

Return of Organization Exempt From Income Tax

Department of the Treasury
Internal Revenue Service

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

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

A For the **2007** calendar year, or tax year beginning and ending

B Check if applicable: <input type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial return <input type="checkbox"/> Termination <input type="checkbox"/> Amended return <input type="checkbox"/> Application pending	Please use IRS label or print or type. See Specific Instructions.	C Name of organization RURAL ADVANCEMENT FOUNDATION INTERNATIONAL - USA	D Employer identification number 56-1704863
		Number and street (or P.O. box if mail is not delivered to street address) Room/suite P. O. BOX 640	E Telephone number (919) 542-1396
		City or town, state or country, and ZIP + 4 PITTSBORO, NC 27312	F Accounting method: <input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual <input type="checkbox"/> 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 ▶ **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

I Group Exemption Number ▶ **N/A**

G Website: ▶ **WWW.RAFIUSA.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.

M Check if the organization is not required to attach Sch. B (Form 990, 990-EZ, or 990-PF).

L Gross receipts: Add lines 6b, 8b, 9b, and 10b to line 12 ▶ **1,500,829.**

Part I Revenue, Expenses, and Changes in Net Assets or Fund Balances

Revenue	1 Contributions, gifts, grants, and similar amounts received:			
	a Contributions to donor advised funds	1a		
	b Direct public support (not included on line 1a)	1b	1,362,911.	
	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 \$ 1,354,020. noncash \$ 8,891.)	1e		1,362,911.
	2 Program service revenue including government fees and contracts (from Part VII, line 93)	2		102,581.
	3 Membership dues and assessments	3		
	4 Interest on savings and temporary cash investments	4		1,964.
	5 Dividends and interest from securities	5		
	6 a Gross rents See Statement 1	6a	32,301.	
	b Less: rental expenses	6b		
c Net rental income or (loss). Subtract line 6b from line 6a	6c		32,301.	
7 Other investment income (describe ▶)	7			
8 a Gross amount from sales of assets other than inventory	(A) Securities		(B) Other	
	1,072.	8a		
	960.	8b		
	112.	8c		
d Net gain or (loss). Combine line 8c, columns (A) and (B) Stmt 2	8d		112.	
9 Special events and activities (attach schedule). If any amount is from gaming, check here <input type="checkbox"/>				
a Gross revenue (not including \$ of contributions reported on line 1b)	9a			
b Less: direct expenses other than fundraising expenses	9b			
c Net income or (loss) from special events. Subtract line 9b from line 9a	9c			
10 a Gross sales of inventory, less returns and allowances	10a			
	b Less: cost of goods sold	10b		
	c Gross profit or (loss) from sales of inventory (attach schedule). Subtract line 10b from line 10a	10c		
11 Other revenue (from Part VII, line 103)	11			
12 Total revenue. Add lines 1e, 2, 3, 4, 5, 6c, 7, 8d, 9c, 10c, and 11	12		1,499,869.	
Expenses	13 Program services (from line 44, column (B))	13	1,105,453.	
	14 Management and general (from line 44, column (C))	14	144,699.	
	15 Fundraising (from line 44, column (D))	15	85,795.	
	16 Payments to affiliates (attach schedule)	16		
	17 Total expenses. Add lines 16 and 44, column (A)	17		1,335,947.
18 Excess or (deficit) for the year. Subtract line 17 from line 12	18		163,922.	
19 Net assets or fund balances at beginning of year (from line 73, column (A))	19		1,304,359.	
20 Other changes in net assets or fund balances (attach explanation) See Statement 3	20		675.	
21 Net assets or fund balances at end of year. Combine lines 18, 19, and 20	21		1,468,956.	

RURAL ADVANCEMENT FOUNDATION

Form 990 (2007)

INTERNATIONAL - USA

56-1704863 Page 2

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.

