

Return of Organization Exempt From Income Tax

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

Department of the Treasury
Internal Revenue Service

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

A For the 2006 calendar year, or tax year beginning **MAY 1, 2006** and ending **APR 30, 2007**

<p>B Check if applicable:</p> <p><input type="checkbox"/> Address change</p> <p><input type="checkbox"/> Name change</p> <p><input type="checkbox"/> Initial return</p> <p><input type="checkbox"/> Final return</p> <p><input type="checkbox"/> Amended return</p> <p><input type="checkbox"/> Application pending</p>	<p>Please use IRS label or print or type. See Specific Instructions.</p>	<p>C Name of organization MOUNTAIN ASSOCIATION FOR COMMUNITY ECONOMIC DEVELOPMENT, INC.</p> <p>Number and street (or P.O. box if mail is not delivered to street address) Room/suite 433 CHESTNUT STREET</p> <p>City or town, state or country, and ZIP + 4 BEREA, KY 40403</p>	<p>D Employer identification number 31-0900246</p> <p>E Telephone number (859) 986-2373</p> <p>F Accounting method: <input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual <input type="checkbox"/> Other (specify) ▶</p>
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• Section 501(c)(3) organizations and 4947(a)(1) nonexempt charitable trusts must attach a completed Schedule A (Form 990 or 990-EZ).

Hand 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 ▶ **N/A**

H(c) Are all affiliates included? **N/A** Yes No (If "No," attach a list.)

H(d) Is this a separate return filed by an organization covered by a group ruling? Yes No

G Website: ▶ **WWW.MACED.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.

I Group Exemption Number ▶ **N/A**

L Gross receipts: Add lines 6b, 8b, 9b, and 10b to line 12 ▶ **1,880,038.**

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

	1	Contributions, gifts, grants, and similar amounts received:		
Revenue	a	Contributions to donor advised funds	1a	
	b	Direct public support (not included on line 1a)	1b	1,043,377.
	c	Indirect public support (not included on line 1a)	1c	
	d	Government contributions (grants) (not included on line 1a)	1d	256,668.
	e	Total (add lines 1a through 1d) (cash \$ 1,300,045. noncash \$)	1e	1,300,045.
	2	Program service revenue including government fees and contracts (from Part VII, line 93)	2	382,485.
	3	Membership dues and assessments	3	
	4	Interest on savings and temporary cash investments	4	64,429.
	5	Dividends and interest from securities	5	
	6 a	Gross rents SEE STATEMENT 1	6a	3,285.
b	Less: rental expenses	6b		
c	Net rental income or (loss). Subtract line 6b from line 6a	6c	3,285.	
7	Other investment income (describe)	7		
Revenue	8 a	Gross amount from sales of assets other than inventory	(A) Securities	116,751.
		Less: cost or other basis and sales expenses	8a	
		Gain or (loss) (attach schedule)	8b	93,893.
		Net gain or (loss). Combine line 8c, columns (A) and (B) STMT 2	8c	22,858.
8d		8d	22,858.	
Revenue	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	
9c	Net income or (loss) from special events. Subtract line 9b from line 9a	9c		
Revenue	10 a	Gross sales of inventory, less returns and allowances	10a	
		Less: cost of goods sold	10b	
		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	13,043.	
12	Total revenue. Add lines 1e, 2, 3, 4, 5, 6c, 7, 8d, 9c, 10c, and 11	12	1,786,145.	
Expenses	13	Program services (from line 44, column (B))	13	1,447,647.
	14	Management and general (from line 44, column (C))	14	370,973.
	15	Fundraising (from line 44, column (D))	15	22,829.
	16	Payments to affiliates (attach schedule)	16	
	17	Total expenses. Add lines 16 and 44, column (A)	17	1,841,449.
Net Assets	18	Excess or (deficit) for the year. Subtract line 17 from line 12	18	<55,304.>
	19	Net assets or fund balances at beginning of year (from line 73, column (A))	19	4,982,655.
	20	Other changes in net assets or fund balances (attach explanation) SEE STATEMENT 3	20	<285,134.>
	21	Net assets or fund balances at end of year. Combine lines 18, 19, and 20	21	4,642,217.

**MOUNTAIN ASSOCIATION FOR COMMUNITY
ECONOMIC DEVELOPMENT, INC.**

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**Part II Statement of
Functional Expenses**

All organizations must complete column (A). Columns (B), (C), and (D) are required for section 501(c)(3) and (4) organizations and section 4947(a)(1) nonexempt charitable trusts but optional for others.

<i>Do not include amounts reported on line 6b, 8b, 9b, 10b, or 16 of Part I.</i>	(A) Total	(B) Program services	(C) Management and general	(D) Fundraising
22a Grants paid from donor advised funds (attach schedule) (cash \$ <u>0</u> . noncash \$ <u>0</u> .) If this amount includes foreign grants, check here <input type="checkbox"/>				
22b Other grants and allocations (attach schedule) (cash \$ <u>0</u> . noncash \$ <u>0</u> .) 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 STMT 5	86,592.	55,463.	26,799.	4,330.
b Compensation of former officers, directors, key employees, etc. listed in Part V-B STMT 6	53,142.	53,142.	0.	0.
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)				
26 Salaries and wages of employees not included on lines 25a, b, and c	512,882.	330,124.	174,765.	7,993.
27 Pension plan contributions not included on lines 25a, b, and c	32,878.	21,769.	10,592.	517.
28 Employee benefits not included on lines 25a - 27	85,541.	56,328.	27,411.	1,802.
29 Payroll taxes	51,785.	34,788.	16,027.	970.
30 Professional fundraising fees				
31 Accounting fees				
32 Legal fees				
33 Supplies	17,496.	13,123.	4,092.	281.
34 Telephone	14,034.	10,657.	3,204.	173.
35 Postage and shipping	4,653.	1,698.	2,892.	63.
36 Occupancy	38,400.	24,659.	13,033.	708.
37 Equipment rental and maintenance	10,757.	6,811.	3,779.	167.
38 Printing and publications	79,515.	75,999.	3,515.	1.
39 Travel	45,376.	39,942.	4,492.	942.
40 Conferences, conventions, and meetings	24,583.	20,743.	3,838.	2.
41 Interest	34,662.	34,662.		
42 Depreciation, depletion, etc. (attach schedule)	26,571.	17,981.	8,211.	379.
43 Other expenses not covered above (itemize):				
a				
b				
c				
d				
e				
f				
g SEE STATEMENT 4	722,582.	649,758.	68,323.	4,501.
44 Total functional expenses. Add lines 22a through 43g. (Organizations completing columns (B)-(D), carry these totals to lines 13-15)	1,841,449.	1,447,647.	370,973.	22,829.

