

Form 990
Department of the Treasury
Internal Revenue Service

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)

OMB No 1545-0047

2006

Open to Public Inspection

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 07-01-2006 and ending 06-30-2007

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

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

C Name of organization
THE CENTER FOR RURAL DEVELOPMENT INC
Number and street (or P O box if mail is not delivered to street address) Room/suite
2292 S HWY 27
City or town, state or country, and ZIP + 4
SOMERSET, KY 42501

D Employer identification number
61-1291304
E Telephone number
(606) 677-6000
F Accounting method
Cash
Accrual
Other (specify)

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

G Web site: WWW.CENTERTECH.COM

J Organization type (check only one)
501(c)(3)
4947(a)(1)
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

L Gross receipts Add lines 6b, 8b, 9b, and 10b to line 12 28,137,042

H and I are not applicable to section 527 organizations
H(a) Is this a group return for affiliates?
H(b) If "Yes" enter number of affiliates
H(c) Are all affiliates included?
H(d) Is this a separate return filed by an organization covered by a group ruling?
I Group Exemption Number
M Check if the organization is not required to attach Sch B (Form 990, 990-EZ, or 990-PF)


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

Table with columns for Revenue, Expenses, and Net Assets. Rows include Contributions, Program service revenue, Membership dues, Interest on savings, Dividends, Gross rents, Special events, Gross sales of inventory, Other revenue, Program services, Management and general, Fundraising, Payments to affiliates, Excess or (deficit) for the year, Net assets at beginning/end of year.

Part II Statement of Functional Expenses

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

Do not include amounts reported on line 6b, 8b, 9b, 10b, or 16 of Part I.

	(A) Total	(B) Program services	(C) Management and general	(D) Fundraising	
22a Grants paid from donor advised funds (attach Schedule) (cash \$ _____ noncash \$ _____) If this amount includes foreign grants, check here <input type="checkbox"/>	22a				
22b Other grants and allocations (attach schedule) (cash \$ _____ noncash \$ _____) If this amount includes foreign grants, check here <input type="checkbox"/>	22b				
23 Specific assistance to individuals (attach schedule)	23				
24 Benefits paid to or for members (attach schedule)	24				
25a Compensation of current officers, directors, key employees etc Listed in Part V-A (attach schedule)	25a				
b Compensation of former officers, directors, key employees etc listed in Part V-B (attach schedule)	25b				
c Compensation and other distributions not included above to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B) (attach schedule)	25c				
26 Salaries and wages of employees not included on lines 25a, b and c	26	2,076,771	1,151,062	925,709	
27 Pension plan contributions not included on lines 25a, b and c	27				
28 Employee benefits not included on lines 25a - 27	28	435,904	221,493	214,411	
29 Payroll taxes	29	178,412	98,092	80,320	
30 Professional fundraising fees	30				
31 Accounting fees	31				
32 Legal fees	32				
33 Supplies	33	54,992	28,030	26,962	
34 Telephone	34	142,235	71,732	70,503	
35 Postage and shipping	35	18,291	6,501	11,790	
36 Occupancy	36	210,700	209,992	708	
37 Equipment rental and maintenance	37	273,023	262,477	10,546	
38 Printing and publications	38	27,802	9,840	17,962	
39 Travel	39	196,275	101,257	95,018	
40 Conferences, conventions, and meetings	40				
41 Interest	41				
42 Depreciation, depletion, etc (attach schedule) 	42	348,775	348,775		
43 Other expenses not covered above (itemize)					
a See Additional Data Table	43a				
b	43b				
c	43c				
d	43d				
e	43e				
f	43f				
g	43g				
44 Total functional expenses. Add lines 22a through 43g (Organizations completing columns (B)-(D), carry these totals to lines 13-15)	44	9,546,567	7,422,129	2,124,438	0

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

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



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

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

What is the organization's primary exempt purpose? ▶ TO PROVIDE ECONOMIC DEVELOPMENT TO SOUTHEASTERN KENTUCKY All organizations must describe their exempt purpose achievements in a clear and concise manner. State the number of clients served, publications issued, etc. Discuss achievements that are not measurable. (Section 501(c)(3) and (4) organizations and 4947(a)(1) nonexempt charitable trusts must also enter the amount of grants and allocations to others.)	Program Service Expenses (Required for 501(c)(3) and (4) orgs, and 4947(a)(1) trusts, but optional for others.)
a THE CENTER FACILITATES REGIONAL DEVELOPMENT IN AGRICULTURE, TOURISM, CULTURE, TECHNOLOGY, MANUFACTURING, COMMERCE, TRADE AND OTHER AREAS (Grants and allocations \$) If this amount includes foreign grants, check here <input type="checkbox"/>	7,422,129
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) ▶	7,422,129

