

Return of Organization Exempt From Income Tax

OMB No 1545-0047

2006

Department of the Treasury
Internal Revenue ServiceUnder section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code
(except black lung benefit trust or private foundation)Open to Public
Inspection

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

A For the 2006 calendar year, or tax year beginning Jul 1, 2006, and ending Jun 30, 2007

B Check if applicable: <input type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial return <input type="checkbox"/> Final return <input type="checkbox"/> Amended return <input type="checkbox"/> Application pending	Please use IRS label or print or type. See specific instructions.	C Name of organization GRACE TO YOU	D Employer identification number 95-3846510
		Number and street (or P O box if mail is not delivered to street addr) Room/suite 28001 HARRISON PARKWAY	E Telephone number (661) 295-5777
		City, town or country State ZIP code + 4 VALENCIA CA 91355	F Accounting method: <input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual <input type="checkbox"/> Other (specify) _____

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

G Web site: **www.gty.org**J Organization type (check only one) ☒ 501(c) 3 (insert no) ☐ 4947(a)(1) or ☐ 527K 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 returnL Gross receipts: Add lines 6b, 8b, 9b, and 10b to line 12 **15,864,713.**

H and I are not applicable to section 527 organizations

H (a) Is this a group return for affiliates? ☐ Yes ☒ NoH (b) If 'Yes,' enter number of affiliates **3**H (c) Are all affiliates included? ☐ Yes ☐ No
(If 'No,' attach a list. See instructions.)H (d) Is this a separate return filed by an organization covered by a group ruling? ☐ Yes ☒ No

I Group Exemption Number _____

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

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

1 Contributions, gifts, grants, and similar amounts received:			
a Contributions to donor advised funds	1a		
b Direct public support (not included on line 1a)	1b	12,602,772.	
c Indirect public support (not included on line 1a)	1c		
d Government contributions (grants) (not included on line 1a)	1d		
e Total (add lines 1a through 1d) (cash \$ 12,472,818. noncash \$ 129,954.)	1e	12,602,772.	
2 Program service revenue including government fees and contracts (from Part VII, line 93)	2	499,871.	
3 Membership dues and assessments	3		
4 Interest on savings and temporary cash investments	4	113,835.	
5 Dividends and interest from securities	5		
6a Gross rents	6a		
b Less: rental expenses	6b		
c Net rental income or (loss) Subtract line 6b from line 6a	6c		
7 Other investment income (describe _____)	7		
8a Gross amount from sales of assets other than inventory	(A) Securities	8a	182,228.
b Less: cost or other basis and sales expenses	8b	204,628.	
c Gain or (loss) (attach schedule) See L-8 Stmt	8c	-22,400.	
d Net gain or (loss) Combine line 8c, columns (A) and (B)	8d	-22,400.	
9 Special events and activities (attach schedule). If any amount is from gaming, check here <input type="checkbox"/>			
a Gross revenue (not including \$ 0. of contributions reported on line 1b)	9a	125,780.	
b Less: direct expenses other than fundraising expenses	9b	101,101.	
c Net income or (loss) from special events Subtract line 9b from line 9a	9c	24,679.	
10a Gross sales of inventory, less returns and allowances	10a	2,335,722.	
b Less: cost of goods sold	10b	1,168,949.	
c Gross profit or (loss) from sales of inventory (attach schedule) Subtract line 10b from line 10a	10c	1,166,773.	
11 Other revenue (from Part VII, line 103)	11	4,505.	
12 Total revenue. Add lines 1e, 2, 3, 4, 5, 6c, 7, 8d, 9c, 10c, and 11	12	14,390,035.	
13 Program services (from line 44, column (B))	13	11,315,555.	
14 Management and general (from line 44, column (C))	14	1,589,294.	
15 Fundraising (from line 44, column (D))	15	254,043.	
16 Payments to affiliates (attach schedule)	16		
17 Total expenses. Add lines 16 and 44, column (A)	17	13,158,892.	
18 Excess or (deficit) for the year Subtract line 17 from line 12	18	1,231,143.	
19 Net assets or fund balances at beginning of year (from line 73, column (A))	19	6,133,746.	
20 Other changes in net assets or fund balances (attach explanation)	20	-4.	
21 Net assets or fund balances at end of year Combine lines 18, 19, and 20	21	7,364,885.	