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

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

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? COMMUNITY ECONOMIC DEVELOPMENT	Program Service Expenses (Required for 501(c)(3) and (4) orgs., and 4947(a)(1) trusts; but optional for others.)
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.)	
a SEE ATTACHMENT	
(Grants and allocations \$) If this amount includes foreign grants, check here <input type="checkbox"/>	
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)	1,447,647.

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ECONOMIC DEVELOPMENT, INC.**

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Part IV Balance Sheets (See the instructions.)

Note: Where required, attached schedules and amounts within the description column should be for end-of-year amounts only.

		(A) Beginning of year		(B) End of year
Assets	45 Cash - non-interest-bearing	1,753,296.	45	1,593,474.
	46 Savings and temporary cash investments		46	
	47 a Accounts receivable	707,241.		
	b Less: allowance for doubtful accounts		47c	707,241.
	48 a Pledges receivable			
	b Less: allowance for doubtful accounts		48c	
	49 Grants receivable		49	
	50 a Receivables from current and former officers, directors, trustees, and key employees		50a	
	b Receivables from other disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)		50b	
	51 a Other notes and loans receivable	4,886,108.		
	b Less: allowance for doubtful accounts	278,175.	51c	4,607,933.
	52 Inventories for sale or use		52	
	53 Prepaid expenses and deferred charges		53	
	54 a Investments - publicly-traded securities	<input type="checkbox"/> Cost <input type="checkbox"/> FMV	54a	
	b Investments - other securities	<input type="checkbox"/> Cost <input type="checkbox"/> FMV	54b	
	55 a Investments - land, buildings, and equipment: basis			
b Less: accumulated depreciation		55c		
56 Investments - other	SEE STATEMENT 7	860,953.	56	531,925.
57 a Land, buildings, and equipment: basis	249,014.			
b Less: accumulated depreciation	124,113.	112,151.	57c	124,901.
58 Other assets, including program-related investments (describe ► PREPAID EXPENSES)		7,906.	58	5,484.
59 Total assets (must equal line 74). Add lines 45 through 58		7,794,375.	59	7,570,958.
Liabilities	60 Accounts payable and accrued expenses	571,880.	60	120,266.
	61 Grants payable		61	
	62 Deferred revenue		62	
	63 Loans from officers, directors, trustees, and key employees		63	
	64 a Tax-exempt bond liabilities		64a	
	b Mortgages and other notes payable	2,239,840.	64b	2,808,475.
	65 Other liabilities (describe ►)		65	
66 Total liabilities. Add lines 60 through 65		2,811,720.	66	2,928,741.
Net Assets or Fund Balances	Organizations that follow SFAS 117, check here <input checked="" type="checkbox"/> and complete lines 67 through 69 and lines 73 and 74.			
	67 Unrestricted	1,396,806.	67	1,605,457.
	68 Temporarily restricted	3,585,849.	68	3,036,760.
	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)		4,982,655.	73	4,642,217.
74 Total liabilities and net assets/fund balances. Add lines 66 and 73		7,794,375.	74	7,570,958.

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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	1,551,845.
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	4,200.
3	Recoveries of prior year grants	b3	
4	Other (specify): <u>UNREALIZED LOSSES ON INVESTMENTS</u>	b4	<238,500.>
	Add lines b1 through b4	b	<234,300.>
c	Subtract line b from line a	c	1,786,145.
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	0.
e	Total revenue (Part I, line 12). Add lines c and d	e	1,786,145.

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

a	Total expenses and losses per audited financial statements	a	1,892,283.
b	Amounts included on line a but not on Part I, line 17:		
1	Donated services and use of facilities	b1	4,200.
2	Prior year adjustments reported on Part I, line 20	b2	
3	Losses reported on Part I, line 20	b3	
4	Other (specify): <u>ELIMINATE LOSS FROM SUB</u>	b4	46,634.
	Add lines b1 through b4	b	50,834.
c	Subtract line b from line a	c	1,841,449.
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	1,841,449.

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

(A) Name and address	(B) Title and average hours per week devoted to position	(C) Compensation (If not paid, enter -0-.)	(D) Contributions to employee benefit plans & deferred compensation plans	(E) Expense account and other allowances
SEE STATEMENT 8		82,642.	3,950.	0.

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Part V-A Current Officers, Directors, Trustees, and Key Employees <i>(continued)</i>	Yes	No
75 a Enter the total number of officers, directors, and trustees permitted to vote on organization business at board meetings 10		
b Are any officers, directors, trustees, or key employees listed in Form 990, Part V-A, or highest compensated employees listed in Schedule A, Part I, or highest compensated professional and other independent contractors listed in Schedule A, Part II-A or II-B, related to each other through family or business relationships? If "Yes," attach a statement that identifies the individuals and explains the relationship(s)	75b	X
c Do any officers, directors, trustees, or key employees listed in Form 990, Part V-A, or highest compensated employees listed in Schedule A, Part I, or highest compensated professional and other independent contractors listed in Schedule A, Part II-A or II-B, receive compensation from any other organizations, whether tax exempt or taxable, that are related to the organization? See the instructions for the definition of "related organization."	75c	X
If "Yes," attach a statement that includes the information described in the instructions.		
d Does the organization have a written conflict of interest policy?	75d	X

Part V-B Former Officers, Directors, Trustees, and Key Employees That Received Compensation or Other Benefits (If any former officer, director, trustee, or key employee received compensation or other benefits (described below) during the year, list that person below and enter the amount of compensation or other benefits in the appropriate column. See the instructions.)

(A) Name and address	(B) Loans and Advances	(C) Compensation (if not paid, enter -0-)	(D) Contributions to employee benefit plans & deferred compensation plans	(E) Expense account and other allowances
JUDY OWENS 2613 CLUBSIDE COURT LEXINGTON, KY 40513	0.	51,798.	1,344.	0.