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)		(B)	
		Beginning of year		End of year	
Assets	45 Cash—non-interest-bearing		45		
	46 Savings and temporary cash investments	2,259,171	46	1,762,593	
	47a Accounts receivable	47a 764,725			
	b Less allowance for doubtful accounts	47b	2,133,681	47c	764,725
	48a Pledges receivable	48a			
	b Less allowance for doubtful accounts	48b		48c	
	49 Grants receivable	2,179,770	49	1,829,046	
	50a Receivables from current and former officers, directors, trustees, and key employees (attach schedule)		50a		
	b Receivables from other disqualified persons (as defined under section 4958(c)(3)(B) (attach schedule)		50b		
	51a Other notes and loans receivable (attach schedule)	51a			
	b Less allowance for doubtful accounts	51b		51c	
	52 Inventories for sale or use		52		
	53 Prepaid expenses and deferred charges	410,382	53	112,895	
	54a Investments—publicly-traded securities <input type="checkbox"/> Cost <input type="checkbox"/> FMV		54a		
	b Investments—other securities (attach schedule) <input type="checkbox"/> Cost <input type="checkbox"/> FMV		54b		
55a Investments—land, buildings, and equipment basis	55a				
b Less accumulated depreciation (attach schedule)	55b		55c		
56 Investments—other (attach schedule)		56			
57a Land, buildings, and equipment basis	57a 21,128,447				
b Less accumulated depreciation (attach schedule)	57b 1,280,595	1,117,856	57c 	19,847,852	
58 Other assets, including program-related investments (describe <input type="checkbox"/> _____)			58		
59 Total assets (must equal line 74) Add lines 45 through 58	8,100,860	59	24,317,111		
Liabilities	60 Accounts payable and accrued expenses	2,423,801	60	371,017	
	61 Grants payable	1,013	61	96,592	
	62 Deferred revenue	270,875	62	19,530	
	63 Loans from officers, directors, trustees, and key employees (attach schedule)		63		
	64a Tax-exempt bond liabilities (attach schedule)		64a		
	b Mortgages and other notes payable (attach schedule)		64b		
	65 Other liabilities (describe <input type="checkbox"/> _____)	383,183	65 	217,509	
66 Total liabilities Add lines 60 through 65	3,078,872	66	704,648		
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	5,021,988	67	23,612,463	
	68 Temporarily restricted		68		
	69 Permanently restricted		69		
	Organizations that do not follow SFAS 117, check here <input type="checkbox"/> and complete lines 70 through 74				
	70 Capital stock, trust principal, or current funds		70		
	71 Paid-in or capital surplus, or land, building, and equipment fund		71		
	72 Retained earnings, endowment, accumulated income, or other funds		72		
	73 Total net assets or fund balances Add lines 67 through 69 or lines 70 through 72 (Column (A) must equal line 19 and column (B) must equal line 21)	5,021,988	73	23,612,463	
	74 Total liabilities and net assets / fund balances Add lines 66 and 73	8,100,860	74	24,317,111	

