

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 JANUARY 1, 2006, and ending DECEMBER 31, 20 06

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

Please use IRS label or print or type. See Specific Instructions.

C Name of organization
A CHILD'S HOPE FOUNDATION

Number and street (or P.O. box if mail is not delivered to street address) Room/suite
4885 NORTH CANYON ROAD

City or town, state or country, and ZIP + 4
PROVO, UT 84604

D Employer identification number
04 3683765

E Telephone number
(801) 434-9200

F Accounting method: Cash Accrual
 Other (specify) ▶

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

- H and I are not applicable to section 527 organizations.**
- H(a)** Is this a group return for affiliates? Yes No
- H(b)** If "Yes," enter number of affiliates ▶
- H(c)** Are all affiliates included? Yes No (If "No," attach a list. See instructions.)
- H(d)** Is this a separate return filed by an organization covered by a group ruling? Yes No
- I** Group Exemption Number ▶
- M** Check if the organization is **not** required to attach Sch. B (Form 990, 990-EZ, or 990-PF).

G Website: ▶ achildshopefoundation.org

J Organization type (check only one) ▶ 501(c) (3) ◀ (insert no.) 4947(a)(1) or 527

K Check here if the organization is not a 509(a)(3) supporting organization and its gross receipts are normally **not** more than \$25,000. A return is not required, but if the organization chooses to file a return, be sure to file a complete return.

L Gross receipts: Add lines 6b, 8b, 9b, and 10b to line 12 ▶ 684,102

Part I Revenue, Expenses, and Changes in Net Assets or Fund Balances (See the instructions.)

Revenue	1 Contributions, gifts, grants, and similar amounts received:				
	a Contributions to donor advised funds	1a	655,829		
	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 \$ <u>655,829</u> noncash \$)	1e		655,829	
	2 Program service revenue including government fees and contracts (from Part VII, line 93)	2		4,110	
	3 Membership dues and assessments	3			
	4 Interest on savings and temporary cash investments	4		163	
	5 Dividends and interest from securities	5			
	6a Gross rents	6a	24,000		
	b Less: rental expenses	6b	3,815		
c Net rental income or (loss). Subtract line 6b from line 6a	6c		20,185		
7 Other investment income (describe ▶)	7				
Revenue	8a Gross amount from sales of assets other than inventory	(A) Securities		(B) Other	
		8a			
		8b			
	c Gain or (loss) (attach schedule)	8c			
	d Net gain or (loss). Combine line 8c, columns (A) and (B)	8d			
	9 Special events and activities (attach schedule). If any amount is from gaming, check here <input type="checkbox"/>				
Revenue	a Gross revenue (not including \$ of contributions reported on line 1b)	9a			
		9b			
	c Net income or (loss) from special events. Subtract line 9b from line 9a	9c			
Revenue	10a Gross sales of inventory, less returns and allowances	10a			
		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				
12 Total revenue. Add lines 1e, 2, 3, 4, 5, 6c, 7, 8d, 9c, 10c, and 11	12		680,287		
Expenses	13 Program services (from line 44, column (B))	13	485,410		
	14 Management and general (from line 44, column (C))	14	46,526		
	15 Fundraising (from line 44, column (D))	15	12,223		
	16 Payments to affiliates (attach schedule)	16			
	17 Total expenses. Add lines 16 and 44, column (A)	17		544,159	
Net Assets	18 Excess or (deficit) for the year. Subtract line 17 from line 12	18	136,128		
	19 Net assets or fund balances at beginning of year (from line 73, column (A))	19	149,239		
	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		285,367	

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.)

<i>Do not include amounts reported on line 6b, 8b, 9b, 10b, or 16 of Part I.</i>	(A) Total	(B) Program services	(C) Management and general	(D) Fundraising
22a Grants paid from donor advised funds (attach schedule) (cash \$ <u>344,232</u> noncash \$ _____) If this amount includes foreign grants, check here <input type="checkbox"/>	22a 334,832	334,832		
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 51,488	35,414	10,896	5,178
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 59,814	51,182	6,671	1,961
27 Pension plan contributions not included on lines 25a, b, and c	27 300	195	60	45
28 Employee benefits not included on lines 25a – 27	28 15,055	6,449	6,285	2,321
29 Payroll taxes	29			
30 Professional fundraising fees	30			
31 Accounting fees	31			
32 Legal fees	32 3,764		3,764	
33 Supplies	33 21,046	15,741	4,981	324
34 Telephone	34 4,144	2,129	1,511	504
35 Postage and shipping	35 2,214	1,926	216	72
36 Occupancy	36 4,405	2,643	1,322	440
37 Equipment rental and maintenance	37 243		243	
38 Printing and publications	38 322	281	31	10
39 Travel	39 27,182	26,417	588	177
40 Conferences, conventions, and meetings	40 226	176	50	
41 Interest	41			
42 Depreciation, depletion, etc. (attach schedule)	42 5,928	3,557	1,778	593
43 Other expenses not covered above (itemize): <u>See Statement 2</u>	43a 13,196	4,468	8,130	598
a	43b			
b	43c			
c	43d			
d	43e			
e	43f			
f	43g			
g				
44 Total functional expenses. Add lines 22a through 43g. (Organizations completing columns (B)–(D), carry these totals to lines 13–15)	44 544,159	485,410	46,526	12,223