Part VI Other Information <i>(See the instructions.)</i>	Yes	No
76 Did the organization make a change in its activities or methods of conducting activities? If "Yes," attach a detailed statement of each change	76	X
77 Were any changes made in the organizing or governing documents but not reported to the IRS?	77	X
If "Yes," attach a conformed copy of the changes.		
78 a Did the organization have unrelated business gross income of \$1,000 or more during the year covered by this return?	78a	X
b If "Yes," has it filed a tax return on Form 990-T for this year?	78b	N/A
79 Was there a liquidation, dissolution, termination, or substantial contraction during the year? If "Yes," attach a statement	79	X
80 a Is the organization related (other than by association with a statewide or nationwide organization) through common membership, governing bodies, trustees, officers, etc., to any other exempt or nonexempt organization?	80a	X
b If "Yes," enter the name of the organization SEE STATEMENT 9		
_____ and check whether it is <input type="checkbox"/> exempt or <input type="checkbox"/> nonexempt		
81 a Enter direct or indirect political expenditures. (See line 81 instructions.)	81a	0.
b Did the organization file Form 1120-POL for this year?	81b	X

Form **990** (2006)

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Part VI Other Information <i>(continued)</i>		Yes	No
82 a	Did the organization receive donated services or the use of materials, equipment, or facilities at no charge or at substantially less than fair rental value?	82a	<input checked="" type="checkbox"/>
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>4,200.</u>		
83 a	Did the organization comply with the public inspection requirements for returns and exemption applications?	83a	<input checked="" type="checkbox"/>
b	Did the organization comply with the disclosure requirements relating to quid pro quo contributions?	83b	<input type="checkbox"/>
	N/A		
84 a	Did the organization solicit any contributions or gifts that were not tax deductible?	84a	<input type="checkbox"/>
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	84b	<input type="checkbox"/>
	N/A		
85	501(c)(4), (5), or (6) organizations. a Were substantially all dues nondeductible by members?	85a	<input type="checkbox"/>
b	Did the organization make only in-house lobbying expenditures of \$2,000 or less?	85b	<input type="checkbox"/>
	If "Yes" was answered to either 85a or 85b, do not complete 85c through 85h below unless the organization received a waiver for proxy tax owed for the prior year.		
c	Dues, assessments, and similar amounts from members	85c	<input type="checkbox"/>
	N/A		
d	Section 162(e) lobbying and political expenditures	85d	<input type="checkbox"/>
	N/A		
e	Aggregate nondeductible amount of section 6033(e)(1)(A) dues notices	85e	<input type="checkbox"/>
	N/A		
f	Taxable amount of lobbying and political expenditures (line 85d less 85e)	85f	<input type="checkbox"/>
	N/A		
g	Does the organization elect to pay the section 6033(e) tax on the amount on line 85f?	85g	<input type="checkbox"/>
	N/A		
h	If section 6033(e)(1)(A) dues notices were sent, does the organization agree to add the amount on line 85f to its reasonable estimate of dues allocable to nondeductible lobbying and political expenditures for the following tax year?	85h	<input type="checkbox"/>
	N/A		
86	501(c)(7) organizations. Enter: a Initiation fees and capital contributions included on line 12	86a	<input type="checkbox"/>
	N/A		
b	Gross receipts, included on line 12, for public use of club facilities	86b	<input type="checkbox"/>
	N/A		
87	501(c)(12) organizations. Enter: a Gross income from members or shareholders	87a	<input type="checkbox"/>
	N/A		
b	Gross income from other sources. (Do not net amounts due or paid to other sources against amounts due or received from them.)	87b	<input type="checkbox"/>
	N/A		
88 a	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	<input checked="" type="checkbox"/>
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	<input checked="" type="checkbox"/>
89 a	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) organizations. 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	All organizations. At any time during the tax year, was the organization a party to a prohibited tax shelter transaction?	89e	<input checked="" type="checkbox"/>
f	All organizations. Did the organization acquire a direct or indirect interest in any applicable insurance contract?	89f	<input checked="" type="checkbox"/>
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	<input checked="" type="checkbox"/>
90 a	List the states with which a copy of this return is filed ▶ KY		
b	Number of employees employed in the pay period that includes March 12, 2006	90b	<input type="checkbox"/>
	13		
91 a	The books are in care of ▶ OPERATIONS AND FINANCE DIRECTOR Telephone no. ▶ 859-986-2373 Located at ▶ 433 CHESTNUT STREET, BEREA, KY ZIP + 4 ▶ 40403		
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	<input checked="" type="checkbox"/>
	If "Yes," enter the name of the foreign country ▶ N/A		
	See the instructions for exceptions and filing requirements for Form TD F 90-22.1 , Report of Foreign Bank and Financial Accounts.		

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Part VI	Other Information (continued)		Yes	No
c At any time during the calendar year, did the organization maintain an office outside of the United States?		91c		<input checked="" type="checkbox"/>
If "Yes," enter the name of the foreign country ▶ <u>N/A</u>				
92 Section 4947(a)(1) nonexempt charitable trusts filing Form 990 in lieu of Form 1041- Check here ▶ <input type="checkbox"/>				
and enter the amount of tax-exempt interest received or accrued during the tax year ▶ 92		N/A		

Part VII Analysis of Income-Producing Activities (See the instructions.)		Unrelated business income		Excluded by section 512, 513, or 514		(E)
		(A)	(B)	(C)	(D)	(E)
		Business code	Amount	Exclusion code	Amount	Related or exempt function income
Note: Enter gross amounts unless otherwise indicated.						
93 Program service revenue:						
a	PROJECT INCOME					33,218.
b	FEE INCOME					28,515.
c	PROGRAM SERVICE REVENUE					312,773.
d	DIVIDENDS EARNED FROM					
e	PROGRAM SERVICES					7,979.
f	Medicare/Medicaid payments					
g	Fees and contracts from government agencies					
94	Membership dues and assessments					
95	Interest on savings and temporary cash investments			14	64,429.	
96	Dividends and interest from securities					
97	Net rental income or (loss) from real estate:					
a	debt-financed property					
b	not debt-financed property			17	3,285.	
98	Net rental income or (loss) from personal property					
99	Other investment income					
100	Gain or (loss) from sales of assets other than inventory					22,858.
101	Net income or (loss) from special events					
102	Gross profit or (loss) from sales of inventory					
103	Other revenue:					
a	COMPUTER NETWORK AND					
b	PHONE FEES					13,043.
c						
d						
e						
104	Subtotal (add columns (B), (D), and (E))		0.		67,714.	418,386.
105	Total (add line 104, columns (B), (D), and (E))					486,100.

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).
▼	
ALL	ADMINISTRATIVE SUPPORT FOR NON-PROFITS SERVING THE REGION AND ECONOMIC DEVELOPMENT ACTIVITIES

Part IX Information Regarding Taxable Subsidiaries and Disregarded Entities (See the instructions.)				
(A)	(B)	(C)	(D)	(E)
Name, address, and EIN of corporation, partnership, or disregarded entity	Percentage of ownership interest	Nature of activities	Total income	End-of-year assets
SEE STATEMENT 10	%			
	%			
	%			
	%			

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?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
(b) Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

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

Form **990** (2006)

MOUNTAIN ASSOCIATION FOR COMMUNITY
ECONOMIC DEVELOPMENT, INC.