Part VI Other Information *(continued)*

		Yes	No
82a	Did the organization receive donated services or the use of materials, equipment, or facilities at no charge or at substantially less than fair rental value?	Yes	
b	If "Yes," you may indicate the value of these items here. Do not include this amount as revenue in Part I or as an expense in Part II. (See instructions in Part III)		
	82b		
83a	Did the organization comply with the public inspection requirements for returns and exemption applications?	Yes	
b	Did the organization comply with the disclosure requirements relating to quid pro quo contributions?	Yes	
84a	Did the organization solicit any contributions or gifts that were not tax deductible?		No
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?		
85	501(c)(4), (5), or (6) organizations. a Were substantially all dues nondeductible by members?		
b	Did the organization make only in-house lobbying expenditures of \$2,000 or less?		
	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 the prior year.		
c	Dues assessments, and similar amounts from members	85c	
d	Section 162(e) lobbying and political expenditures	85d	
e	Aggregate nondeductible amount of section 6033(e)(1)(A) dues notices	85e	
f	Taxable amount of lobbying and political expenditures (line 85d less 85e)	85f	
g	Does the organization elect to pay the section 6033(e) tax on the amount on line 85f?	85g	
h	If section 6033(e)(1)(A) dues notices were sent, does the organization agree to add the amount on line 85f to its reasonable estimate of dues allocable to nondeductible lobbying and political expenditures for the following tax year?	85h	
86	501(c)(7) orgs. Enter a Initiation fees and capital contributions included on line 12	86a	
b	Gross receipts, included on line 12, for public use of club facilities	86b	
87	501(c)(12) orgs. Enter a Gross income from members or shareholders	87a	
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)	87b	
88a	At any time during the year, did the organization own a 50% or greater interest in a taxable corporation or partnership, or an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? If "Yes," complete Part IX	Yes	
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		No
89a	501(c)(3) organizations Enter Amount of tax imposed on the organization during the year under section 4911 <input type="checkbox"/> _____, section 4912 <input type="checkbox"/> _____, section 4955 <input type="checkbox"/> _____		
b	501(c)(3) and 501(c)(4) orgs. Did the organization engage in any section 4958 excess benefit transaction during the year or did it become aware of an excess benefit transaction from a prior year? If "Yes," attach a statement explaining each transaction		No
c	Enter Amount of tax imposed on the organization managers or disqualified persons during the year under sections 4912, 4955, and 4958 <input type="checkbox"/> _____		
d	Enter Amount of tax on line 89c, above, reimbursed by the organization <input type="checkbox"/> _____		
e	All organizations. At any time during the tax year was the organization a party to a prohibited tax shelter transaction?		No
f	All organizations. Did the organization acquire direct or indirect interest in any applicable insurance contract?		No
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?		No
90a	List the states with which a copy of this return is filed <input type="checkbox"/> KY		
b	Number of employees employed in the pay period that includes March 12, 2006 (See instructions)	90b	66
91a	The books are in care of <input type="checkbox"/> THE CENTER FOR RURAL DEVELOPMENT Telephone no <input type="checkbox"/> (606) 677-6000 2292 S HWY 27 Located at <input type="checkbox"/> SOMERSET, KY ZIP + 4 <input type="checkbox"/> 42501		
b	At any time during the calendar year, did the organization have an interest in or a signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account)?	Yes	No
	If "Yes," enter the name of the foreign country <input type="checkbox"/> _____	91b	No
	See the instructions for exceptions and filing requirements for Form TD F 90-22.1 , Report of Foreign Bank and Financial Accounts		

Part VI Other Information (continued)

c At any time during the calendar year, did the organization maintain an office outside of the United States? **91c** Yes No

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

92 Section 4947(a)(1) nonexempt charitable trusts filing Form 990 in lieu of Form 1041—Check here

and enter the amount of tax-exempt interest received or accrued during the tax year **92** _____

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

Note: Enter gross amounts unless otherwise indicated.

	Unrelated business income		Excluded by section 512, 513, or 514		(E) Related or exempt function income
	(A) Business code	(B) Amount	(C) Exclusion code	(D) Amount	
93 Program service revenue					
a PROGRAM SERVICE REVENUE					2,889,579
b _____					
c _____					
d _____					
e _____					
f Medicare/Medicaid payments					
g Fees and contracts from government agencies					
94 Membership dues and assessments					
95 Interest on savings and temporary cash investments			14	66,139	
96 Dividends and interest from securities					
97 Net rental income or (loss) from real estate					
a debt-financed property					
b non debt-financed property			16	164,005	
98 Net rental income or (loss) from personal property					
99 Other investment income					
100 Gain or (loss) from sales of assets other than inventory					
101 Net income or (loss) from special events					
102 Gross profit or (loss) from sales of inventory					
103 Other revenue a MISCELLANEOUS INCOME					40,832
b _____					
c _____					
d _____					
e _____					
104 Subtotal (add columns (B), (D), and (E))				230,144	2,930,411
105 Total (add line 104, columns (B), (D), and (E))					3,160,555