BAA For Privacy Act and Paperwork Reduction Act Notice, see the separate instructions.

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

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 sch) (cash \$ _____ non-cash \$ _____) If this amount includes foreign grants, check here <input type="checkbox"/>	22a			
22b Other grants and allocations (att sch) (cash \$ <u>799,611.</u> non-cash \$ <u>235,308.</u>) If this amount includes foreign grants, check here <input checked="" type="checkbox"/>	22b	1,034,919.	1,034,919.	
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 sch) See L-25a Stmt	25a	716,286.	340,860.	375,426.
b Compensation of former officers, directors, key employees, etc listed in Part V-B (attach sch)	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) See L-25c Stmt	25c	148,757.	148,623.	134.
26 Salaries and wages of employees not included on lines 25a, b, and c	26	2,397,828.	1,991,621.	357,586.
27 Pension plan contributions not included on lines 25a, b, and c	27	89,580.	72,874.	14,716.
28 Employee benefits not included on lines 25a - 27	28	416,604.	356,048.	52,795.
29 Payroll taxes	29	232,680.	180,866.	48,203.
30 Professional fundraising fees	30			
31 Accounting fees	31	57,779.	0.	57,779.
32 Legal fees	32	25,480.	0.	25,480.
33 Supplies	33	87,723.	0.	87,723.
34 Telephone	34	53,355.	39,918.	12,983.
35 Postage and shipping	35	1,191,235.	995,936.	80,369.
36 Occupancy	36	457,021.	402,069.	50,401.
37 Equipment rental and maintenance	37	225,884.	182,806.	41,706.
38 Printing and publications	38	505,972.	433,724.	43,476.
39 Travel	39	109,107.	89,461.	18,717.
40 Conferences, conventions, and meetings	40	28,041.	21,445.	5,796.
41 Interest	41			
42 Depreciation, depletion, etc (attach schedule)	42	415,468.	365,612.	45,701.
43 Other expenses not covered above (itemize).				
a Radio & TV air time	43a	3,609,685.	3,573,588.	0.
b Broadcast Production	43b	419,139.	419,139.	0.
c Development/Promotion	43c	115,965.	91,625.	24,340.
d Resources Given Away	43d	574,421.	574,421.	0.
e Bank Charges	43e	206,002.	0.	206,002.
f Bad Debts	43f	5,460.	0.	5,460.
g See Other Expenses Stmt	43g	34,501.	0.	34,501.
44 Total functional expenses. Add lines 22a through 43g (Organizations completing columns (B) - (D), carry these totals to lines 13 - 15)	44	13,158,892.	11,315,555.	1,589,294.

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 \$ 4,799,790.; (ii) the amount allocated to Program services \$ 4,552,496.; (iii) the amount allocated to Management and general \$ 73,321.; and (iv) the amount allocated to Fundraising \$ 173,973.

Part III Statement of Program Service Accomplishments

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 spread the gospel of Jesus Christ via the media.
 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) organizations and 4947(a)(1) trusts, but optional for others.)

a <u>"Grace To You" daily radio program which is heard throughout the United States.</u> ----- ----- ----- (Grants and allocations \$ <u>28,600.</u>) If this amount includes foreign grants, check here <input checked="" type="checkbox"/>	5,190,775.
b <u>Disemination of individual cassette tapes, cassette tape albums, video tapes, study guides, books, and compact disks. Offers an internet site to answer biblical questions from listeners.</u> ----- ----- ----- (Grants and allocations \$ <u>0.</u>) If this amount includes foreign grants, check here <input type="checkbox"/>	3,596,048.
c <u>Support of foreign ministry affiliates in Australia, Canada, Europe, India, New Zealand, Phillipines, Singapore, and South Africa, plus Spanish broadcasts.</u> ----- ----- ----- (Grants and allocations \$ <u>1,006,319.</u>) If this amount includes foreign grants, check here <input checked="" type="checkbox"/>	1,698,992.
d <u>TV Program</u> ----- ----- ----- (Grants and allocations \$ <u>0.</u>) If this amount includes foreign grants, check here <input type="checkbox"/>	810,241.
e Other program services <u>Conferences</u> (Grants and allocations \$ <u>0.</u>) If this amount includes foreign grants, check here <input type="checkbox"/>	19,499.
f Total of Program Service Expenses (should equal line 44, column (B), Program services)	11,315,555.