Form 990 (2006)

31-0900246 Page 9

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

				Yes	No
106 Did the reporting organization make any transfers to a controlled entity as defined in section 512(b)(13) of the Code? If "Yes," complete the schedule below for each controlled entity.				X	
(A) Name, address, of each controlled entity	(B) Employer Identification Number	(C) Description of transfer	(D) Amount of transfer		
a APPALACHIAN INVESTMENT CORPORATION 433 CHESTNUT STREET BEREA, KENTUCKY 40403	61-1254830	SEE STATEMENT 11	187,500.		
b RIDGECREST ENTERPRISES, INC. 433 CHESTNUT STREET BEREA, KENTUCKY 40403	61-1036685		50,000.		
c					
Totals			237,500.		

				Yes	No
107 Did the reporting organization receive any transfers from a controlled entity as defined in section 512(b)(13) of the Code? If "Yes," complete the schedule below for each controlled entity.					X
(A) Name, address, of each controlled entity	(B) Employer Identification Number	(C) Description of transfer	(D) Amount of transfer		
a					
b					
c					
Totals					

		Yes	No
108 Did the organization have a binding written contract in effect on August 17, 2006, covering the interest, rents, royalties, and annuities described in question 107 above?			X

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 _____

Paid Preparer's Use Only

Preparer's signature _____ Date _____ Check if self-employed Preparer's SSN or PTIN (See Gen. Inst. X) _____

Firm's name (or yours if self-employed), address, and ZIP + 4
POTTER & COMPANY, LLP
301 EAST MAIN STREET SUITE 1100
LEXINGTON, KENTUCKY 40507

EIN _____ Phone no. **(859) 253-1100**

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	MOUNTAIN ASSOCIATION FOR COMMUNITY ECONOMIC DEVELOPMENT, INC.	Employer identification number	31 0900246
--------------------------	--	--------------------------------	-------------------

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
CAROL LAMM 433 CHESTNUT STREET, BERE A, KY 40403	OPER/FIN DIR 40.00	57,842.	2,785.	
DAVID JACKSON 433 CHESTNUT STREET, BERE A, KY 40403	FORESTRY PROG MGR 40.00	52,343.	2,588.	
JONATHAN HARRISON 433 CHESTNUT STREET, BERE A, KY 40403	BUSINESS DEV DIR 40.00	54,579.	2,711.	
Total number of other employees paid over \$50,000	0			

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	0	

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	0	

MOUNTAIN ASSOCIATION FOR COMMUNITY

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.) 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.		X
2	During the year, has the organization, either directly or indirectly, engaged in any of the following acts with any substantial contributors, trustees, directors, officers, creators, key employees, or members of their families, or with any taxable organization with which any such person is affiliated as an officer, director, trustee, majority owner, or principal beneficiary? (If the answer to any question is "Yes," attach a detailed statement explaining the transactions.)		
a	Sale, exchange, or leasing of property?	2a	X
b	Lending of money or other extension of credit?	2b	X
c	Furnishing of goods, services, or facilities?	2c	X
d	Payment of compensation (or payment or reimbursement of expenses if more than \$1,000)? SEE PART V-A, FORM 990	2d	X
e	Transfer of any part of its income or assets?	2e	X
3 a	Did the organization make grants for scholarships, fellowships, student loans, etc.? (If "Yes," attach an explanation of how the organization determines that recipients qualify to receive payments.)	3a	X
b	Did the organization have a section 403(b) annuity plan for its employees?	3b	X
c	Did the organization receive or hold an easement for conservation purposes, including easements to preserve open space, the environment, historic land areas or historic structures? If "Yes," attach a detailed statement	3c	X
d	Did the organization provide credit counseling, debt management, credit repair, or debt negotiation services?	3d	X
4 a	Did the organization maintain any donor advised funds? If "Yes," complete lines 4b through 4g. If "No," complete lines 4f and 4g	4a	X
b	Did the organization make any taxable distributions under section 4966?	4b	N/A
c	Did the organization make a distribution to a donor, donor advisor, or related person?	4c	N/A
d	Enter the total number of donor advised funds owned at the end of the tax year	N/A	
e	Enter the aggregate value of assets held in all donor advised funds owned at the end of the tax year	N/A	
f	Enter the total number of separate funds or accounts owned at the end of the 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 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 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.)

MOUNTAIN ASSOCIATION FOR COMMUNITY

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.)	1,275,730.	549,858.	664,818.	824,808.	3,315,214.
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	361,238.	234,713.	202,137.	240,701.	1,038,789.
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	1,636,968.	784,571.	866,955.	1,065,509.	4,354,003.
24 Line 23 minus line 17	1,275,730.	549,858.	664,818.	824,808.	3,315,214.
25 Enter 1% of line 23	16,370.	7,846.	8,670.	10,655.	
26 Organizations described on lines 10 or 11: a Enter 2% of amount in column (e), line 24					26a 66,304.
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 1,294,176.
c Total support for section 509(a)(1) test: Enter line 24, column (e)					26c 3,315,214.
d Add: Amounts from column (e) for lines: 18 _____ 19 _____ 22 _____ 26b 1,294,176.					26d 1,294,176.
e Public support (line 26c minus line 26d total)					26e 2,021,038.
f Public support percentage (line 26e (numerator) divided by line 26c (denominator))					26f 60.9625%
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: N/A					
(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: N/A					
(2005) _____ (2004) _____ (2003) _____ (2002) _____					
c Add: Amounts from column (e) for lines: 15 _____ 16 _____ 17 _____ 20 _____ 21 _____					27c N/A
d Add: Line 27a total _____ and line 27b total _____					27d N/A
e Public support (line 27c total minus line 27d total)					27e N/A
f Total support for section 509(a)(2) test: Enter amount on line 23, column (e)					27f N/A
g Public support percentage (line 27e (numerator) divided by line 27f (denominator))					27g N/A %
h Investment income percentage (line 18, column (e) (numerator) divided by line 27f (denominator))					27h N/A %

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.

NONE

MOUNTAIN ASSOCIATION FOR COMMUNITY

Part V

Private School Questionnaire (See page 9 of the instructions.)

N/A

(To be completed ONLY by schools that checked the box on line 6 in Part IV)

		Yes	No
29	Does the organization have a racially nondiscriminatory policy toward students by statement in its charter, bylaws, other governing instrument, or in a resolution of its governing body?		
30	Does the organization include a statement of its racially nondiscriminatory policy toward students in all its brochures, catalogues, and other written communications with the public dealing with student admissions, programs, and scholarships?		
31	Has the organization publicized its racially nondiscriminatory policy through newspaper or broadcast media during the period of solicitation for students, or during the registration period if it has no solicitation program, in a way that makes the policy known to all parts of the general community it serves?		
If "Yes," please describe; if "No," please explain. (If you need more space, attach a separate statement.)			

