets	7,000	(6,541)
Accounts payable and accrued expenses	22,395	(26,437)
Due to affiliates	<u>(13,729)</u>	<u>(167,361)</u>
Net cash provided by (used in) operating activities	<u>259,535</u>	<u>(199,816)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of investments	(330,049)	(356,499)
Proceeds from sale of investments	<u>350,198</u>	<u>409,192</u>
Net cash provided by investing activities	<u>20,149</u>	<u>52,693</u>
NET INCREASE (DECREASE) IN CASH	279,684	(147,123)
CASH — Beginning of year	<u>149,233</u>	<u>296,356</u>
CASH — End of year	<u>\$ 428,917</u>	<u>\$ 149,233</u>
SUPPLEMENTAL CASH FLOW INFORMATION — Transfer from affiliate		
	<u>\$ -</u>	<u>\$ 985,543</u>

See notes to financial statements.

PAUL CARLSON PARTNERSHIP

NOTES TO FINANCIAL STATEMENTS

AS OF AND FOR THE YEARS ENDED JANUARY 31, 2007 AND 2006

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

History — The Paul Carlson Foundation was founded in 1966 as a not-for-profit organization in the state of Illinois. In 1973, the name of the organization was changed to The Paul Carlson Medical Program, Inc. (the “Program”). In 1991, the Board of the Paul Carlson Medical Program voted to have the administration of the Program transferred to The Evangelical Covenant Church (the “Church”). The Church continues to be the sole member of the Program. During 2004, the Program adopted an assumed name to reflect the broadened scope of its mission, and is doing business as Paul Carlson Partnership (the “Partnership”). The organization operates under the bylaws established for The Paul Carlson Medical Program.

Organization — The Partnership is an international aid and development organization, honoring the life and spirit of missionary doctor Paul E. Carlson, who served the people of northwest Congo in 1963-1964 and was killed by rebel soldiers. Working together with local leaders and people, the Partnership develops projects, programs, and facilities for medical services, public health services, child welfare services, community development activities, education, and research. Toward those ends, the Partnership raises funds to be used to accomplish the purposes to which Paul Carlson dedicated his life. Priorities of the Partnership address three areas of urgent needs: health, poverty, and education. Currently, the Partnership is focusing efforts on the Democratic Republic of Congo (the “Congo Project”), with a three-year program to help the people of northwest Congo rebuild following the devastation of civil war. Effective January 31, 2006, the U.S. Agency for International Development (“USAID”) approved the Program’s application for registration in the USAID Registry of Private Voluntary Organizations.

Use of Estimates — The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Due From and Due to Affiliates — Amounts due from and due to affiliates represent normal operating activities processed on behalf of the Partnership by the Church and Covenant Communication.

Transfer From Affiliate — During the year ended January 31, 2006, net assets consisting of investments were transferred from the Church to the Partnership in the amount of \$985,543.

Contributions — Contributions are recorded at the time of notification of an unconditional promise from the donor and are classified as unrestricted or temporarily restricted based on the donor’s intent.

Income Tax Status — The Partnership is exempt from taxation pursuant to Section 501(a) as an organization described in Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for federal or state income taxes is required.

Recently Issued Accounting Pronouncements — In September 2006, the Financial Accounting Standards Board (FASB) issued FASB Statement No. 157, *Fair Value Measurements*, to define fair value, establish a framework for measuring fair value and expand disclosures about fair value measurements. The standard will not have an impact on the Partnership's financial statements and notes to financial statements. FASB Statement No. 157 is effective for fiscal years beginning after November 15, 2007 and should be applied prospectively.

In February 2007, the FASB issued FASB Statement No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities*, which permits entities to choose to measure certain financial instruments at fair value that are not currently required to be measured at fair value. The standard will not have an impact on the Partnership's financial statements and notes to financial statements. FASB Statement No. 159 is effective for fiscal years beginning after November 15, 2007 and should not be applied retrospectively, except as permitted for certain conditions for early adoption.