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? ▶ See Statement 3 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 See Statement 3 (Grants and allocations \$ _____) If this amount includes foreign grants, check here ▶ <input type="checkbox"/>	370,416
b See Statement 3 (Grants and allocations \$ _____) If this amount includes foreign grants, check here ▶ <input type="checkbox"/>	114,994
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). . . . ▶	485,410

Part IV Balance Sheets (See the instructions.)

		(A) Beginning of year		(B) End of year
Note: Where required, attached schedules and amounts within the description column should be for end-of-year amounts only.				
Assets	45 Cash—non-interest-bearing	43,166	45	171,201
	46 Savings and temporary cash investments		46	
	47a Accounts receivable	47a		
	b Less: allowance for doubtful accounts	47b		47c
	48a Pledges receivable	48a		
	b Less: allowance for doubtful accounts	48b		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)	51a 3,150		
	b Less: allowance for doubtful accounts	51b		51c 3,150
	52 Inventories for sale or use		52	
	53 Prepaid expenses and deferred charges		53	
	54a Investments—publicly-traded securities		9,750	54a
	b Investments—other securities (attach schedule)			54b
	55a Investments—land, buildings, and equipment: basis	55a		
	b Less: accumulated depreciation (attach schedule)	55b		55c
	56 Investments—other (attach schedule)		56	
	57a Land, buildings, and equipment: basis	57a 231,024		
b Less: accumulated depreciation (attach schedule)	57b 14,008	212,943	57c 217,016	
58 Other assets, including program-related investments (describe ▶)			58	
59 Total assets (must equal line 74). Add lines 45 through 58		265,859	59	391,367
Liabilities	60 Accounts payable and accrued expenses		60	
	61 Grants payable		61	
	62 Deferred revenue		62	
	63 Loans from officers, directors, trustees, and key employees (attach schedule)		10,620	63 26,000
	64a Tax-exempt bond liabilities (attach schedule)			64a
	b Mortgages and other notes payable (attach schedule)			64b
	65 Other liabilities (describe ▶ (See Statement 5))		106,000	65 80,000
66 Total liabilities. Add lines 60 through 65		116,620	66 106,000	
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		149,239	67 285,367
	68 Temporarily restricted			68
	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)		149,239	73 285,367
	74 Total liabilities and net assets/fund balances. Add lines 66 and 73		265,859	74 391,367

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	680,287
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	680,287
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	680,287

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

a	Total expenses and losses per audited financial statements		a	554,159
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	554,159
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	554,159