32	Does the organization maintain the following:		
a	Records indicating the racial composition of the student body, faculty, and administrative staff?	32a	
b	Records documenting that scholarships and other financial assistance are awarded on a racially nondiscriminatory basis?	32b	
c	Copies of all catalogues, brochures, announcements, and other written communications to the public dealing with student admissions, programs, and scholarships?	32c	
d	Copies of all material used by the organization or on its behalf to solicit contributions?	32d	
If you answered "No" to any of the above, please explain. (If you need more space, attach a separate statement.)			

33	Does the organization discriminate by race in any way with respect to:		
a	Students' rights or privileges?	33a	
b	Admissions policies?	33b	
c	Employment of faculty or administrative staff?	33c	
d	Scholarships or other financial assistance?	33d	
e	Educational policies?	33e	
f	Use of facilities?	33f	
g	Athletic programs?	33g	
h	Other extracurricular activities?	33h	
If you answered "Yes" to any of the above, please explain. (If you need more space, attach a separate statement.)			

34 a	Does the organization receive any financial aid or assistance from a governmental agency?	34a	
b	Has the organization's right to such aid ever been revoked or suspended?	34b	
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	35	

MOUNTAIN ASSOCIATION FOR COMMUNITY

Part VI-A Lobbying Expenditures by Electing Public Charities (See page 10 of the instructions.)

N/A

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

Check **a** if the organization belongs to an affiliated group. Check **b** if you checked "a" and "limited control" provisions apply.

Limits on Lobbying Expenditures

(The term "expenditures" means amounts paid or incurred.)

		(a) Affiliated group totals	(b) To be completed for all electing organizations
		N/A	
36	Total lobbying expenditures to influence public opinion (grassroots lobbying)	36	
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				N/A (e) Total
	(a) 2006	(b) 2005	(c) 2004	(d) 2003	
45	Lobbying nontaxable amount				0.
46	Lobbying ceiling amount (150% of line 45(e))				0.
47	Total lobbying expenditures				0.
48	Grassroots nontaxable amount				0.
49	Grassroots ceiling amount (150% of line 48(e))				0.
50	Grassroots lobbying expenditures				0.

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.)

N/A

During the year, did the organization attempt to influence national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of:	Yes	No	Amount
a Volunteers			
b Paid staff or management (Include compensation in expenses reported on lines c through h.)			
c Media advertisements			
d Mailings to members, legislators, or the public			
e Publications, or published or broadcast statements			
f Grants to other organizations for lobbying purposes			
g Direct contact with legislators, their staffs, government officials, or a legislative body			
h Rallies, demonstrations, seminars, conventions, speeches, lectures, or any other means			
i Total lobbying expenditures (Add lines c through h.)			0.

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

Schedule B
(Form 990, 990-EZ,
or 990-PF)

Department of the Treasury
Internal Revenue Service

Schedule of Contributors

Supplementary Information for
line 1 of Form 990, 990-EZ, and 990-PF (see instructions)

OMB No. 1545-0047

2006

Name of organization

MOUNTAIN ASSOCIATION FOR COMMUNITY
ECONOMIC DEVELOPMENT, INC.

Employer identification number

31-0900246

Organization type (check one):

Filers of:

Section:

Form 990 or 990-EZ

501(c)(3) (enter number) organization

4947(a)(1) nonexempt charitable trust **not** treated as a private foundation

527 political organization

Form 990-PF

501(c)(3) exempt private foundation

4947(a)(1) nonexempt charitable trust treated as a private foundation

501(c)(3) taxable private foundation

Check if your organization is covered by the **General Rule** or a **Special Rule**. (Note: Only a section 501(c)(7), (8), or (10) organization can check boxes for both the General Rule and a Special Rule-see instructions.)

General Rule-

For organizations filing Form 990, 990-EZ, or 990-PF that received, during the year, \$5,000 or more (in money or property) from any one contributor. (Complete Parts I and II.)

Special Rules-

For a section 501(c)(3) organization filing Form 990, or Form 990-EZ, that met the 33 1/3% support test of the regulations under sections 509(a)(1)/170(b)(1)(A)(vi), and received from any one contributor, during the year, a contribution of the greater of \$5,000 or 2% of the amount on line 1 of these forms. (Complete Parts I and II.)

For a section 501(c)(7), (8), or (10) organization filing Form 990, or Form 990-EZ, that received from any one contributor, during the year, aggregate contributions or bequests of more than \$1,000 for use *exclusively* for religious, charitable, scientific, literary, or educational purposes, or the prevention of cruelty to children or animals. (Complete Parts I, II, and III.)

For a section 501(c)(7), (8), or (10) organization filing Form 990, or Form 990-EZ, that received from any one contributor, during the year, some contributions for use *exclusively* for religious, charitable, etc., purposes, but these contributions did not aggregate to more than \$1,000. (If this box is checked, enter here the total contributions that were received during the year for an *exclusively* religious, charitable, etc., purpose. Do not complete any of the Parts unless the **General Rule** applies to this organization because it received nonexclusively religious, charitable, etc., contributions of \$5,000 or more during the year.) ► \$ _____

Caution: Organizations that are not covered by the General Rule and/or the Special Rules do not file Schedule B (Form 990, 990-EZ, or 990-PF), but they **must** check the box in the heading of their Form 990, Form 990-EZ, or on line 2 of their Form 990-PF, to certify that they do not meet the filing requirements of Schedule B (Form 990, 990-EZ, or 990-PF).

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

Schedule B (Form 990, 990-EZ, or 990-PF) (2006)

Name of organization MOUNTAIN ASSOCIATION FOR COMMUNITY ECONOMIC DEVELOPMENT, INC.	Employer identification number 31-0900246
---	---

Part I Contributors (See Specific Instructions.)