Do not include amounts reported on line 6b, 8b, 9b, 10b, or 16 of Part I.	(A) Total	(B) Program services	(C) Management and general	(D) Fundraising
22a Grants paid from donor advised funds (attach schedule) (cash \$ 0, noncash \$ 0) If this amount includes foreign grants, check here <input type="checkbox"/>				
22b Other grants and allocations (attach schedule) (cash \$ 0, noncash \$ 0) 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	220,662.	147,001.	61,357.	12,304.
b Compensation of former officers, directors, key employees, etc. listed in Part V-B	0.	0.	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	337,226.	295,141.	6,855.	35,230.
27 Pension plan contributions not included on lines 25a, b, and c				
28 Employee benefits not included on lines 25a - 27	132,725.	103,534.	14,293.	14,898.
29 Payroll taxes	40,055.	30,101.	5,750.	4,204.
30 Professional fundraising fees				
31 Accounting fees				
32 Legal fees				
33 Supplies	5,443.	4,045.	632.	766.
34 Telephone	21,991.	17,153.	4,092.	746.
35 Postage and shipping	10,048.	3,363.	2,483.	4,202.
36 Occupancy	21,204.	10,902.	10,302.	
37 Equipment rental and maintenance	11,368.	5,797.	5,571.	
38 Printing and publications	16,008.	8,945.	815.	6,248.
39 Travel	86,321.	82,079.	493.	3,749.
40 Conferences, conventions, and meetings	8,894.	7,576.	1,318.	
41 Interest	7,272.		7,272.	
42 Depreciation, depletion, etc. (attach schedule)	29,018.	15,736.	13,282.	
43 Other expenses not covered above (itemize):				
a CONSULTANTS	171,377.	168,789.	550.	2,038.
b ORGANIZATIONAL				
c CONTRACTS	187,490.	187,490.		
d PROFESSIONAL SERVICES	23,905.	16,980.	6,925.	
e INSURANCE	2,519.		2,519.	
f DUES & SUBSCRIPTIONS	1,350.	801.	190.	359.
g MISCELLANEOUS	1,071.	20.		1,051.
44 Total functional expenses. Add lines 22a through 43g. (Organizations completing columns (B)-(D), carry these totals to lines 13-15)	1,335,947.	1,105,453.	144,699.	85,795.

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

RURAL ADVANCEMENT FOUNDATION
INTERNATIONAL - USA

Form 990 (2007)

56-1704863 Page 4

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	265,447.	45	203,500.
	46 Savings and temporary cash investments		46	
	47 a Accounts receivable	47a 2,666.		
	b Less: allowance for doubtful accounts	47b	10,322.	47c 2,666.
	48 a Pledges receivable	48a 60,000.		
	b Less: allowance for doubtful accounts	48b		48c 60,000.
	49 Grants receivable		189,191.	49 410,000.
	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	51a		51c
	b Less: allowance for doubtful accounts	51b		
	52 Inventories for sale or use			52
	53 Prepaid expenses and deferred charges		2,623.	53 2,460.
	54 a Investments - publicly-traded securities	<input type="checkbox"/> Cost <input type="checkbox"/> FMV		54a
	b Investments - other securities	Stmt 10 <input type="checkbox"/> Cost <input checked="" type="checkbox"/> FMV	16,162.	54b 17,842.
55 a Investments - land, buildings, and equipment: basis	55a			
b Less: accumulated depreciation	55b		55c	
56 Investments - other			56	
57 a Land, buildings, and equipment: basis	57a 1,105,827.			
b Less: accumulated depreciation	57b 186,660.	944,303.	57c 919,167.	
58 Other assets, including program-related investments (describe ► SALES/USE TAX RECEIVABLE)		1,539.	58 689.	
59 Total assets (must equal line 74). Add lines 45 through 58		1,429,587.	59 1,616,324.	
Liabilities	60 Accounts payable and accrued expenses		60 41,155.	
	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		64b	
	65 Other liabilities (describe ► See Statement 9)		125,228.	65 106,213.
66 Total liabilities. Add lines 60 through 65		125,228.	66 147,368.	
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		1,011,815.	67 1,195,067.
	68 Temporarily restricted		292,544.	68 273,889.
	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)		1,304,359.	73 1,468,956.	
74 Total liabilities and net assets/fund balances. Add lines 66 and 73		1,429,587.	74 1,616,324.	

