

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

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 10/1/2006, and ending 9/30/2007

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

C Name of organization: Front Steps, Inc.
 Number and street (or P.O. box if mail is not delivered to street address) Room/suite: _____
PO Box 684519
 City or town State or country ZIP + 4:
Austin TX 78768

D Employer identification number: 74-2824054

E Telephone number: 512-305-4120

F Accounting method: Cash Accrual
 Other (specify) ▶ _____

G Website: ▶ www.frontsteps.org

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

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

L Gross receipts: Add lines 6b, 8b, 9b, and 10b to line 12 ▶ 3,909,403

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

H and I are not applicable to section 527 organizations.
H(a) Is this a group return for affiliates? Yes No
H(b) If "Yes," enter number of affiliates ▶ _____
H(c) Are all affiliates included? Yes No (If "No," attach a list. See instructions.)
H(d) Is this a separate return filed by an organization covered by a group ruling? Yes No
I Group Exemption Number ▶ _____

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

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

		(A) Securities	(B) Other			
Revenue	1 Contributions, gifts, grants, and similar amounts received:			1e		
	a Contributions to donor advised funds	1a			0	
	b Direct public support (not included on line 1a)	1b			917,483	
	c Indirect public support (not included on line 1a)	1c			0	
	d Government contributions (grants) (not included on line 1a)	1d			2,980,335	
	e Total (add lines 1a through 1d) (cash \$ <u>3,304,496</u> noncash \$ <u>593,322</u>)				1e	3,897,818
	2 Program service revenue including government fees and contracts (from Part VII, line 93)			2		0
	3 Membership dues and assessments			3		0
	4 Interest on savings and temporary cash investments			4		11,585
	5 Dividends and interest from securities			5		0
	6 a Gross rents	6a				
	b Less: rental expenses	6b				
c Net rental income or (loss). Subtract line 6b from line 6a			6c		0	
7 Other investment income (describe ▶ _____)			7		0	
8 a Gross amount from sales of assets other than inventory				8d	0	
		8a				
	b Less: cost or other basis and sales expenses	8b				
	c Gain or (loss) (attach schedule)	8c				
d Net gain or (loss). Combine line 8c, columns (A) and (B)						
9 Special events and activities (attach schedule). If any amount is from gaming, check here <input type="checkbox"/>	a Gross revenue (not including \$ <u>0</u> of contributions reported on line 1b)	9a		9c	0	
	b Less: direct expenses other than fundraising expenses	9b				
	c Net income or (loss) from special events. Subtract line 9b from line 9a					
10 a Gross sales of inventory, less returns and allowances	10a		10c		0	
	b Less: cost of goods sold	10b				
	c Gross profit or (loss) from sales of inventory (attach schedule). Subtract line 10b from line 10a					
11 Other revenue (from Part VII, line 103)			11		0	
12 Total revenue. Add lines 1e, 2, 3, 4, 5, 6c, 7, 8d, 9c, 10c, and 11			12		3,909,403	
Expenses	13 Program services (from line 44, column (B))			13	2,847,507	
	14 Management and general (from line 44, column (C))			14	195,787	
	15 Fundraising (from line 44, column (D))			15	61,258	
	16 Payments to affiliates (attach schedule)			16	0	
	17 Total expenses. Add lines 16 and 44, column (A)			17		3,104,552
Net Assets	18 Excess or (deficit) for the year. Subtract line 17 from line 12			18	804,851	
	19 Net assets or fund balances at beginning of year (from line 73, column (A))			19	1,760,353	
	20 Other changes in net assets or fund balances (attach explanation)			20	-495,848	
	21 Net assets or fund balances at end of year. Combine lines 18, 19, and 20			21		2,069,356