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Part IV Balance Sheets (See the instructions.)**Note:** Where required, attached schedules and amounts within the description column should be for end-of-year amounts only

		(A) Beginning of year		(B) End of year
ASSETS	45 Cash — non-interest-bearing	811,282.	45	650,299.
	46 Savings and temporary cash investments	1,913,725.	46	3,163,246.
	47a Accounts receivable	47a 52,383.		
	b Less: allowance for doubtful accounts	47b 0.	47c	52,383.
	48a Pledges receivable	48a	48c	
	b Less: allowance for doubtful accounts	48b		
	49 Grants receivable		49	
	50a Receivables from current and former officers, directors, trustees, and key employees (attach schedule)	9,000.	50a	6,014.
	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	20,000.
	51a Other notes and loans receivable (attach schedule)	51a 6,202.		
	b Less: allowance for doubtful accounts	51b 0.	51c	6,202.
	52 Inventories for sale or use	753,947.	52	635,248.
	53 Prepaid expenses and deferred charges	177,546.	53	118,923.
	54a Investments — publicly-traded securities	<input type="checkbox"/> Cost <input type="checkbox"/> FMV	54a	
	b Investments — other securities (attach sch)	<input type="checkbox"/> Cost <input type="checkbox"/> FMV	54b	
	55a Investments — land, buildings, & equipment: basis	55a		
	b Less: accumulated depreciation (attach schedule)	55b	55c	
	56 Investments — other (attach schedule)		56	
	57a Land, buildings, and equipment: basis	57a 9,214,495.		
b Less: accumulated depreciation (attach schedule) L-57 Stmt	57b 3,201,645.	57c	6,012,850.	
58 Other assets, including program-related investments (describe ► <u>See Line 58 Stmt</u>)	263,443.	58	109,227.	
59 Total assets (must equal line 74) Add lines 45 through 58	9,550,827.	59	10,774,392.	
LIABILITIES	60 Accounts payable and accrued expenses	782,618.	60	951,089.
	61 Grants payable		61	
	62 Deferred revenue	53,831.	62	29,256.
	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)	2,580,632.	64b	2,429,162.
	65 Other liabilities (describe ►)		65	
	66 Total liabilities. Add lines 60 through 65	3,417,081.	66	3,409,507.
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	6,042,994.	67	7,299,255.
	68 Temporarily restricted	90,752.	68	65,630.
	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)	6,133,746.	73	7,364,885.
	74 Total liabilities and net assets/fund balances. Add lines 66 and 73	9,550,827.	74	10,774,392.

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Part IV-A Reconciliation of Revenue per Audited Financial Statements with Revenue per Return (See the instructions)

a	Total revenue, gains, and other support per audited financial statements	a	15,682,486.
b	Amounts included on line a but not on Part I, line 12		
1	Net unrealized gains on investments	b1	
2	Donated services and use of facilities	b2	
3	Recoveries of prior year grants	b3	
4	Other (specify) <u>COGS - \$1,168,949 Special</u>		
	<u>Event - \$101,101 Asset Sale - \$22,401</u>	b4	1,292,451.
	Add lines b1 through b4	b	1,292,451.
c	Subtract line b from line a	c	14,390,035.
d	Amounts included on Part I, line 12, but not on line a :		
1	Investment expenses not included on Part I, line 6b	d1	
2	Other (specify) _____	d2	
	Add lines d1 and d2	d	
e	Total revenue (Part I, line 12). Add lines c and d	e	14,390,035.

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

a	Total expenses and losses per audited financial statements	a	14,451,344.
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) <u>COGS - \$1,168,949 Special</u>		
	<u>Event - \$101,101 Asset Sale - \$22,402</u>	b4	1,292,452.
	Add lines b1 through b4	b	1,292,452.
c	Subtract line b from line a	c	13,158,892.
d	Amounts included on Part I, line 17, but not on line a :		
1	Investment expenses not included on Part I, line 6b	d1	
2	Other (specify) _____	d2	
	Add lines d1 and d2	d	
e	Total expenses (Part I, line 17). Add lines c and d	e	13,158,892.