2. INVESTMENTS

Investments at January 31, 2007 and 2006, consist of the following:

	2007	
	Cost	Market
National Covenant Properties Certificates	\$ 360,150	\$ 360,150
Marketable securities:		
Mutual funds	814,682	1,433,400
Bond funds	596,186	587,071
Money market funds	<u>21,288</u>	<u>21,288</u>
Total	<u>\$ 1,792,306</u>	<u>\$ 2,401,909</u>
	2006	
	Cost	Market
National Covenant Properties Certificates	\$ 360,150	\$ 360,150
Marketable securities:		
Mutual funds	851,487	1,361,965
Bond funds	547,654	538,350
Money market funds	<u>22,792</u>	<u>22,792</u>
Total	<u>\$ 1,782,083</u>	<u>\$ 2,283,257</u>

Marketable securities are recorded at fair value based upon quoted prices for such securities.

Investments in National Covenant Properties Certificates bear interest at rates ranging from 4% to 5.75% and mature through 2010. The fair value of the National Covenant Properties Certificates approximates their cost.

Investment income for the years ended January 31, 2007 and 2006, consists of the following:

	2007	2006
Dividends and interest — net of investment fees	\$ 80,936	\$ 67,924
Gain on sale of investments	30,373	34,129
Unrealized appreciation	<u>108,428</u>	<u>122,561</u>
Total	<u>\$ 219,737</u>	<u>\$ 224,614</u>

3. RELATED-PARTY TRANSACTIONS

The Partnership reimburses the Church for expenses paid on its behalf and the Church remits to the Partnership contributions received on its behalf. As of January 31, 2007 and 2006, \$79,147 was due from the Church and \$13,729 was due to the Church, respectively. Included in the statement of activities for the years ended January 31, 2007 and 2006, are indirect administrative fees paid to the Church of \$75,060 and \$84,287, respectively, for various administrative and operating activities of the Partnership.

Due from affiliates includes amounts collected by Covenant Communication on behalf of the Partnership for sale of materials related to the education and promotion of Partnership activities. As of January 31, 2007 and 2006, \$3,453 and \$5,477, respectively, was due from Covenant Communication.

Investments are held and managed by Covenant Trust Company. Fees paid to Covenant Trust Company during the years ended January 31, 2007 and 2006, were \$8,302 and \$12,219, respectively.

4. RESTATEMENT OF THE PRIOR YEAR REPORT

Subsequent to the issuance of the financial statements for the year ended January 31, 2006, it was determined that the net presentation in the statement of cash flows of purchases and sales of investments related to portfolio rebalancing transactions should have been reflected gross in accordance with FASB Statement No. 95, *Statement of Cash Flows*. As a result, the purchases of investments and proceeds from sale of investments have been restated from the amounts previously reported to comply with FASB Statement No. 95.

	As Restated	As Previously Reported
Purchases of investments	\$ (356,499)	\$ (102,875)
Proceeds from sale of investments	<u>409,192</u>	<u>155,568</u>
Net cash provided by investing activities	<u>\$ 52,693</u>	<u>\$ 52,693</u>

* * * * *

Name	Address	City	State	Zip	Amount
					\$ 250,000
					\$ 250,000
					\$ 60,585
					\$ 50,000
					\$ 46,663
					\$ 45,000
					\$ 39,847
					\$ 34,000
					\$ 30,000
					\$ 25,500
					\$ 24,000
					\$ 20,000
					\$ 15,720
					\$ 15,000
					\$ 13,250
					\$ 13,250
					\$ 12,500
					\$ 11,200
					\$ 11,000
					\$ 10,000
					\$ 8,000
					\$ 6,250
					\$ 6,000
					\$ 5,200
					\$ 5,100
					\$ 5,000
					\$ 5,000
					\$ 234,851
					<u>\$ 1,252,916</u>