Part I 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
22 a	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"/>	0	0		
22 b	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"/>	0	0		
23	Specific assistance to individuals (attach schedule)	0	0		
24	Benefits paid to or for members (attach schedule)	0			
25 a	Compensation of current officers, directors, key employees, etc. listed in Part V-A (attach schedule)	63,654	57,556	4,411	1,687
b	Compensation of former officers, directors, key employees, etc. listed in Part V-B (attach schedule)	0	0	0	0
c	Compensation and other distributions, not included above, disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B) (attach schedule)	0	0	0	0
26	Salaries and wages of employees not included on lines 25a, b, and c	1,533,018	1,386,155	106,238	40,625
27	Pension plan contributions not included on lines 25a, b, and c	15,275	12,216	2,213	846
28	Employee benefits not included on lines 25a - 27	278,984	250,794	20,392	7,798
29	Payroll taxes	132,270	119,599	9,166	3,505
30	Professional fundraising fees	150			150
31	Accounting fees	9,000	8,500	450	50
32	Legal fees	0			
33	Supplies	60,831	41,508	17,711	1,612
34	Telephone	7,687	6,950	533	204
35	Postage and shipping	2,117	1,914	147	56
36	Occupancy	3,250	2,939	225	86
37	Equipment rental and maintenance	121,796	121,796		
38	Printing and publications	2,204	1,993	153	58
39	Travel	21,882	13,295	8,587	0
40	Conferences, conventions, and meetings	16,527	16,342	185	0
41	Interest	1,267		1,267	
42	Depreciation, depletion, etc. (attach schedule)	31,279	28,282	2,168	829
43	Other expenses not covered above (itemize):				
a	Donated Facilities Expense	498,302	498,302	0	0
b	Insurance	29,311	26,503	2,031	777
c	Food Service	145,667	145,667	0	0
d	Direct Client Services	103,456	103,456	0	0
e	Contract Labor	3,740	3,740	0	0
f	Other Administrative Expense	22,885	0	19,910	2,975
g		0	0	0	0
44	Total functional expenses. Add lines 22a through 43g. (Organizations completing columns (B)-(D), carry these totals to lines 13-15)	3,104,552	2,847,507	195,787	61,258

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

Are any joint costs from a combined educational campaign and fundraising solicitation reported (B) Program services? Yes No

If "Yes," enter (i) the aggregate amount of these joint costs \$ 0; (ii) the amount allocated to Program services \$ 0; (iii) the amount allocated to Management and general \$ 0; and (iv) the amount allocated to Fundraising \$ 0

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		161,782	45	143,723	
	46 Savings and temporary cash investments			46	710,131	
	47 a Accounts receivable	47a	532,306			
	b Less: allowance for doubtful accounts	47b	0	455,883	47c	532,306
	48 a Pledges receivable	48a	0			
	b Less: allowance for doubtful accounts	48b	0	0	48c	0
	49 Grants receivable				49	
	50 a Receivables from current and former officers, directors, trustees, and key employees (attach schedule)			0	50a	0
	b Receivables from other disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B) (attach schedule)				50b	
	51 a Other notes and loans receivable (attach schedule)	51a	0			
	b Less: allowance for doubtful accounts	51b	0	0	51c	0
	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			0	54a	0
	b Investments—other securities (attach schedule). <input type="checkbox"/> Cost <input type="checkbox"/> FMV			0	54b	0
	55 a Investments—land, buildings, and equipment: basis	55a	0			
	b Less: accumulated depreciation (attach schedule)	55b	0	0	55c	0
	56 Investments—other (attach schedule)			0	56	0
	57 a Land, buildings, and equipment: basis	57a	200,630			
b Less: accumulated depreciation (attach schedule)	57b	72,730	81,790	57c	127,900	
58 Other assets, including program-related investments (describe <input type="checkbox"/> Promised use of facilities)			1,370,330	58	872,028	
59 Total assets (must equal line 74). Add lines 45 through 58			2,069,785	59	2,386,088	
Liabilities	60 Accounts payable and accrued expenses		169,432	60	175,053	
	61 Grants payable			61		
	62 Deferred revenue			62		
	63 Loans from officers, directors, trustees, and key employees (attach schedule)			0	63	0
	64 a Tax-exempt bond liabilities (attach schedule)			0	64a	0
	b Mortgages and other notes payable (attach schedule)			0	64b	0
	65 Other liabilities (describe <input type="checkbox"/> See attached statement)			140,000	65	141,679
66 Total liabilities. Add lines 60 through 65			309,432	66	316,732	
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		325,765	67	1,138,146	
	68 Temporarily restricted		1,434,588	68	931,210	
	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).			1,760,353	73	2,069,356
	74 Total liabilities and net assets/fund balances. Add lines 66 and 73.			2,069,785	74	2,386,088