(a) No.	(b) Name, address, and ZIP + 4	(c) Aggregate contributions	(d) Type of contribution
1	CEDAR TREE FOUNDATION <hr/> 100 FRANKLIN ST, SUITE 704 <hr/> BOSTON, MA 02110	\$ 225,000.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
2	FORD FOUNDATION <hr/> 320 EAST 43RD STREET <hr/> NEW YORK, NY 10017	\$ 425,000.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
3	M.R. BABCOCK FOUNDATION <hr/> 2920 REYNOLDA ROAD <hr/> WINSTON-SALEM, NC 27106	\$ 200,000.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
4	F.B. HERON FOUNDATION <hr/> 100 BROADWAY, 17TH FLOOR <hr/> NEW YORK, NY 10005	\$ 150,000.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
	<hr/> <hr/> <hr/>	\$ _____	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
	<hr/> <hr/> <hr/>	\$ _____	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)

FORM 990

RENTAL INCOME

STATEMENT 1

KIND AND LOCATION OF PROPERTY	ACTIVITY NUMBER	GROSS RENTAL INCOME
MISCELLANEOUS RENTALS	1	3,285.
TOTAL TO FORM 990, PART I, LINE 6A		3,285.

FORM 990 GAIN (LOSS) FROM NON-PUBLICLY TRADED SECURITIES STATEMENT 2

DESCRIPTION	DATE ACQUIRED	DATE SOLD	METHOD ACQUIRED	
B&H TOOL	06/27/97	01/01/07	PURCHASED	
NAME OF BUYER	GROSS SALES PRICE	COST OR OTHER BASIS	EXPENSE OF SALE	NET GAIN OR (LOSS)
B&H TOOL (BUYBACK)	53,751.	30,000.	0.	23,751.
DESCRIPTION	DATE ACQUIRED	DATE SOLD	METHOD ACQUIRED	
RED RIVER HARDWOODS	06/30/00	06/30/06	PURCHASED	
NAME OF BUYER	GROSS SALES PRICE	COST OR OTHER BASIS	EXPENSE OF SALE	NET GAIN OR (LOSS)
RED RIVER (EXCHANGE FOR NOTE RECEIVABLE)	63,000.	63,000.	0.	0.
DESCRIPTION	DATE ACQUIRED	DATE SOLD	METHOD ACQUIRED	
APPALACHIAN DEVELOPMENT ALLIANCE	06/30/04	01/01/07	PURCHASED	
NAME OF BUYER	GROSS SALES PRICE	COST OR OTHER BASIS	EXPENSE OF SALE	NET GAIN OR (LOSS)
EQUITY CORRECTION	0.	893.	0.	<893.>
TOTAL TO FM 990, PART I, LN 8	116,751.	93,893.	0.	22,858.

FORM 990 OTHER CHANGES IN NET ASSETS OR FUND BALANCES STATEMENT 3

DESCRIPTION	AMOUNT
ELIMINATE LOSS FROM SUB UNREALIZED LOSSES	<46,634.> <238,500.>
TOTAL TO FORM 990, PART I, LINE 20	<285,134.>

FORM 990

OTHER EXPENSES

STATEMENT 4

DESCRIPTION	(A) TOTAL	(B) PROGRAM SERVICES	(C) MANAGEMENT AND GENERAL	(D) FUNDRAISING
INSURANCE	3,006.	3,006.		
BAD DEBTS	153,938.	153,938.		
CONSULTANTS	171,198.	164,223.	3,074.	3,901.
DATA SERVICES	21,685.	7,197.	14,412.	76.
TAX, LICENSES, FILING FEES	1,303.	1,286.	17.	
COMPUTER SUPPLIES	11,601.	9,619.	1,907.	75.
SMALL EQUIPMENT EXPENSE	5,883.	3,300.	2,557.	26.
REPAIRS AND MAINTENANCE	2,463.	2,076.	380.	7.
GRANT EXPENSE	262,600.	262,600.	0.	
PUBLICATIONS, DUES AND SUBSCRIPTIONS	12,836.	11,256.	1,164.	416.
PROFESSIONAL SERVICES	59,273.	17,525.	41,748.	
CONTRACT LABOR	10,928.	8,182.	2,746.	
ADVERTISING AND PROMOTION	5,868.	5,550.	318.	
TOTAL TO FM 990, LN 43	722,582.	649,758.	68,323.	4,501.

FORM 990

OFFICER COMPENSATION ALLOCATION
PART II, LINE 25A

STATEMENT 5

NAME OF OFFICER, ETC.	COMPENSATION	EMPLOYEE BEN. PLANS	EXPENSE ACCOUNTS	TOTALS
JUSTIN MAXSON	82,642.	3,950.		86,592.
A. PROGRAM SERVICES	52,933.	2,530.		55,463.
B. MANAGEMENT AND GENERAL	25,577.	1,222.		26,799.
C. FUNDRAISING	4,132.	198.		4,330.
TOTAL PROGRAM SERVICES				55,463.
TOTAL MANAGEMENT AND GENERAL				26,799.
TOTAL FUNDRAISING				4,330.
TOTAL OFFICER, ETC., COMPENSATION INCLUDED ON PART II, LINE 25A				86,592.

FORM 990	FORMER OFFICER COMPENSATION ALLOCATION PART II, LINE 25B	STATEMENT 6
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NAME OF OFFICER, ETC.	COMPENSATION	EMPLOYEE BEN. PLANS	EXPENSE ACCOUNTS	TOTALS
JUDY OWENS	51,798.	1,344.		53,142.
A. PROGRAM SERVICES	51,798.	1,344.		53,142.
B. MANAGEMENT AND GENERAL				
C. FUNDRAISING				
TOTAL PROGRAM SERVICES				53,142.
TOTAL MANAGEMENT AND GENERAL				
TOTAL FUNDRAISING				
TOTAL OFFICER, ETC., COMPENSATION INCLUDED ON PART II, LINE 25B				53,142.

FORM 990	OTHER INVESTMENTS	STATEMENT 7
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DESCRIPTION	VALUATION METHOD	AMOUNT
INVESTMENT IN SUBSIDIARY	COST	299,375.
OTHER INVESTMENTS	COST	232,550.
TOTAL TO FORM 990, PART IV, LINE 56, COLUMN B		531,925.