Form 990 (2007)

RURAL ADVANCEMENT FOUNDATION
INTERNATIONAL - USA

Form 990 (2007)

56-1704863 Page 7

Part VI Other Information (continued)		Yes	No
82 a	Did the organization receive donated services or the use of materials, equipment, or facilities at no charge or at substantially less than fair rental value?	X	
b	If "Yes," you may indicate the value of these items here. Do not include this amount as revenue in Part I or as an expense in Part II. (See instructions in Part III.)		
	82b 8,891.		
83 a	Did the organization comply with the public inspection requirements for returns and exemption applications?	X	
b	Did the organization comply with the disclosure requirements relating to <i>quid pro quo</i> contributions?		
	N/A		
84 a	Did the organization solicit any contributions or gifts that were not tax deductible?		X
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?		
	N/A		
85 a	501(c)(4), (5), or (6). Were substantially all dues nondeductible by members?		
	N/A		
b	Did the organization make only in-house lobbying expenditures of \$2,000 or less?		
	N/A		
	If "Yes" was answered to either 85a or 85b, do not complete 85c through 85h below unless the organization received a waiver for proxy tax owed for the prior year.		
c	Dues, assessments, and similar amounts from members		
	85c N/A		
d	Section 162(e) lobbying and political expenditures		
	85d N/A		
e	Aggregate nondeductible amount of section 6033(e)(1)(A) dues notices		
	85e N/A		
f	Taxable amount of lobbying and political expenditures (line 85d less 85e)		
	85f N/A		
g	Does the organization elect to pay the section 6033(e) tax on the amount on line 85f?		
	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?		
	N/A		
86	501(c)(7) organizations. Enter: a Initiation fees and capital contributions included on line 12		
	86a N/A		
b	Gross receipts, included on line 12, for public use of club facilities		
	86b N/A		
87	501(c)(12) organizations. Enter: a Gross income from members or shareholders		
	87a N/A		
b	Gross income from other sources. (Do not net amounts due or paid to other sources against amounts due or received from them.)		
	87b N/A		
88 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		X
b	At any time during the year, did the organization, directly or indirectly, own a controlled entity within the meaning of section 512(b)(13)? If "Yes," complete Part XI		X
89 a	501(c)(3) organizations. Enter: Amount of tax imposed on the organization during the year under: section 4911 0.; section 4912 0.; section 4955 0.		
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		X
c	Enter: Amount of tax imposed on the organization managers or disqualified persons during the year under sections 4912, 4955, and 4958		
	0.		
d	Enter: Amount of tax on line 89c, above, reimbursed by the organization		
	0.		
e	All organizations. At any time during the tax year, was the organization a party to a prohibited tax shelter transaction?		X
f	All organizations. Did the organization acquire a direct or indirect interest in any applicable insurance contract?		X
g	For supporting organizations and sponsoring organizations maintaining donor advised funds. Did the supporting organization, or a fund maintained by a sponsoring organization, have excess business holdings at any time during the year?		X
	89g		
90 a	List the states with which a copy of this return is filed		
	None		
b	Number of employees employed in the pay period that includes March 12, 2007	90b	13
91 a	The books are in care of		
	KATHY ZAUMSEIL Telephone no. 919-542-1396		
	Located at P.O. BOX 640 PITTSBORO, NC ZIP + 4 27312		
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	91b	X
	N/A		
	See the instructions for exceptions and filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts.		