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	3,916,933
b	Amounts included on line a but not on Part I, line 12:			
1	Net unrealized gains on investments	b1	7,530	
2	Donated services and use of facilities	b2		
3	Recoveries of prior year grants	b3		
4	Other (specify):	b4	0	
	Add lines b1 through b4			b 7,530
c	Subtract line b from line a			c 3,909,403
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	0	
	Add lines d1 and d2			d 0
e	Total revenue (Part I, line 12). Add lines c and d			e 3,909,403

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

a	Total expenses and losses per audited financial statements		a	3,104,552
b	Amounts included on line a but not on Part I, line 17:			
1	Donated services and use of facilities	b1		
2	Prior year adjustments reported on Part I, line 20	b2		
3	Losses reported on Part I, line 20	b3		
4	Other (specify):	b4	0	
	Add lines b1 through b4			b 0
c	Subtract line b from line a			c 3,104,552
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	0	
	Add lines d1 and d2			d 0
e	Total expenses (Part I, line 17). Add lines c and d			e 3,104,552

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
Name Helen Varty str 500 E 7th Street City Austin ST TX ZIP 78701	Title Ex Dir Hr/WK 40	44,765	4,061	0
Name Carol Swicker str 500 E 7th Street City Austin ST TX ZIP 78701	Title Prog Dir Hr/WK 40	35,700	3,880	0
Name Lynn Sanders str 919 Congress Suite City Austin ST TX ZIP 78701	Title Bd Chm Hr/WK	0	0	0
Name Mike Abkowitz str 101 W 6th St, Ste 6 City Austin ST TX ZIP 78701	Title Bd Treas Hr/WK	0	0	0
Name John Nyfler str 700 Lavaca, Ste 60 City Austin ST TX ZIP 78701	Title Board Hr/WK	0	0	0
Name Rose Lancaster str 1106 W 10th City Austin ST TX ZIP 78703	Title Board Hr/WK	0	0	0
Name Paul Rogers str 1414 Colorado St, S City Austin ST TX ZIP 78701	Title Board Hr/WK	0	0	0
Name Ed Sherwood str 40 N IH 35, Unit 9D City Austin ST TX ZIP 78701	Title Board Hr/WK	0	0	0
Name Roy Longoria str 7600 Capital of TX City Austin ST TX ZIP 78731	Title Board Hr/WK	0	0	0
Name Gail Miller str 5205 Ridge Oak City Austin ST TX ZIP 78731	Title Board Hr/WK	0	0	0

Part V-A Current Officers, Directors, Trustees, and Key Employees (continued)

	Yes	No
75 a Enter the total number of officers, directors, and trustees permitted to vote on organization business at board meetings 11		
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." If "Yes," attach a statement that includes the information described in the instructions.	75c	X
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 form 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
Name N/A Str City ST ZIP				
Name N/A Str City ST ZIP				
Name N/A Str City ST ZIP				
Name N/A Str City ST ZIP				
Name N/A Str City ST ZIP				
Name N/A Str City ST ZIP				
Name N/A Str City ST ZIP				
Name N/A Str City ST ZIP				
Name N/A Str City ST ZIP				
Name N/A Str City ST ZIP				

Part VI Other Information (See the instructions.)

	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? If "Yes," attach a conformed copy of the changes.	77	X
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 and check whether it is <input type="checkbox"/> exempt or <input type="checkbox"/> nonexempt	81a	
81 a Enter direct and indirect political expenditures. (See line 81 instructions.)	81a	
b Did the organization file Form 1120-POL for this year?	81b	