FORM 990 PART V-A - LIST OF CURRENT OFFICERS, DIRECTORS, STATEMENT 8
TRUSTEES AND KEY EMPLOYEES

NAME AND ADDRESS	TITLE AND AVRG HRS/WK	COMPEN- SATION	EMPLOYEE BEN PLAN CONTRIB	EXPENSE ACCOUNT
PETER HILLE 433 CHESTNUT STREET BEREA, KENTUCKY 40403	TREASURER 2.00	0.	0.	0.
COREY CRAIG 433 CHESTNUT STREET BEREA, KENTUCKY 40403	DIRECTOR 2.00	0.	0.	0.
TOM MILLER 433 CHESTNUT STREET BEREA, KENTUCKY 40403	DIRECTOR 2.00	0.	0.	0.
DICK GRAFF 8044 MONTGOMERY ROAD, STE 436 CINCINNATI, OHIO 45236	SECRETARY 2.00	0.	0.	0.
STEVE MENG PO BOX 347 MANCHESTER, KENTUCKY 40962	CHAIR 2.00	0.	0.	0.
HERB SMITH 306 MADISON STREET WHITESBURG, KENTUCKY 41858	DIRECTOR 2.00	0.	0.	0.
JUSTIN MAXSON 433 CHESTNUT STREET BEREA, KENTUCKY 40403	PRESIDENT 40.00	82,642.	3,950.	0.
NANCY ADAMS 36 HIGHWAY 510 PINE MOUNTAIN, KY 40810	DIRECTOR 2.00	0.	0.	0.
KATIE DOLLARHIDE 433 CHESTNUT STREET BEREA, KENTUCKY 40403	VICE CHAIR 2.00	0.	0.	0.
GERRY ROLL 433 CHESTNUT STREET BEREA, KENTUCKY 40403	DIRECTOR 2.00	0.	0.	0.
TOTALS INCLUDED ON FORM 990, PART V-A		<u>82,642.</u>	<u>3,950.</u>	<u>0.</u>

FORM 990

IDENTIFICATION OF RELATED ORGANIZATIONS
PART VI, LINE 80B

STATEMENT 9

<u>NAME OF ORGANIZATION</u>	<u>EXEMPT</u>	<u>NONEXEMPT</u>
RIDGECREST ENTERPRISES, INC.		X
APPALACHIAN INVESTMENT CORPORATION (AIC)	X	

FORM 990

PART IX - INFORMATION REGARDING TAXABLE
SUBSIDIARIES AND DISREGARDED ENTITIES

STATEMENT 10

NAME OF CORPORATION, PARTNERSHIP OR DISREGARDED ENTITY

RIDGECREST ENTERPRISES INC

ADDRESS

433 CHESTNUT STREET, BEREA, KY 40403

EMPLOYER ID NUMBER	PERCENT OWNED	NATURE OF ACTIVITIES	TOTAL INCOME	END-OF-YEAR ASSETS
61-1036685	100.00%	REAL ESTATE/INVESTMENTS	59,222.	437,501.

FORM 990

DESCRIPTION OF TRANSFER
PART XI, LINE 106

STATEMENT 11

NAME OF CONTROLLED ENTITY

EMPLOYER ID

APPALACHIAN INVESTMENT CORPORATION

61-1254830

DESCRIPTION OF TRANSFER

OPERATING GRANT

NAME OF CONTROLLED ENTITY

EMPLOYER ID

RIDGECREST ENTERPRISES, INC.

61-1036685

DESCRIPTION OF TRANSFER

EQUITY CONTRIBUTION

REQUEST FOR TETR CREDIT

Form **990-T**

Exempt Organization Business Income Tax Return
(and proxy tax under section 6033(e))

OMB No. 1545-0687

2006

Department of the Treasury
Internal Revenue Service

For calendar year 2006 or other tax year beginning **MAY 1, 2006**, and ending **APR 30, 2007**

Open to Public Inspection for
501(c)(3) Organizations Only

<p>A <input type="checkbox"/> Check box if address changed</p> <p>B Exempt under section <input checked="" type="checkbox"/> 501(c)(3) <input type="checkbox"/> 408(e) <input type="checkbox"/> 220(e) <input type="checkbox"/> 408A <input type="checkbox"/> 530(a) <input type="checkbox"/> 529(a)</p>	<p>Print or Type</p>	<p>Name of organization (<input type="checkbox"/> Check box if name changed and see instructions.) MOUNTAIN ASSOCIATION FOR COMMUNITY ECONOMIC DEVELOPMENT, INC.</p> <p>Number, street, and room or suite no. If a P.O. box, see page 9 of instructions. 433 CHESTNUT STREET</p> <p>City or town, state, and ZIP code BEREA, KY 40403</p>	<p>D Employer identification number (Employees' trust, see instructions for Block D on page 9.) 31-0900246</p> <p>E Unrelated business activity codes (See instructions for Block E on page 9.) N/A</p>
<p>C Book value of all assets at end of year 7,570,958.</p>	<p>F Group exemption number (see instructions for Block F.) ▶</p> <p>G Check organization type ▶ <input checked="" type="checkbox"/> 501(c) corporation <input type="checkbox"/> 501(c) trust <input type="checkbox"/> 401(a) trust <input type="checkbox"/> Other trust</p>		

H Describe the organization's primary unrelated business activity. ▶ **APPLYING FOR REFUND ON FORM 8913.**

I During the tax year, was the corporation a subsidiary in an affiliated group or a parent-subsidiary controlled group? Yes No
 If "Yes," enter the name and identifying number of the parent corporation. ▶ **N/A**

J The books are in care of ▶ **OPERATIONS AND FINANCE DIRECTOR** Telephone number ▶ **859-986-2373**

Part I Unrelated Trade or Business Income	(A) Income	(B) Expenses	(C) Net
1a Gross receipts or sales			
b Less returns and allowances c Balance ▶	1c		
2 Cost of goods sold (Schedule A, line 7)	2		
3 Gross profit. Subtract line 2 from line 1c	3		
4a Capital gain net income (attach Schedule D)	4a		
b Net gain (loss) (Form 4797, Part II, line 17) (attach Form 4797)	4b		
c Capital loss deduction for trusts	4c		
5 Income (loss) from partnerships and S corporations (attach statement)	5		
6 Rent income (Schedule C)	6		
7 Unrelated debt-financed income (Schedule E)	7		
8 Interest, annuities, royalties, and rents from controlled organizations (Sch. F)	8		
9 Investment income of a section 501(c)(7), (9), or (17) organization (Schedule G)	9		
10 Exploited exempt activity income (Schedule I)	10		
11 Advertising income (Schedule J)	11		
12 Other income (See instructions; attach schedule.)	12		
13 Total. Combine lines 3 through 12	13	0.	

Part II Deductions Not Taken Elsewhere (See instructions for limitations on deductions.)
 (Except for contributions, deductions must be directly connected with the unrelated business income.)