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)
93A	AN INTEGRAL PART OF THE CENTER'S EXEMPT PURPOSE IS TO BRING TECHNOLOGY, EDUCATION AND CULTURE TO RURAL AREAS A MINIMAL CHARGE FOR EVENTS, THEATRE, USE OF TELECOMMUNICATIONS EQUIPMENT, AND FOR PROVIDING TRAINING AND CONSULTING ALLOWS THE CENTER TO CONTINUE TO FURNISH QUALITY CULTURAL PROGRAMS AND MODENR TECHNOLOGY TO RURAL COMMUNITIES THAT MIGHT NOT OTHERWISE BE EXPOSED TO SUCH EDUCATIONAL AMMENITIES
93A	THE CENTER, WORKING WITH VARIOUS GOVERNMENTAL AGECEINIES, ASSISTS IN ADMINISTERING GRANT PROGRAMS FOR RURAL COMMUNITIES AND BUSINESSES IN EXCHANGE FOR THEIR SERVICES, THE CENTER RECEIVED AN ADMINISTRATION FEE THESE FUNDS ARE AN INDIRECT BENEFIT TO THE CENTER WHOSE GOAL IS PROMOTING ECONOMIC DEVELOPMENT WITHIN RURAL COMMUNITIES
103A	MISCELLANEOUS INCOME EARNED FROM VARIOUS SOURCES THROUGH OUT THE YEAR IS REINVESTED IN PROGRAMS THAT FURTHER THE CENTER'S EXEMPT PURPOSE TO PROMOTE ECONOMIC DEVELOPMENT, EDUCATION, AND TECHNOLOGY IN RURAL COMMUNITIES

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
CENTER REALTY LLC 2292 S HIGHWAY 27 SOMERSET, KY42501 99-9999999	100 00 %	REAL ESTATE HOLDING	0	350,000
CENTERLINKS LLC 2292 S HIGHWAY 27 SOMERSET, KY42501 99-9999999	100 00 %	NETWORK OPERATION CENTER	54,701	54,701
	%			
	%			

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

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

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

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

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

106 Did the reporting organization make any transfers to a controlled entity as defined in section 512(b)(13) of the Code? If "Yes," complete the schedule below for each controlled entity	Yes	No
		No

	(A) Name and address of each controlled entity	(B) Employer Identification Number	(C) Description of transfer	(D) Amount of transfer
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
		No

	(A) Name and address of each controlled entity	(B) Employer Identification Number	(C) Description of transfer	(D) Amount of transfer
Totals				

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

Please Sign Here	Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.	
	***** Signature of officer	2008-05-15 Date
	LONNIE LAWSON, PRESIDENT, CEO Type or print name and title	

Paid Preparer's Use Only	Preparer's signature WILLIAM J WILSON III	Date 2008-05-15	Check if self-employed <input checked="" type="checkbox"/>	Preparer's SSN or PTIN (See Gen Inst W)
	Firm's name (or yours if self-employed), address, and ZIP + 4 WILSON & COMPANY PSC PO BOX 1120 SOMERSET, KY 42502			EIN Phone no (606) 678-5158

**SCHEDULE A
(Form 990 or
990EZ)**

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

Department of the
Treasury
Internal Revenue
Service

Name of the organization
THE CENTER FOR RURAL
DEVELOPMENT INC

Employer identification number

61-1291304

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
TERRY BURKHART HOME LEXINGTON, KY 40513	EXEC VP 40 00	80,769	17,681	0
SHANNON CARTER HOME MONTICELLO, KY 42633	SYSTEM ARCHI 40 00	74,675	20,281	0
RODNEY MURPHY HOME SOMERSET, KY 42501	DIR OF PUBLI 40 00	82,500	10,616	0
LARRY COMBS 711 HACKER DR LONDON, KY 40741	DIR OF BUSIN 40 00	63,126	16,124	0
PAT BRADLEY 1250 HIGHWAY 931 S WHITESBURG, KY 41858	DIR OF DEVEL 40 00	60,667	14,141	0
Total number of other employees paid over \$50,000 ▶	7			

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
TELEOLOGIC LEARNING PO BOX 209 EUREKA, IL 61530	SOFTWARE PRODUC	1,500,000
VISIONTEK 100 MCCASLIN BLVD SUITE 310 LOUISVILLE, CO 80027	SOFTWARE PRODUC	365,031
INTERACT SYSTEMS PO BOX 9333366 ATLANTA, GA 31193	SOFTWARE PRODUC	272,756
SCHAFFER'S CATERING 375 HATFIELD ROAD LIBERTY, KY 42539	CATERING	151,551
BLACKBOARD INC PO BOX 200154 PITTSBURG, PA 15251	SOFTWARE	75,000
Total number of others receiving over \$50,000 for professional services ▶		

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

(a) Name and address of each independent contractor paid more than \$50,000	(b) Type of service	(c) Compensation
None		
Total number of other contractors receiving over \$50,000 for other services ▶		