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	0	
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?		
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	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 for the prior year.	N/A	
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?	85g	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	N/A
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	
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	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	88b	X
89 a	501(c)(3) organizations. Enter: Amount of tax imposed on the organization during the year under: section 4911 <input type="text" value="0"/> ; section 4912 <input type="text" value="0"/> ; section 4955 <input type="text" value="0"/>		
b	501(c)(3) and 501(c)(4) orgs. Did the organization engage in any section 4958 excess benefit transaction during the year or did it become aware of an excess benefit transaction from a prior year? If "Yes," attach a statement explaining each transaction	89b	X
c	Enter: Amount of tax imposed on the organization managers or disqualified persons during the year under sections 4912, 4955, and 4958 <input type="text" value="0"/>		
d	Enter: Amount of tax on line 89c, above, reimbursed by the organization <input type="text" value="0"/>		
e	All organizations. At any time during the tax year, was the organization a party to a prohibited tax shelter transaction?	89e	X
f	All organizations. Did the organization acquire a direct or indirect interest in any applicable insurance contract?	89f	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?	89g	N/A
90 a	List the states with which a copy of this return is filed <input type="text"/>		
b	Number of employees employed in the pay period that includes March 12, 2006 (See instructions.)	90b	
91 a	The books are in care of <input type="text" value="Name Win Harbison"/> Telephone no. <input type="text" value="512-305-4114"/> Located at <input type="text" value="500 E 7th St"/> City <input type="text" value="Austin"/> ST <input type="text" value="TX"/> ZIP + 4 <input type="text" value="78701"/>		
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 <input type="text"/> See the instructions for exceptions and filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts.	91b	X

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

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

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

Note: Enter gross amounts unless otherwise indicated.

	Unrelated business income		Excluded by section 512, 513, or 514		(E) Related or exempt function income
	(A) Business code	(B) Amount	(C) Exclusion code	(D) Amount	
93 Program service revenue:					
a					
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		11,585			
96 Dividends and interest from securities					
97 Net rental income or (loss) from real estate:					
a debt-financed property					
b not debt-financed property					
98 Net rental income or (loss) from personal property					
99 Other investment income					
100 Gain or (loss) from sales of assets other than invento					
101 Net income or (loss) from special events					
102 Gross profit or (loss) from sales of inventory					
103 Other revenue: a		0		0	0
b		0		0	0
c		0		0	0
d		0		0	0
e		0		0	0
104 Subtotal (add columns (B), (D), and (E))		11,585		0	0
105 Total (add line 104, columns (B), (D), and (E))					11,585

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 accomplishm of the organization's exempt purposes (other than by providing funds for such purposes).
103 a	Operating revenue needed to further program activities.

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	%		0	0
	%		0	0
	%		0	0
	%		0	0

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

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

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

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

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

Yes	No
-----	----

	(A) Name, address, of each controlled entity	(B) Employer Identification Number	(C) Description of transfer	(D) Amount of transfer
a			
b			
c			
Totals				0

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				0

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: Helen Varty - Executive Director 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: _____

EIN: _____

Phone no.: _____

SCHEDULE A
(Form 990 or 990-EZ)

Organization Exempt Under Section 501(c)(3)
(Except Private Foundation) and Section 501(e), 501(f), 501(k), 501(n),
or 4947(a)(1) Nonexempt Charitable Trust
Supplementary Information—(See separate instructions.)

OMB No. 1545-0047

2006

Department of the Treasury
Internal Revenue Service

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

Name of the organization

Employer identification number

Front Steps, Inc.

74-2824054

Part I Compensation of the Five Highest Paid Employees Other Than Officers, Directors, and Trustees
(See page 2 of the instructions. List each one. If there are none, enter "None.")

(a) Name and address of each employee paid more than \$50,000	(b) Title and average hours per week devoted to position	(c) Compensation	(d) Contributions to employee benefit plans & deferred compensation	(e) Expense account and other allowances
None				
Total number of other employees paid over \$50,000 ▶		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

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 an 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 f of Part VI-B.)

1 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 substantial contributors, trustees, directors, officers, creators, key employees, or members of their families, with any taxable organization with which any such person is affiliated as an officer, director, trustee, major 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)?

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 X

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

4c X

d Enter the total number of donor advised funds owned at the end of the tax year **▶** _____

e Enter the aggregate value of assets held in all donor advised funds owned at the end of the tax year **▶** _____

f Enter the total number of separate funds or accounts owned at the end of the tax year (excluding donor advised funds included on line 4d) where donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts **▶** _____ **0**

g Enter the aggregate value of assets held in all funds or accounts included on line 4f at the end of the tax year **▶** _____ **0**

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

I certify that the organization is not a private foundation because it is: (Please check or **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)(ii). Enter the hospital's name, city, and state _____ City _____ ST _____ Country _____
- 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.)
- 11 a 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.)
- 11 b 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 **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 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					0