Form 990 (2007)

RURAL ADVANCEMENT FOUNDATION
INTERNATIONAL - USA

Form 990 (2007)

56-1704863 Page 8

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 Yes No
 If "Yes," enter the name of the foreign country ▶ N/A
- 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) Exclu- sion code	(D) Amount	
93 Program service revenue:					
a <u>SERVICE CONTRACTS &</u>					
b <u>HONORARIA</u>					102,179.
c <u>PUBLICATIONS</u>					402.
d _____					
e _____					
f Medicare/Medicaid payments					
g Fees and contracts from government agencies					
94 Membership dues and assessments					
95 Interest on savings and temporary cash investments			14	1,964.	
96 Dividends and interest from securities					
97 Net rental income or (loss) from real estate:					
a debt-financed property					
b not debt-financed property			16	32,301.	
98 Net rental income or (loss) from personal property					
99 Other investment income					
100 Gain or (loss) from sales of assets other than inventory			18	112.	
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))		0.		34,377.	102,581.
105 Total (add line 104, columns (B), (D), and (E))					136,958.

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).
▼	See Statement 12

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).

RURAL ADVANCEMENT FOUNDATION
INTERNATIONAL - USA

Form 990 (2007)

56-1704863 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). **N/A**

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

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
 Koonce, Wooten & Haywood, L. L. P.
 P. O. Box 17806
 Raleigh, NC 27619-7806

EIN _____ Phone no. 919-782-9265

Form 990 (2007)

SCHEDULE A
(Form 990 or 990-EZ)

Organization Exempt Under Section 501(c)(3)

OMB No. 1545-0047

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

2007

Department of the Treasury
Internal Revenue Service

Supplementary Information-(See separate instructions.)

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

Name of the organization **RURAL ADVANCEMENT FOUNDATION
INTERNATIONAL - USA**

Employer identification number
56 1704863

Part I Compensation of the Five Highest Paid Employees Other Than Officers, Directors, and Trustees
(See page 1 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
<u>SCOTT MARLOW</u> <u>P.O. BOX 640, PITTSBORO, NC 27312</u>	<u>PROGRAM DIR</u> <u>40.00</u>	<u>56,145.</u>		

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
<u>STEVE ETKA</u> <u>4502 HIGHLAND GREEN COURT, ALEXANDRIA, VA 22312</u>	<u>CONSULTING</u>	<u>83,432.</u>

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
<u>None</u>		

Total number of other contractors receiving over \$50,000 for other services ▶ **0**

RURAL ADVANCEMENT FOUNDATION

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 ▶ \$ <u>58,282.</u> \$ <u>58,282.</u> (Must equal amounts on line 38, Part VI-A, or line i of Part VI-B.) VI-A, line 38a VI-A, line 38b	X	
Organizations that made an election under section 501(h) by filing Form 5768 must complete Part VI-A. Other organizations checking "Yes" must complete Part VI-B AND attach a statement giving a detailed description of the lobbying activities.			
2	During the year, has the organization, either directly or indirectly, engaged in any of the following acts with any substantial contributors, trustees, directors, officers, creators, key employees, or members of their families, or with any taxable organization with which any such person is affiliated as an officer, director, trustee, majority owner, or principal beneficiary? (If the answer to any question is "Yes," attach a detailed statement explaining the transactions.)		
a	Sale, exchange, or leasing of property?		X
b	Lending of money or other extension of credit?		X
c	Furnishing of goods, services, or facilities?		X
d	Payment of compensation (or payment or reimbursement of expenses if more than \$1,000)? See Part V-A, Form 990	X	
e	Transfer of any part of its income or assets?		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.)		X
b	Did the organization have a section 403(b) annuity plan for its employees?	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		X
d	Did the organization provide credit counseling, debt management, credit repair, or debt negotiation services?		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		X
b	Did the organization make any taxable distributions under section 4966?		N/A
c	Did the organization make a distribution to a donor, donor advisor, or related person?		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.