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

Yes No

<p>1 During the year, has the organization attempted to influence national, state, or local legislation, include 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 1 of Part VI-B)</p> <p>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</p>	1		No
<p>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.)</p> <p>a Sale, exchange, or leasing property?</p>	2a		No
<p>b Lending of money or other extension of credit?</p>	2b		No
<p>c Furnishing of goods, services, or facilities?</p>	2c		No
<p>d Payment of compensation (or payment or reimbursement of expenses if more than \$1,000)?</p>	2d	Yes	
<p>e Transfer of any part of its income or assets?</p>	2e		No
<p>3a Did the organization make grants for scholarships, fellowships, student loans, etc ? (If "Yes," attach an explanation of how the organization determines that recipients qualify to receive payments)</p>	3a		No
<p>b Did the organization have a section 403(b) annuity plan for its employees?</p>	3b		No
<p>c Did the organization receive or hold an easement for conservation purposes, including easements to preserve open space, the environment , historic land areas or structures? If "Yes" attach a detailed statement</p>	3c		No
<p>d Did the organization provide credit counseling, debt management, credit repair, or debt negotiation services?</p>	3d		No
<p>4a Did the organization maintain any donor advised funds? If "Yes," complete lines 4b through 4g If "No," complete lines 4f and 4g</p>	4a		No
<p>b Did the organization make any taxable distributions under section 4966?</p>	4b		
<p>c Did the organization make a distribution to a donor, donor advisor, or related person?</p>	4c		
<p>d Enter the total number of donor advised funds owned at the end of the tax year</p>			
<p>e Enter the aggregate value of assets held in all donor advised funds owned at the end of the tax year</p>			
<p>f Enter the total number of separate funds or accounts owned at the end of the tax year (excluding donor advised funds included on line 4d) where donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts</p>		0	
<p>g Enter the aggregate value of assets held in all funds or accounts included on line 4f at the end of the tax year</p>		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	(c) Type of organization (described in lines 5 through 12 above or IRC section)	(d) Is the supported organization listed in the supporting organization's governing documents?		(e) Amount of support?
			Yes	No	
Total					▶

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

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

Calendar year (or fiscal year beginning in)	(a) 2005	(b) 2004	(c) 2003	(d) 2002	(e) Total
15 Gifts, grants, and contributions received (Do not include unusual grants See line 28)	16,357,587	12,207,519	11,983,642	7,441,699	47,990,447
16 Membership fees received					0
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	2,516,512	2,696,877	3,186,332	2,913,112	11,312,833
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	88,109	61,460	44,481	129,692	323,742
19 Net income from unrelated business activities not included in line 18					0
20 Tax revenues levied for the organization's benefit and either paid to it or expended on its behalf					0
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					0
22 Other income Attach a schedule Do not include gain or (loss) from sale of capital assets	98,044	69,071	91,758	61,232	320,105
23 Total of lines 15 through 22	19,060,252	15,034,927	15,306,213	10,545,735	59,947,127
24 Line 23 minus line 17	16,543,740	12,338,050	12,119,881	7,632,623	48,634,294
25 Enter 1% of line 23	190,603	150,349	153,062	105,457	
26 Organizations described on lines 10 or 11: a Enter 2% of amount in column (e), line 24					972,686
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					
c Total support for section 509(a)(1) test Enter line 24, column (e)					48,634,294
d Add Amounts from column (e) for lines 18 323,742 19 0					
22 26 b					643,847
e Public support (line 26c minus line 26d total)					47,990,447
f Public support percentage (line 26e (numerator) divided by line 26c (denominator))					98.68 %
27 Organizations described on line 12: a For amounts included in lines 15, 16, and 17 that were received from a "disqualified person," prepare a list for your records to show the name of, and total amounts received in each year from, each "disqualified person " Do not file this list with your return. Enter the sum of such amounts for each year (2005) _____ (2004) _____ (2003) _____ (2002) _____					
b For any amount included in line 17 that was received from each person (other than "disqualified persons"), prepare a list for your records to show the name of, and amount received for each year, that was more than the larger of (1) the amount on line 25 for the year or (2) \$5,000 (Include in the list organizations described in lines 5 through 11b, as well as individuals) Do not file this list with your return. After computing the difference between the amount received and the larger amount described in (1) or (2) , enter the sum of these differences (the excess amounts) for each year (2005) _____ (2004) _____ (2003) _____ (2002) _____					
c Add Amounts from column (e) for lines 15 16 _____ 17 _____ 20 _____ 21 _____					
d Add Line 27a total _____ and line 27b total _____					
e Public support (line 27c total minus line 27d total)					
f Total support for section 509(a)(2) test Enter amount from line 23, column (e)					
g Public support percentage (line 27e (numerator) divided by line 27f (denominator))					
h Investment income percentage (line 18, column (e) (numerator) divided by line 27f (denominator))					
28 Unusual Grants: For an organization described in line 10, 11, or 12 that received any unusual grants during 2002 through 2005, prepare a list for your records to show, for each year, the name of the contributor, the date and amount of the grant, and a brief description of the nature of the grant Do not file this list with your return. Do not include these grants in line 15					