- 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.)	1,981,323	1,672,691	988,358	882,849	5,525,221
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					0
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	2			18	20
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 or 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	377,451				377,451
22 Other income. Attach a schedule. Do not include gain or (loss) from sale of capital assets		3,735	9,551	5,582	18,868
23 Total of lines 15 through 22	2,358,776	1,676,426	997,909	888,449	5,921,560
24 Line 23 minus line 17	2,358,776	1,676,426	997,909	888,449	5,921,560
25 Enter 1% of line 23	23,588	16,764	9,979	8,884	
26 Organizations described on lines 10 or 11: a Enter 2% of amount in column (e), line 24 ▶				26a	118,431
b Prepare a list for your records to show the name of and amount contributed by each person (other than 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	
c Total support for section 509(a)(1) test: Enter line 24, column (e) ▶				26c	5,921,560
d Add: Amounts from column (e) for lines: 18 _____ 20 _____ 19 _____ 22 _____ 18,868 26b _____ ▶				26d	18,888
e Public support (line 26c minus line 26d total) ▶				26e	5,902,672
f Public support percentage (line 26e (numerator) divided by line 26c (denominator)) ▶				26f	99.68%
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) _____ N/A _____ (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) _____ N/A _____ (2003) _____ (2002) _____					
c Add: Amounts from column (e) for lines: 15 _____ 16 _____ 17 _____ 20 _____ 21 _____ ▶				27c	0
d Add: Line 27a total . _____ and line 27b total ▶				27d	0
e Public support (line 27c total minus line 27d total) ▶				27e	0
f Total support for section 509(a)(2) test: Enter amount from line 23, column (e) ▶				27f	
g Public support percentage (line 27e (numerator) divided by line 27f (denominator)) ▶				27g	0.00%
h Investment income percentage (line 18, column (e) (numerator) divided by line 27f (denominator)) . . . ▶				27h	0.00%
28 Unusual Grants: For an organization described in line 10, 11, or 12 that received any unusual grants during 2002 through 2005, prepare a list for your records to show, for each year, the name of the contributor, the date and amount of the grant, and a brief description of the nature of the grant. Do not file this list with your return. Do not include these grants in line 15					

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

	Yes	No
29 Does the organization have a racially nondiscriminatory policy toward students by statement in its charter, bylaw other governing instrument, or in a resolution of its governing body?	29	
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?	30	
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)	31	
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? If you answered "Yes" to either 34a or b, please explain using an attached statement	34b	
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	

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	0 0
39	Other exempt purpose expenditures	39	
40	Total exempt purpose expenditures (add lines 38 and 39)	40	0 0
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		41	
42	Grassroots nontaxable amount (enter 25% of line 41)	42	0 0
43	Subtract line 42 from line 36. Enter -0- if line 42 is more than line 36	43	0 0
44	Subtract line 41 from line 38. Enter -0- if line 41 is more than line 38	44	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) 2006	(b) 2005	(c) 2004	(d) 2003	(e) Total
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.)

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

	Yes	No	Amount
a		X	
b		X	
c		X	
d		X	
e		X	
f		X	
g		X	
h		X	
i			0

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

Line 1 (990) - Public Support and Contributions

	Cash	Non Cash
Line 1a - Contributions to Donor Advised Funds		
Line 1b - Direct public support		
1 Contributions	828,655	1 8,483
2 Membership dues and assessments (contributions from the public)		2
3 Commercial co-venture		3
4 Special events contributions (Line 9 - Special Events)	0	4
5 Agency contracts	61,070	5
6 Misc	19,275	6
7		7
8		8
9		9
10 Total	909,000	10 8,483
Line 1c - Indirect public support		
Line 1d - Government contributions (grants)	2,395,496	584,839

Line 20 (990) - Other Changes in Net Assets or Fund Balances

-495,848

	Description	Total
1	Unrealized gain on investments carried at Market Value	7,530
2	Restricted Donations	89,944
3	Satisfaction of Program Restrictions	-593,322
4		
5		
6		
7		
8		
9		
10		
11		
12		
13		
14		
15		
16		
17		
18		
19		
20		