RURAL ADVANCEMENT FOUNDATION

Part IV Reason for Non-Private Foundation Status (See pages 4 through 8 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 8 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 <input type="checkbox"/>					

- 14 An organization organized and operated to test for public safety. Section 509(a)(4). (See page 8 of the instructions.)

RURAL ADVANCEMENT FOUNDATION

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) 2006	(b) 2005	(c) 2004	(d) 2003	(e) Total
15 Gifts, grants, and contributions received. (Do not include unusual grants. See line 28.)	1,194,994.	711,549.	753,024.	674,497.	3,334,064.
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	118,296.	68,256.	107,264.	34,709.	328,525.
18 Gross income from interest, dividends, amounts received from payments on securities loans (section 512(a)(5)), rents, royalties, income from similar sources, and unrelated business taxable income (less section 511 taxes) from businesses acquired by the organization after June 30, 1975	25,507.	28,508.	25,281.	17,632.	96,928.
19 Net income from unrelated business activities not included in line 18					
20 Tax revenues levied for the organization's benefit and either paid to it or expended on its behalf					
21 The value of services or facilities furnished to the organization by a governmental unit without charge. Do not include the value of services or facilities generally furnished to the public without charge					
22 Other income. Attach a schedule. Do not include gain or (loss) from sale of capital assets					
23 Total of lines 15 through 22	1,338,797.	808,313.	885,569.	726,838.	3,759,517.
24 Line 23 minus line 17	1,220,501.	740,057.	778,305.	692,129.	3,430,992.
25 Enter 1% of line 23	13,388.	8,083.	8,856.	7,268.	
26 Organizations described on lines 10 or 11: a Enter 2% of amount in column (e), line 24					26a 68,620.
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 2003 through 2006 exceeded the amount shown in line 26a. Do not file this list with your return. Enter the total of all these excess amounts					26b 591,773.
c Total support for section 509(a)(1) test: Enter line 24, column (e)					26c 3,430,992.
d Add: Amounts from column (e) for lines: 18 96,928. 19 22 591,773.					26d 688,701.
e Public support (line 26c minus line 26d total)					26e 2,742,291.
f Public support percentage (line 26e (numerator) divided by line 26c (denominator))					26f 79.9271%
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	(2006)	(2005)	(2004)	(2003)	
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	(2006)	(2005)	(2004)	(2003)	
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 2003 through 2006, 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.

RURAL ADVANCEMENT FOUNDATION

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	

RURAL ADVANCEMENT FOUNDATION

Part VI-A Lobbying Expenditures by Electing Public Charities (See page 11 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 (The term "expenditures" means amounts paid or incurred.)		(a) Affiliated group totals	(b) To be completed for all electing organizations
36	Total lobbying expenditures to influence public opinion (grassroots lobbying)	4,983.	4,983.
37	Total lobbying expenditures to influence a legislative body (direct lobbying)	53,299.	53,299.
38	Total lobbying expenditures (add lines 36 and 37)	58,282.	58,282.
39	Other exempt purpose expenditures	1,334,233.	1,286,556.
40	Total exempt purpose expenditures (add lines 38 and 39)	1,392,515.	1,344,838.
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	214,252.	209,484.
42	Grassroots nontaxable amount (enter 25% of line 41)	53,563.	52,371.
43	Subtract line 42 from line 36. Enter -0- if line 42 is more than line 36	0.	0.
44	Subtract line 41 from line 38. Enter -0- if line 41 is more than line 38	0.	0.

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) 2007	(b) 2006	(c) 2005	(d) 2004	(e) Total	
45	Lobbying nontaxable amount	214,252.	210,553.	185,262.	181,479.	791,546.
46	Lobbying ceiling amount (150% of line 45(e))					1,187,319.
47	Total lobbying expenditures	58,282.	32,492.	35,836.	35,162.	161,772.
48	Grassroots nontaxable amount	53,563.	52,638.	46,316.	45,370.	197,887.
49	Grassroots ceiling amount (150% of line 48(e))					296,831.
50	Grassroots lobbying expenditures	4,983.	1,001.	1,683.	808.	8,475.