Part V Private School Questionnaire (See page 7 of the instructions.)**(To be completed ONLY by schools that checked the box on line 6 in Part IV)**

		Yes	No
29	Does the organization have a racially nondiscriminatory policy toward students by statement in its charter, bylaws, other governing instrument, or in a resolution of its governing body?		
30	Does the organization include a statement of its racially nondiscriminatory policy toward students in all its brochures, catalogues, and other written communications with the public dealing with student admissions, programs, and scholarships?		
31	Has the organization publicized its racially nondiscriminatory policy through newspaper or broadcast media during the period of solicitation for students, or during the registration period if it has no solicitation program, in a way that makes the policy known to all parts of the general community it serves? If "Yes," please describe, if "No," please explain (If you need more space, attach a separate statement) 		
32	Does the organization maintain the following		
a	Records indicating the racial composition of the student body, faculty, and administrative staff?		
b	Records documenting that scholarships and other financial assistance are awarded on racially nondiscriminatory basis?		
c	Copies of all catalogues, brochures, announcements, and other written communications to the public dealing with student admissions, programs, and scholarships?		
d	Copies of all material used by the organization or on its behalf to solicit contributions? If you answered "No" to any of the above, please explain (If you need more space, attach a separate statement) 		
33	Does the organization discriminate by race in any way with respect to		
a	Students' rights or privileges?		
b	Admissions policies?		
c	Employment of faculty or administrative staff?		
d	Scholarships or other financial assistance?		
e	Educational policies?		
f	Use of facilities?		
g	Athletic programs?		
h	Other extracurricular activities? If you answered "Yes" to any of the above, please explain (If you need more space, attach a separate statement) 		
34a	Does the organization receive any financial aid or assistance from a governmental agency?		
b	Has the organization's right to such aid ever been revoked or suspended? If you answered "Yes" to either 34a or b, please explain using an attached statement		
35	Does the organization certify that it has complied with the applicable requirements of sections 4 01 through 4 05 of Rev Proc 75-50, 1975-2 C B 587, covering racial nondiscrimination? If "No," attach an explanation		

Part VI-A Lobbying Expenditures by Electing Public Charities (See page 10 of the instructions.)(To be completed **ONLY** by an eligible organization that filed Form 5768)Check **a** if the organization belongs to an affiliated group Check **b** if you checked "a" and "limited control" provisions apply**Limits on Lobbying Expenditures**

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

(a)
Affiliated group
totals**(b)**
To be completed
for all electing
organizations

36 Total lobbying expenditures to influence public opinion (grassroots lobbying)	36	
37 Total lobbying expenditures to influence a legislative body (direct lobbying)	37	
38 Total lobbying expenditures (add lines 36 and 37)	38	
39 Other exempt purpose expenditures	39	
40 Total exempt purpose expenditures (add lines 38 and 39)	40	
41 Lobbying nontaxable amount Enter the amount from the following table— If the amount on line 40 is— The lobbying nontaxable amount is— Not over \$500,000 20% of the amount on line 40 Over \$500,000 but not over \$1,000,000 \$100,000 plus 15% of the excess over \$500,000 Over \$1,000,000 but not over \$1,500,000 \$175,000 plus 10% of the excess over \$1,000,000 Over \$1,500,000 but not over \$17,000,000 \$225,000 plus 5% of the excess over \$1,500,000 Over \$17,000,000 \$1,000,000	41	
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)**Lobbying Expenditures During 4-Year Averaging Period**

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

Part VI-B Lobbying Activity by Nonelecting Public Charities

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

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

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

Yes	No	Amount

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

Form 4562

Depreciation and Amortization (Including Information on Listed Property)

OMB No 1545-0172

2006

Attachment Sequence No 67

Department of the Treasury Internal Revenue Service

See separate instructions. Attach to your tax return.