Line 47 (990) - Accounts Receivable

		Accounts receivable		Allowance for doubtful accounts	
		Beginning	End	Beginning	End
1	Accounts Receivable	455,883	532,306		
2	.....			
3	.....			
4	.....			
5	.....			
6	.....			
7	.....			
8	.....			
9	.....			
10	.....			
11	Total accounts receivable	455,883	532,306	0	0

Line 57 (990) - Land, Buildings, and Equipment

		Land (net of any amortization)	
		Beginning	End
1	.....	
2	.....	
3	.....	
4	.....	
5	.....	
6	Total land (net of any amortization)	0	0

		Buildings and equipment		Accumulated depreciation	
		Beginning	End	Beginning	End
7	Computers and Equipment	98,655	176,045	32,845	59,208
8	Vehicles	24,585	24,585	8,605	13,522
9	.....			
10	.....			
11	.....			
12	.....			
13	.....			
14	.....			
15	.....			
16	.....			
17	Total buildings and equipment	123,240	200,630	41,450	72,730
18	Buildings and equipment (less accumulated depreciation)			81,790	127,900
19	Total land, buildings and equipment			81,790	127,900

Category or Item	Cost/Other Basis	Accumulated Depreciation	Book Value
1			
2			
3			
4			
5			
6			
7			
8			
9			
10			
11	0	0	0

Line 58 (990) - Other Assets

		1,370,330	872,028
		Beginning	End
1	Promised use of facilities	1,370,330	872,028
2			
3			
4			
5			
6			
7			
8			
9			
10			

Line 65 (990) - Other Liabilities

140,000

141,679

		Beginning	End
1	Line of credit	0	0
2	Advance by Grantor	140,000	141,679
3			
4			
5			
6			
7			
8			
9			
10			

Line 22 (Sch A (990/990-EZ)) - Other Income

Description	(a) 2005	(b) 2004	(c) 2003	(d) 2002	(e) Total
1 Miscellaneous		3,735	9,551	5,582	18,868
2					0
3					0
4					0
5					0
6					0
7					0
8					0
9					0
10					0
Total of Other Income	0	3,735	9,551	5,582	18,868

Part V-A Continued

List of 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 and deferred compensation	(E) Expense account and other allowances
David Gomez 717 W 6th Street Austin, TX 78701	Member	1.5	0	0
Ronald Klayman 5708 Raindrop Cove Austin, TX 78759	Member	1.5	0	0
Gail Miller 5205 Ridge Oak Dr Austin, TX 78731	Member	1.5	0	0
Mike Stockton 106 Alpine #103 Austin, TX 78704	Member	1.5	0	0
Paul Rogers 1414 Colorado, #402 Austin, TX 78701	Member	1.5	0	0
Jeff Trigger 1214 West St Austin, TX 78703	Member	1.5	0	0
Doug Powell 7122 Wood Hollow Drive #94 Austin, TX 78731	Member	1.5	0	0
Helen Varty 500 E 7th Street Austin, TX 78701	Executive Director	40	61,629	600

Statement A

Front Steps, based in the belief that all people deserve the dignity of a safe place to call home, seeks to end homelessness by providing shelter, affordable housing and community education. The overarching philosophy of Front Steps services is the belief that each client deserves respect and dignity.

Front Steps manages the Austin Resource Center for the Homeless (ARCH) a 24 hour center and shelter. ARCH provides basic needs services (shower facilities, laundry facilities, lockers, and use of phone, voice mail boxes, a mailing address and a safe place to sleep) as well as an array of social services such as case management and assistance with finding jobs and housing. In addition to managing ARCH, Front Steps provides transitional housing for ARCH clients and works in conjunction with the community to develop permanent supportive housing for homeless people.

Statement B

Front Steps was founded in 1997. Initially the organization focused its goals and objectives on providing the shelter basic needs services. Front Steps is now leveraging funds from private sources and focusing objectives on the number of people housed. Front Steps will provide housing for slightly over 100 people in the 2006-2007 year and will refer clients to other agencies that will be able to provide housing for approximately another 150. Other objectives include the number of people who have attained case management goals such as increasing income through either employment or entitlement benefits, or receiving medical, mental health or substance abuse treatment.

Front Steps also works in conjunction with the community to address systemic issues that result in homelessness including poverty, wages that aren't sufficient to live on, and a dearth of affordable housing and mental health care.