Part VI-B Lobbying Activity by Nonelecting Public Charities

(For reporting only by organizations that did not complete Part VI-A) (See page 14 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.

Form 990	Rental Income	Statement	1
Kind and Location of Property	Activity Number	Gross Rental Income	
OFFICE SPACE - PITTSBORO	1	32,301.	
Total to Form 990, Part I, line 6a		32,301.	

Form 990	Gain (Loss) From Publicly Traded Securities	Statement	2	
Description	Gross Sales Price	Cost or Other Basis	Expense of Sale	Net Gain or (Loss)
24.552 SHS SMALLCAP WORLD FUND A	1,072.	960.	0.	112.
To Form 990, Part I, line 8	1,072.	960.	0.	112.

Form 990	Other Changes in Net Assets or Fund Balances	Statement	3
Description	Amount		
NET UNREALIZED GAIN ON INVESTMENTS	675.		
Total to Form 990, Part I, line 20	675.		

Form 990

Statement of Program Service Accomplishments

Statement 4

Description of Program Service One

JUST FOODS - THIS PROGRAM WORKS TO REVITALIZE PUBLIC PLANT AND ANIMAL BREEDING TO INCREASE THE AVAILABILITY OF SEEDS AND ANIMALS SUITABLE FOR SUSTAINABLE AGRICULTURE. IT EDUCATES FARMERS AND OTHER CITIZENS ABOUT AGRICULTURAL BIOTECHNOLOGY. THE PROGRAM ENCOURAGES THE DEVELOPMENT OF MEANINGFUL STANDARDS FOR FOOD LABELS AND PROPER IMPLEMENTATION OF LABELING AND CERTIFICATION PROGRAMS. IT ALSO PROMOTES NEW AND EXPANDED PRODUCTION, MARKETING AND RESEARCH OPPORTUNITIES FOR ORGANIC FARMERS.

Grants

Expenses

To Form 990, Part III, line a

346,029.

Form 990 Statement of Program Service Accomplishments Statement 5

Description of Program Service Two

TOBACCO COMMUNITIES AND AG ENTERPRISE DEVELOPMENT - THIS PROGRAM SERVES AS A RESOURCE FOR FARMERS AND COMMUNITIES SEEKING TO SURVIVE CHANGES IN THE FARM ECONOMY. IT DOCUMENTS THE IMPACTS AND PROMOTES THE MODEL OF THE TOBACCO COMMUNITIES REINVESTMENT FUND AS A WAY FOR STATE AND PRIVATE AGENCIES TO SUPPORT AGRICULTURAL ENTERPRISE DEVELOPMENT IN TOBACCO DEPENDENT COMMUNITIES. COLLABORATING WITH UNIVERSITIES AND OTHER NON-PROFITS, THE PROGRAM CONDUCTS SURVEYS OF FARMERS AND LENDERS AND BRINGS TOGETHER LEADERS TO REDUCE CAPITAL ACCESS BARRIERS.

	Grants	Expenses
To Form 990, Part III, line b		279,669.

Form 990 Statement of Program Service Accomplishments Statement 6

Description of Program Service Three

CONTRACT AGRICULTURE REFORM - THIS PROGRAM PROMOTES FAIR AND EQUITABLE CONTRACT ARRANGEMENTS BETWEEN INDIVIDUAL FARMERS AND PROCESSORS. THE PROGRAM PROVIDES EDUCATIONAL MATERIALS AND TRAININGS FOR FARMERS AND COMMUNITY GROUPS ABOUT CONTRACT AGRICULTURE, SUPPORTS POLICY AND ADMINISTRATIVE ACTION RELATED TO FAIR CONTRACT STANDARDS, AND SERVES AS A RESOURCE AND REFERENCE FOR CONTRACT FARMERS IN CRISIS.