14 Compensation of officers, directors, and trustees (Schedule K)	14	
15 Salaries and wages	15	
16 Repairs and maintenance	16	
17 Bad debts	17	
18 Interest (attach schedule)	18	
19 Taxes and licenses	19	
20 Charitable contributions (See instructions for limitation rules.)	20	
21 Depreciation (attach Form 4562)	21	
22 Less depreciation claimed on Schedule A and elsewhere on return	22a	22b
23 Depletion	23	
24 Contributions to deferred compensation plans	24	
25 Employee benefit programs	25	
26 Excess exempt expenses (Schedule I)	26	
27 Excess readership costs (Schedule J)	27	
28 Other deductions (attach schedule)	28	
29 Total deductions. Add lines 14 through 28	29	0.
30 Unrelated business taxable income before net operating loss deduction. Subtract line 29 from line 13	30	0.
31 Net operating loss deduction (limited to the amount on line 30)	31	
32 Unrelated business taxable income before specific deduction. Subtract line 31 from line 30	32	0.
33 Specific deduction (Generally \$1,000, but see instructions for exceptions)	33	1,000.
34 Unrelated business taxable income. Subtract line 33 from line 32. If line 33 is greater than line 32, enter the smaller of zero or line 32	34	0.

Part III Tax Computation

35 Organizations Taxable as Corporations. See instructions for tax computation. Controlled group members (sections 1561 and 1563) check here <input type="checkbox"/> See instructions and: a Enter your share of the \$50,000, \$25,000, and \$9,925,000 taxable income brackets (in that order): (1) \$ _____ (2) \$ _____ (3) \$ _____ b Enter organization's share of: (1) Additional 5% tax (not more than \$11,750) \$ _____ (2) Additional 3% tax (not more than \$100,000) \$ _____ c Income tax on the amount on line 34	35c	0.
36 Trusts Taxable at Trust Rates. See instructions for tax computation. Income tax on the amount on line 34 from: <input type="checkbox"/> Tax rate schedule or <input type="checkbox"/> Schedule D (Form 1041)	36	
37 Proxy tax. See instructions	37	
38 Alternative minimum tax	38	
39 Total. Add lines 37 and 38 to line 35c or 36, whichever applies	39	0.

Part IV Tax and Payments

40a Foreign tax credit (corporations attach Form 1118; trusts attach Form 1116)	40a	
b Other credits (see instructions)	40b	
c General business credit. Check here and indicate which forms are attached: <input type="checkbox"/> Form 3800 <input type="checkbox"/> Form(s) (specify) _____	40c	
d Credit for prior year minimum tax (attach Form 8801 or 8827)	40d	
e Total credits. Add lines 40a through 40d	40e	
41 Subtract line 40e from line 39	41	0.
42 Other taxes. Check if from: <input type="checkbox"/> Form 4255 <input type="checkbox"/> Form 8611 <input type="checkbox"/> Form 8697 <input type="checkbox"/> Form 8866 <input type="checkbox"/> Other (attach schedule)	42	
43 Total tax. Add lines 41 and 42	43	0.
44a Payments: A 2005 overpayment credited to 2006	44a	
b 2006 estimated tax payments	44b	
c Tax deposited with Form 8868	44c	
d Foreign organizations: Tax paid or withheld at source (see instructions)	44d	
e Backup withholding (see instructions)	44e	
f Credit for federal telephone excise tax paid (attach Form 8913)	44f	751.
g Other credits and payments: <input type="checkbox"/> Form 2439 <input type="checkbox"/> Form 4136 <input type="checkbox"/> Other _____ Total	44g	
45 Total payments. Add lines 44a through 44g	45	751.
46 Estimated tax penalty (see instructions). Check if Form 2220 is attached <input type="checkbox"/>	46	
47 Tax due. If line 45 is less than the total of lines 43 and 46, enter amount owed	47	
48 Overpayment. If line 45 is larger than the total of lines 43 and 46, enter amount overpaid	48	751.
49 Enter the amount of line 48 you want: Credited to 2007 estimated tax <input type="checkbox"/> Refunded <input type="checkbox"/>	49	751.

Part V Statements Regarding Certain Activities and Other Information (See instructions on page 18)

1 At any time during the 2006 calendar year, did the organization have an interest in or a signature or other authority over a financial account (bank, securities, or other) in a foreign country? If YES, the organization may have to file Form TD F 90-22.1. If YES, enter the name of the foreign country here	Yes	No
2 During the tax year, did the organization receive a distribution from, or was it the grantor of, or transferor to, a foreign trust? If YES, see page 5 of the instructions for other forms the organization may have to file.		X
3 Enter the amount of tax-exempt interest received or accrued during the tax year \$		

Schedule A - Cost of Goods Sold. Enter method of inventory valuation N/A

1 Inventory at beginning of year	1		6 Inventory at end of year	6	
2 Purchases	2		7 Cost of goods sold. Subtract line 6 from line 5. Enter here and in Part I, line 2	7	
3 Cost of labor	3		8 Do the rules of section 263A (with respect to property produced or acquired for resale) apply to the organization?	Yes	No
4a Additional section 263A costs	4a				X
b Other costs (attach schedule)	4b				
5 Total. Add lines 1 through 4b	5				

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 taxpayer) is based on all information of which preparer has any knowledge.

Sign Here	Signature of officer _____ Date _____ Title _____		May the IRS discuss this return with the preparer shown below (see instructions)? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
	Paid Preparer's Use Only	Preparer's signature _____ Date _____	Check if self-employed <input type="checkbox"/>	Preparer's SSN or PTIN P00005515
623711 01-30-07	Firm's name (or yours if self-employed), address, and ZIP code POTTER & COMPANY, LLP 301 EAST MAIN STREET SUITE 1100 LEXINGTON, KENTUCKY 40507	EIN 61-0478969	Phone no. (859) 253-1100	Form 990-T (2006)

**Mountain Association for Community Economic Development
Statement of program services
For the year ended April 30, 2007**

Tax ID: 31-0900246

The Mountain Association for Community Economic Development (MACED) works with people in Kentucky and Central Appalachia to create economic opportunity, strengthen democracy and support the sustainable use of natural resources.

In fiscal year 2007, MACED and its affiliated nonprofit Appalachian Investment Corporation made 43 loans to small businesses for a total of \$2,231,349 invested in its service region. Of these loans, 17 were microloans. Technical assistance was provided to 235 businesses. These efforts created 36 jobs and retained 56 jobs throughout eastern Kentucky and Central Appalachia, with 171 jobs affected at the close of the loans.

MACED continues to work to promote accountable and effective economic development in Kentucky. Over the last year we have twice been asked to testify before the Kentucky legislature on these issues.

We designed two important new demonstration initiatives to test, and likely expand, new strategies to meet serious needs in the region. The first is an innovative emergency loan product to compete with expensive predatory payday loans. We are partnering with regional employers to offer these loans that are tied with financial education to low-income working people. The second is a new approach to sustainable forestry. MACED helps landowners engage in sustainable forestry efforts that both provide them with regular income and protect the environmental integrity of their forests by helping them sell their carbon credits to the Chicago Climate Exchange.