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
Perry V. Bratt 4885 N Canyon Road, Provo, UT 84604	President - 35 Hours	26,698	5,821	-0-
H. Carl Mackay 4885 N Canyon Road, Provo, UT 84604	VP/Gen Mgr - 60 Hours	18,951	-0-	-0-
K. Paul MacArthur 4885 N Canyon Road, Provo, UT 84604	Asst. Vice Pres. - 10 hrs	-0-	18	-0-
Paul H. Cook 4885 N Canyon Road, Provo, UT 84604	Founder - 20 Hours	-0-	-0-	-0-
Gregory H. Jackson 4885 N Canyon Road, Provo, UT 84604	Director - 10 Hours	-0-	-0-	-0-
Craig M. Juntunen 4885 N Canyon Road, Provo, UT 84604	Director - 10 Hours	-0-	-0-	-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?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	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 <u>15,030</u>		
83a	Did the organization comply with the public inspection requirements for returns and exemption applications?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	83a		
	b Did the organization comply with the disclosure requirements relating to <i>quid pro quo</i> contributions?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	83b		
84a	Did the organization solicit any contributions or gifts that were not tax deductible?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	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 <u>N/A</u>		
	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 <u>N/A</u>		
	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.	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	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	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	88b		
89a	501(c)(3) organizations. Enter: Amount of tax imposed on the organization during the year under: section 4911 <u>0</u> ; section 4912 <u>0</u> ; section 4955 <u>0</u>		
	b 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		<input checked="" type="checkbox"/>
	c Enter: Amount of tax imposed on the organization managers or disqualified persons during the year under sections 4912, 4955, and 4958		
	<u>0</u>		
	d Enter: Amount of tax on line 89c, above, reimbursed by the organization		
	<u>0</u>		
	e <i>All organizations.</i> At any time during the tax year, was the organization a party to a prohibited tax shelter transaction?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	89e		
	f <i>All organizations.</i> Did the organization acquire a direct or indirect interest in any applicable insurance contract?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	89f		
	g <i>For supporting organizations and sponsoring organizations maintaining donor advised funds.</i> Did the supporting organization, or a fund maintained by a sponsoring organization, have excess business holdings at any time during the year?		
	89g		<input checked="" type="checkbox"/>
90a	List the states with which a copy of this return is filed <u>see attached list - Statement 7</u>		
	b Number of employees employed in the pay period that includes March 12, 2006 (See instructions.)	90b	<u>5</u>
91a	The books are in care of <u>A CHILD'S HOPE FOUNDATION</u> Telephone no. <u>(801) 434-9200</u> Located at <u>4885 N Canyon Road, Provo, UT</u> ZIP + 4 <u>84604</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)? If "Yes," enter the name of the foreign country <u>_____</u> See the instructions for exceptions and filing requirements for Form TD F 90-22.1 , Report of Foreign Bank and Financial Accounts.	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	91b		

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** | **N/A**

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 _____	624100	4,110			
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	624100	163			
96 Dividends and interest from securities					
97 Net rental income or (loss) from real estate:					
a debt-financed property					
b not debt-financed property	624100	20,185			
98 Net rental income or (loss) from personal property					
99 Other investment income					
100 Gain or (loss) from sales of assets other than inventory					
101 Net income or (loss) from special events					
102 Gross profit or (loss) from sales of inventory					
103 Other revenue: a _____					
b _____					
c _____					
d _____					
e _____					
104 Subtotal (add columns (B), (D), and (E))		24,458			
105 Total (add line 104, columns (B), (D), and (E))					24,458

Note: Line 105 plus line 1e, Part I, should equal the amount on line 12, Part I.

Part VIII Relationship of Activities to the Accomplishment of Exempt Purposes (See the instructions.)

Line No.	Explain how each activity for which income is reported in column (E) of Part VII contributed importantly to the accomplishment of the organization's exempt purposes (other than by providing funds for such purposes).
N/A	

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

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

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

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

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

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

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

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

Yes	No
	✓

	(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.

Please Sign Here	Signature of officer _____ Date _____ Type or print name and title Perry V. Bratt, President	
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Paid Preparer's Use Only	Preparer's signature _____ Firm's name (or yours if self-employed), address, and ZIP + 4 _____	Date _____	Check if self-employed <input type="checkbox"/>	Preparer's SSN or PTIN (See Gen. Inst. X) _____ EIN _____ Phone no. () _____
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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 A CHILD'S HOPE FOUNDATION	Employer identification number 04 : 3683765
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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
None		

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

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

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

Total number of other contractors receiving over \$50,000 for other services ▶

Part III Statements About Activities (See page 2 of the instructions.)		Yes	No
1	During the year, has the organization attempted to influence national, state, or local legislation, including any attempt to influence public opinion on a legislative matter or referendum? If "Yes," enter the total expenses paid or incurred in connection with the lobbying activities ▶ \$ _____ (Must equal amounts on line 38, Part VI-A, or line i of Part VI-B.)	1	✓
	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	✓
b	Lending of money or other extension of credit?	2b	✓
c	Furnishing of goods, services, or facilities?	2c	✓
d	Payment of compensation (or payment or reimbursement of expenses if more than \$1,000)?	2d	✓
e	Transfer of any part of its income or assets?	2e	✓
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	✓
b	Did the organization have a section 403(b) annuity plan for its employees?	3b	✓
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	✓
d	Did the organization provide credit counseling, debt management, credit repair, or debt negotiation services?	3d	✓
4a	Did the organization maintain any donor advised funds? If "Yes," complete lines 4b through 4g. If "No," complete lines 4f and 4g	4a	✓
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 ▶		0
e	Enter the aggregate value of assets held in all donor advised funds owned at the end of the tax year . . . ▶		0
f	Enter the total number of separate funds or accounts owned at the end of the tax year (excluding donor advised funds included on line 4d) where donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts ▶		0
g	Enter the aggregate value of assets held in all funds or accounts included on line 4f at the end of the tax year ▶		0

Part IV Reason for Non-Private Foundation Status (See pages 4 through 7 of the instructions.)