Table with 3 columns: Name(s) shown on return, Business or activity to which this form relates, Identifying number.

Part I Election to Expense Certain Property Under Section 179

Note: If you have any listed property, complete Part V before you complete Part I.

Table with 5 rows for Section 179 election details, including maximum amount, total cost, and dollar limitation.

Table with 13 rows for Section 179 expense deduction calculation, including description of property, cost, and elected cost.

Note: Do not use Part II or Part III below for listed property. Instead, use Part V.

Part II Special Depreciation Allowance and Other Depreciation (Do not include listed property)

Table with 6 rows for Special Depreciation Allowance and Other Depreciation details.

Part III MACRS Depreciation (Do not include listed property.)

Section A

Table with 2 rows for MACRS deductions for assets placed in service in tax years beginning before 2006.

Table with 7 columns: Classification of property, Month and year placed in service, Basis for depreciation, Recovery period, Convention, Method, Depreciation deduction.

Section C—Assets Placed in Service During 2006 Tax Year Using the Alternative Depreciation System

Table with 3 rows for Alternative Depreciation System details, including class life and recovery period.

Part IV Summary (see instructions)

Table with 3 rows for Summary details, including listed property amount and total depreciation.

Part V Listed Property (Include automobiles, certain other vehicles, cellular telephones, certain computers, and property used for entertainment, recreation, or amusement.)

Note: For any vehicle for which you are using the standard mileage rate or deducting lease expense, complete only 24a, 24b, columns (a) through (c) of Section A, all of Section B, and Section C if applicable.

Section A-Depreciation and Other Information (Caution: See the instructions for limits for passenger automobiles.)

24a Do you have evidence to support the business/investment use claimed? Yes No 24b If "Yes," is the evidence written? Yes No

Table with 9 columns: (a) Type of property, (b) Date placed in service, (c) Business/investment use percentage, (d) Cost or other basis, (e) Basis for depreciation, (f) Recovery period, (g) Method/Convention, (h) Depreciation/deduction, (i) Elected section 179 cost. Includes rows 25-29 for special allowance and business use percentages.

Section B-Information on Use of Vehicles

Complete this section for vehicles used by a sole proprietor, partner, or other "more than 5% owner," or related person. If you provided vehicles to your employees, first answer the questions in Section C to see if you meet an exception to completing this section for those vehicles.

Table with 6 main columns: (a) Vehicle 1, (b) Vehicle 2, (c) Vehicle 3, (d) Vehicle 4, (e) Vehicle 5, (f) Vehicle 6. Rows 30-36 cover total miles driven and personal use availability.

Section C-Questions for Employers Who Provide Vehicles for Use by Their Employees

Answer these questions to determine if you meet an exception to completing Section B for vehicles used by employees who are not more than 5% owners or related persons (see instructions).

Table with 2 columns: Yes, No. Rows 37-41 cover policy statements and requirements for vehicle use by employees.

Part VI Amortization

Table with 6 columns: (a) Description of costs, (b) Date amortization begins, (c) Amortizable amount, (d) Code section, (e) Amortization period or percentage, (f) Amortization for this year. Includes rows 42-44 for amortization details.

Additional Data**Software ID:****Software Version:****EIN:** 61-1291304**Name:** THE CENTER FOR RURAL
DEVELOPMENT INC**Form 990, Part II, Line 43 - Other expenses not covered above (itemize):**

<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
a CONTRIBUTIONS EXPENSE	43a	3,040		3,040	
b EXPENSES	43b				
c ADVERTISING	43c	79,420	45,488	33,932	
d PS ARTS AND CULTURE PROGRAMMI	43d	145,526	145,526		
e PS CENTERNET EXPENSE	43e	268,870	268,870		
f PS CONSULTING	43f	425,261	425,261		
g CONTRACT LABOR	43g	248,926	213,663	35,263	
h PS EKCEP	43h	66,786	66,786		
i EQUIPMENT PURCHASES	43i	906,011	902,803	3,208	
j FOOD SERVICE	43j	194,816	169,841	24,975	
k PS GRANT OVERHEAD EXPENSE	43k	483,475	483,475		
l PS INTERNET EXPENSE	43l	99,393	99,393		
m PS MERCHANT DISCOUNTS	43m	7,913	7,913		
n MISCELLANEOUS	43n	29,911	11,630	18,281	
o OTHER SUPPLIES	43o	165,611	94,149	71,462	
p PS SOFTWARE PURCHASES	43p	1,907,611	1,907,611		
q PS TRAINING PROJECT	43q	10,200	10,200		
r UTILITIES	43r	243,522	42,290	201,232	
s PS WYMT STUDIO	43s	17,979	17,979		
t SS ARC	43t	15,000		15,000	
u SS BAD DEBTS	43u	32,266		32,266	
v SS EDUCATION AND TRAINING	43v	9,406		9,406	
w SS EXCELLENCE IN ENTREPENEURS	43w	7,694		7,694	
x SS FOUNDER'S CLUB	43x	18,755		18,755	
y SS INSURANCE	43y	58,777		58,777	
z SS MAINTENANCE	43z	78,131		78,131	
aa SS PROFESSIONAL FEES	43aa	40,253		40,253	
ab SS SECURITY	43ab	13,416		13,416	
ac SS SOFTWARE PURCHASES	43ac	5,418		5,418	