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 and deferred compensation plans	(E) Expense account and other allowances
John F. MacArthur, Jr. 28001 Harrison, Valencia, CA	President 20	160,363.	13,828.	0.
Phillip Johnson 28001 Harrison, Valencia, CA	Executive Director 40	193,430.	28,361.	0.
Rufus Harvey 28001 Harrison, Valencia, CA	Controller & CFO 40	122,475.	25,712.	0.
Don Green 28001 Harrison, Valencia, CA	Managing Director 40	140,527.	31,590.	0.
Robert Provost 28001 Harrison, Valencia, CA	Director 1	0.	0.	0.
See List of Officers, Etc. Statement				

Yes	No
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75b	X	
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75c	X
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75d	X
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Benefits (If any former officer, director, trustee, or key employee received compensation or other benefits (described below) during the year, list that person below and enter the amount of compensation or other benefits in the appropriate column. See the instructions.)

[illegible]

Yes	No
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76	X
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77		X
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78a	X
-----	---

78b	X
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79		X
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80a	X
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☐ exempt or ☐ nonexempt

81 a

81 b	X
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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.)		
82 b			
83 a	Did the organization comply with the public inspection requirements for returns and exemption applications?	X	
83 b	Did the organization comply with the disclosure requirements relating to <i>quid pro quo</i> contributions?	X	
84 a	Did the organization solicit any contributions or gifts that were not tax deductible?	N/A	
84 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?	N/A	
85 a		N/A	
85 b	Did the organization make only in-house lobbying expenditures of \$2,000 or less?	N/A	
	If 'Yes' was answered to either 85a or 85b, do not complete 85c through 85h below unless the organization received a waiver for proxy tax owed for the prior year		
c	Dues, assessments, and similar amounts from members	N/A	
85 c		N/A	
d	Section 162(e) lobbying and political expenditures	N/A	
85 d		N/A	
e	Aggregate nondeductible amount of section 6033(e)(1)(A) dues notices	N/A	
85 e		N/A	
f	Taxable amount of lobbying and political expenditures (line 85d less 85e)	N/A	
85 f		N/A	
g	Does the organization elect to pay the section 6033(e) tax on the amount on line 85f?	N/A	
85 g		N/A	
h	If section 6033(e)(1)(A) dues notices were sent, does the organization agree to add the amount on line 85f to its reasonable estimate of dues allocable to nondeductible lobbying and political expenditures for the following tax year?	N/A	
85 h		N/A	
86	501(c)(7) organizations Enter a Initiation fees and capital contributions included on line 12	N/A	
86 a		N/A	
b	Gross receipts, included on line 12, for public use of club facilities	N/A	
86 b		N/A	
87	501(c)(12) organizations Enter a Gross income from members or shareholders	N/A	
87 a		N/A	
b	Gross income from other sources. (Do not net amounts due or paid to other sources against amounts due or received from them.)	N/A	
87 b		N/A	
88 a	At any time during the year, did the organization own a 50% or greater interest in a taxable corporation or partnership, or an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? If 'Yes,' complete Part IX		X
88 b	At any time during the year, did the organization, directly or indirectly, own a controlled entity within the meaning of section 512(b)(13)? If 'Yes,' complete Part XI		X
89 a	501(c)(3) organizations Enter Amount of tax imposed on the organization during the year under section 4911 <u>0.</u> , section 4912 <u>0.</u> ; section 4955 <u>0.</u>		
b	501(c)(3) and 501(c)(4) organizations. Did the organization engage in any section 4958 excess benefit transaction during the year or did it become aware of an excess benefit transaction from a prior year? If 'Yes,' attach a statement explaining each transaction		X
89 b			X
c	Enter Amount of tax imposed on the organization managers or disqualified persons during the year under sections 4912, 4955, and 4958 <u>0.</u>		
d	Enter Amount of tax on line 89c, above, reimbursed by the organization <u>0.</u>		
89 e	All organizations At any time during the tax year, was the organization a party to a prohibited tax shelter transaction?		X
89 f	All organizations Did the organization acquire a direct or indirect interest in any applicable insurance contract?		X
89 g	For supporting organizations and sponsoring organizations maintaining donor advised funds Did the supporting organization, or a fund maintained by a sponsoring organization, have excess business holdings at any time during the year?		X
90 a	List the states with which a copy of this return is filed <u>California</u>		
b	Number of employees employed in the pay period that includes March 12, 2006 (See instructions)	52	
90 b		52	
91 a	The books are in care of <u>Todd Draa</u> Telephone number <u>(661) 295-5777</u> Located at <u>28001 Harrison Parkway, Valencia CA</u> ZIP + 4 <u>91355</u>		
b	At any time during the calendar year, did the organization have an interest in or a signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account)? If 'Yes,' enter the name of the foreign country <u></u>		X
91 b			X
	See the instructions for exceptions and filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts		