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

- 5 A church, convention of churches, or association of churches. Section 170(b)(1)(A)(i).
- 6 A school. Section 170(b)(1)(A)(ii). (Also complete Part V.)
- 7 A hospital or a cooperative hospital service organization. Section 170(b)(1)(A)(iii).
- 8 A federal, state, or local government or governmental unit. Section 170(b)(1)(A)(v).
- 9 A medical research organization operated in conjunction with a hospital. Section 170(b)(1)(A)(iii). **Enter the hospital's name, city, and state** ▶
- 10 An organization operated for the benefit of a college or university owned or operated by a governmental unit. Section 170(b)(1)(A)(iv). (Also complete the **Support Schedule** in Part IV-A.)
- 11a An organization that normally receives a substantial part of its support from a governmental unit or from the general public. Section 170(b)(1)(A)(vi). (Also complete the **Support Schedule** in Part IV-A.)
- 11b A community trust. Section 170(b)(1)(A)(vi). (Also complete the **Support Schedule** in Part IV-A.)
- 12 An organization that normally receives: **(1) more than 33%** 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%** 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.)	519,334	1,186,634	447,225	124,409	2,277,602
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					
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					
23 Total of lines 15 through 22	519,334	1,186,634	447,225	124,409	2,277,602
24 Line 23 minus line 17	519,334	1,186,634	447,225	124,409	2,277,602
25 Enter 1% of line 23	5,193	11,866	4,472	1,244	
26 Organizations described on lines 10 or 11: a Enter 2% of amount in column (e), line 24 ▶					26a 45,552
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 1,079,797
c Total support for section 509(a)(1) test: Enter line 24, column (e) ▶					26c 2,277,602
d Add: Amounts from column (e) for lines: 18 <u>0</u> 19 <u>0</u> 22 <u>0</u> 26b <u>1,079,797</u> ▶					26d 1,079,797
e Public support (line 26c minus line 26d total) ▶					26e 1,197,805
f Public support percentage (line 26e (numerator) divided by line 26c (denominator)) ▶					26f 52.6 %
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>N/A</u> (2004) <u>N/A</u> (2003) <u>N/A</u> (2002) <u>N/A</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>N/A</u> (2004) <u>N/A</u> (2003) <u>N/A</u> (2002) <u>N/A</u>					
c Add: Amounts from column (e) for lines: 15 _____ 16 _____ 17 _____ 20 _____ 21 _____ ▶					27c
d Add: Line 27a total _____ and line 27b total _____ ▶					27d
e Public support (line 27c total minus line 27d total) ▶					27e
f Total support for section 509(a)(2) test: Enter amount from line 23, column (e) ▶					27f
g Public support percentage (line 27e (numerator) divided by line 27f (denominator)) ▶					27g %
h Investment income percentage (line 18, column (e) (numerator) divided by line 27f (denominator)). ▶					27h %
28 Unusual Grants: For an organization described in line 10, 11, or 12 that received any unusual grants during 2002 through 2005, prepare a list for your records to show, for each year, the name of the contributor, the date and amount of the grant, and a brief description of the nature of the grant. Do not file this list with your return. Do not include these grants in line 15.					

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

		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	N/A
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					N/A
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:	Yes	No	Amount
a Volunteers			
b Paid staff or management (Include compensation in expenses reported on lines c through h .)			
c Media advertisements			
d Mailings to members, legislators, or the public			
e Publications, or published or broadcast statements			
f Grants to other organizations for lobbying purposes			
g Direct contact with legislators, their staffs, government officials, or a legislative body			
h Rallies, demonstrations, seminars, conventions, speeches, lectures, or any other means			
i Total lobbying expenditures (Add lines c through h .)			N/A

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

Statement 1
Form 990, Part II, Line 25a
Compensation of current officers, directors, key employees etc.

Name	Compensation	Contribution to Benefits	Expense Accounts
Perry V. Brätt	\$ 26,698	\$ 5,820	\$ -0-
H. Carl Mackay	18,951	-0-	-0-
K. Paul MacArthur	-0-	18	-0-

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

	(A)	(B)	(C)	(D)
	Total	Program Services	Management & General	Fundraising
Banking Expense	\$ 263	\$ 233	\$ 30	\$ -0-
Books, Subscriptions, Reference	-0-	-0-	-0-	-0-
Computer Parts – Programs	315	178	109	28
Insurance – non-employee	588	495	70	23
Membership Dues – Organization	250	150	75	25
Non-personnel Expenses – other	-0-	-0-	-0-	-0-
Organizational (corp.) expenses	215	-0-	-0-	215
Other	60	-0-	60	-0-
Other Expenses	1,824	1,723	76	25
Outside computer services	108	65	32	11
Professional Fees – Other	-0-	-0-	-0-	-0-
Reimbursements	4,150	-0-	4,150	-0-
Taxes - Other	5,423	1,624	3,528	271
TOTAL	\$ 13,196	\$4,468	\$ 8,130	\$ 589