	<u>Grants</u>	<u>Expenses</u>
To Form 990, Part III, line c		204,637.

Form 990	Statement of Program Service Accomplishments	Statement	7
----------	--	-----------	---

Description of Program Service Four

FARM SUSTAINABILITY - THIS PROGRAM ASSISTS FARMERS AND COMMUNITIES IN ADAPTING TO CHANGES IN AGRICULTURE WITH SUSTAINABLE SOLUTIONS. THE PROGRAM PROVIDES SKILLED IN-DEPTH FARM PLANNING AND FINANCIAL COUNSELING, ASSISTS FARMERS WITH ACCESS TO FEDERAL AGRICULTURE PROGRAMS, PROVIDES RESEARCH AND ANALYSIS OF FARM POLICY IMPACTS ON FARMS AND RURAL COMMUNITIES AND ADVISES INDEPENDENT MARKETING AND CONSERVATION INITIATIVES AIMED AT ASSISTING SMALL AND MID-SCALE FARMERS. IT ALSO TRAINS FARMERS, COMMUNITIES AND CHURCHES IN DISASTER ASSISTANCE AND ADDRESSING COMMUNITY ISSUES RESULTING FROM DISASTERS AND FARM LOSS.

	Grants	Expenses
To Form 990, Part III, line d		275,118.

Form 990	Statement of Organization's Primary Exempt Purpose Part III	Statement	8
----------	--	-----------	---

Explanation

PROVIDE ASSISTANCE FOR THE BENEFIT OF RURAL AREAS & PROMOTE SUSTAINABLE FOOD SYSTEMS WHILE PROMOTING COMMUNITY, EQUITY AND DIVERSITY IN AGRICULTURE

Form 990	Other Liabilities	Statement	9
----------	-------------------	-----------	---

Description	Beginning of Year	End of Year
SECURITY DEPOSITS	1,971.	2,330.
CHARITABLE GIFT ANNUITY	719.	1,071.
DEFERRED COMPENSATION	122,538.	102,812.
Total to Form 990, Part IV, line 65, Column B	125,228.	106,213.

Form 990	Other Securities	Statement 10
----------	------------------	--------------

Security Description	Cost/FMV	Other Securities
SMALL CAP WORLD CLASS A	FMV	17,842.
To Form 990, line 54b, Col B		17,842.

Form 990	Part V-A - List of Current Officers, Directors, Trustees and Key Employees	Statement 11
----------	--	--------------

Name and Address	Title and Avrg Hrs/Wk	Compensation	Employee Ben Plan Contrib	Expense Account
BETTY BAILEY 274 PITTSBORO ELEMENTARY SCHOOL ROAD PITTSBORO, NC 27312	EXECUTIVE DIRECTOR 40.00	60,445.	17,065.	0.
KATHY ZAUMSEIL 274 PITTSBORO ELEMENTARY SCHOOL ROAD PITTSBORO, NC 27312	TREASURER/SECRETARY 32.00	60,436.	7,344.	0.
KATHRYN J. WALLER 274 PITTSBORO ELEMENTARY SCHOOL ROAD PITTSBORO, NC 27312	PRESIDENT 1.00	0.	0.	0.
ARCHIE HART 274 PITTSBORO ELEMENTARY SCHOOL ROAD PITTSBORO, NC 27312	VICE PRESIDENT 1.00	0.	0.	0.
MARY CLOUSE 274 PITTSBORO ELEMENTARY SCHOOL ROAD PITTSBORO, NC 27312	DIRECTOR 1.00	0.	0.	0.
DR. ALTON THOMPSON 274 PITTSBORO ELEMENTARY SCHOOL ROAD PITTSBORO, NC 27312	DIRECTOR 1.00	0.	0.	0.