Form 990, Part V-A - Current Officers, Directors, Trustees, and Key Employees:

(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
JERRY A RICKETT 362 OLD WHITLEY RD LONDON, KY 40743	CHAIRMAN 1 00	0		
DR JOSEPH L FINK III A256 ASTECC BLDG LEXINGTON, KY 40506	VICECHAIRMAN 1 00	0		
DR JO MARSHALL 808 MONTICELLO ST SOMERSET, KY 42503	SECRETARY 1 00	0	0	0
JAMES R LACY 300 SANFIELD RD CAMPTON, KY 41301	TREASURER 1 00	0	0	0
CLAY PARKER DAVIS 145 WOODLAND DRIVE SOMERSET, KY 42501	DIRECTOR 1 00	0	0	0
ROBERT S HARRIS 3844 S HWY 27 SOMERSET, KY 42503	DIRECTOR 1 00	0	0	0
CONNIE HUNT 4456 NEW BRODHEAD RD MOUNT VERNON, KY 40456	DIRECTOR 1 00	0	0	0
ALVIN SHARPE 157 FLORENCE AVE WILLIAMSBURG, KY 40769	DIRECTOR 1 00	0	0	0
MALCOLM WALL 1217 KANNAPOLIS PL LEXINGTON, KY 40513	DIRECTOR 1 00	0	0	0
JEAN M DORTON 719 TWIN OAK DRIVE PAINTSVILLE, KY 41240	DIRECTOR 1 00	0	0	0

Form 990, Part V-A - Current Officers, Directors, Trustees, and Key Employees:

(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
KELLY KNIGHT 1631 ASHWOOD DR LEXINGTON, KY 40502	DIRECTOR 1 00	0	0	0
LONNIE LAWSON 315 WHITSON SPUR RD SOMERSET, KY 42503	PRES CEO 40 00	125,000	27,801	0
CHARLEY SIMPSON 2046 PINEY GROVE RD NANCY, KY 42544	VP/CIO 40 00	86,625	19,923	0

TY 2006 Land etc. Schedule

Name: THE CENTER FOR RURAL
DEVELOPMENT INC

EIN: 61-1291304

Category/Item	Cost/Other Basis	Accumulated Depreciation	Book Value
BUILDINGS AND EQUIPMENT	17,718,145	1,280,595	16,437,550
LAND	3,410,302		3,410,302

TY 2006 Other Changes in Net Assets Schedule

Name: THE CENTER FOR RURAL
DEVELOPMENT INC

EIN: 61-1291304

Description	Amount
BOOK / TAX DEPREC DIFFERENCE	14,616
BOOK / TAX DEPREC DIFFERENCE ERROR	-14,616

**TY 2006 Other Expenses
Not Included Schedule**

Name: THE CENTER FOR RURAL
DEVELOPMENT INC

EIN: 61-1291304

Description	Amount
BOOK / TAX DEPREC DIFFERENCE ERROR	-14,616

TY 2006 Other Liabilities Schedule

Name: THE CENTER FOR RURAL
DEVELOPMENT INC

EIN: 61-1291304

Description	Beginning of Year Amount	End of Year Amount
INTEREST PAYABLE		4,408
PAYROLL RELATED LIABILITIES	383,183	213,101

TY 2006 Other Income Schedule

Name: THE CENTER FOR RURAL
DEVELOPMENT INC

EIN: 61-1291304

Description	2003	2002	2001	2000	Total
MISCELLANEOUS INCOME	98,044	69,071	91,758	61,232	320,105