Statement 3
Form 990, Part III
Organization's Primary Exempt Purpose

a) The Haiti adoption center, located in Ti Mache, continues to provide loving care for 35 to 50 orphans. Approximately 55 children have been matched with adoptive families in the United States and Canada, of these over 30 have completed the lengthy adoptive process and have left the center for their new homes and families. New children are being admitted to the facility as matched children are taken home by parents or are escorted (by adoption center staff) to the United States to meet their adoptive families. The children are well and happy. Those of the appropriate age continue to attend pre-school classes at the adoption center, taught by Haitian teachers, who are teaching them English as a second language. The curriculum is similar to that found in most pre-school classes in the US. The ultimate joy for volunteers, staff and of course family members is the day when these special children arrive at their new homes to begin a life of opportunity, love and unlimited potential. Due to the continued level of unrest in Haiti and the State Departments travel warning, volunteer work groups from the United States have not returned to the facility. Small administrative groups and parents, accompanied with security personnel have been to the facility as needed. To continue the friendship and social interaction of the children as well as the volunteers who have cared for them, the foundation held it's first annual Haiti Days festivities where adoptive families, volunteers and staff could spend the day enjoying each other, games and a picnic lunch. This activity was very well attended and helps to keep the cultural link and friendships alive.

b) The Foundation continues to receive inquiries regarding children and needs in other developing countries. While it would be wonderful to expand into all countries that have orphans in need of loving homes and families, such an effort is impractical and growth can only occur as funding is available. Efforts continue in China where progress is slow but positive. We also maintain regular contact with those involved in Bulgaria, Ghana, and Peru regarding possible partnerships with new or existing orphanages so A Child's Hope Foundation can evaluate the feasibility of developing an adoption program in these countries based upon the pattern established in Haiti. A key element in all of these decisions is government attitudes toward international adoption, in country adoption fees, and time intervals.

c) The Perpetual Adoption Fund continues to be a unique element of A Child's Hope Foundation and provides every couple the possibility of adding a needy child to their loving family. To date no family applying for assistance has been turned away.

Statement 4
Form 990, Part IV, Line 57
Land, Buildings, and Equipment

Category	Basis	Accumulated Depreciation	Book Value
Furniture and Fixtures	\$ 1,208	\$ 778	\$ 430
Buildings	209,816	13,230	196,586
Land	20,000		20,000
Total	<u>\$ 231,024</u>	<u>\$ 14,008</u>	<u>\$ 217,016</u>

Statement 5

Form 990, Part IV, Line 65

Other Liabilities

Line 63	Paul H. Cook		\$ 26,000
Line 65	Wayne Glasgow	\$ 40,000	
Line 65	PAF	5,000	
Line 65	BAH Investments	35,000	80,000
Total Liabilities – Line 66			<u>\$ 106,000</u>

Statement 6

Form 990, Part V-A, Line 75c

Current Officers, Directors, Trustees, and Key Employees

The following table lists those individuals receiving compensation from Hope Holdings, Inc.: Hope Holdings, Inc. is a domestic, profit corporation pursuant to the laws of the State of Utah EIN # 20-1791063. Paul H. Cook is the founder of A Child's Hope Foundation and the incorporator of Hope Holdings, Inc.

Name	Compensation	Contribution to Benefits	Expense Accounts
Perry V. Brätt	\$ 38,786	\$ 8,636	\$ -0-
H. Carl Mackay	77,327	2,093	-0-
Stephen Kent White	53,040	11,038	-0-

Statement 7

Form 990, Part VI, Line 90a

Other Information

States receiving a copy of this statement:

Arizona, California, Colorado, Oregon, Washington

Statement 8
Form 990, Schedule A, Part III, Line 3a
Other Information

The Perpetual Adoption Fund is utilized to provide low interest loans to families in financial need so as to facilitate adoptions from our Haiti orphanage. These funds, with interest are repaid by the families and used again to assist other families. The process for determining qualified families and the amount to loan is based upon a review, much like obtaining a home loan and evaluated by the PAF Committee.

Assistance has also been provided in the form of work project scholarships to volunteers who can not afford the total cost of the project. To this point no one requesting assistance has been denied.