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Part VI Other Information (continued)

c At any time during the calendar year, did the organization maintain an office outside of the United States?

	Yes	No
91 c		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

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 <u>Tape Subscriptions</u>					120,876.
b <u>Direct Mail Reimbursements</u>					35,000.
c <u>International Offices Reimbursements</u>					208,351.
d <u>Mail Library Memberships</u>					70,177.
e <u>See Program Service Revenue Stmt</u>				20,507.	44,960.
f Medicare/Medicaid payments					
g Fees & contracts from government agencies					
94 Membership dues and assessments					
95 Interest on savings & temporary cash invmnts			14	113,835.	
96 Dividends & 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 pers prop					
99 Other investment income					
100 Gain or (loss) from sales of assets other than inventory			18	-22,400.	
101 Net income or (loss) from special events			01	24,679.	
102 Gross profit or (loss) from sales of inventory					1,166,773.
103 Other revenue:					
a					
b <u>Miscellaneous Revenue</u>					2,908.
c <u>Class Action Settlement Refund</u>					1,597.
d					
e					
104 Subtotal (add columns (B), (D), and (E))				136,621.	1,650,642.
105 Total (add line 104, columns (B), (D), and (E))					1,787,263.

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

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

Line No.	Explain how each activity for which income is reported in column (E) of Part VII contributed importantly to the accomplishment of the organization's exempt purposes (other than by providing funds for such purposes)
All	Grace to You is a religious organization whose exempt purpose is to teach biblical trust with clarity by taking advantage of various communications media:
	See Relationship of Activities to the Accomplishment of Exempt Purposes Statement

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

N/A

(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
	%			
	%			
	%			
	%			

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

a Did the organization, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?

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

<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
------------------------------	--

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

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

N/A

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

Yes No

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

107 Did the reporting organization receive any transfers from a controlled entity as defined in section 512(b)(13) of the Code? If 'Yes,' complete the schedule below for each controlled entity

Yes No

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

108 Did the organization have a binding written contract in effect on August 17, 2006, covering the interest, rents, royalties, and annuities described in question 107 above?

Yes No

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

Date

PHILLIP JOHNSON, CEO & EXECUTIVE DIRECTOR

Type or print name and title

Paid
Pre-
parer's
Use
OnlyPreparer's
signature

Date

Check if
self-
employed ☒Preparer's SSN or PTIN (See
General Instruction W)Firm's name (or
yours if self-
employed),
address, and
ZIP + 4Rufus Harvey
28036 Florence Lane
Canyon Country CA 913513813

EIN

Phone no (661) 252-4541

BAA

Form 990 (2006)

SCHEDULE A
(Form 990 or 990-EZ)Department of the Treasury
Internal Revenue Service**Organization Exempt Under**
Section 501(c)(3)(Except Private Foundation) and Section 501(e), 501(f), 501(k),
501(n), or 4947(a)(1) Nonexempt Charitable Trust

Supplementary Information — (See separate instructions.)

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

OMB No 1545-0047

2006

Name of the organization

GRACE TO YOU

Employer identification number

95-3846510

Part I Compensation of the Five Highest Paid Employees Other Than Officers, Directors, and Trustees
(See 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 and deferred compensation	(e) Expense account and other allowances
Mike Taylor 28001 Harrison Pkwy, Valencia, CA	Editorial Director 40	121,950.	24,623.	0.
Kory Welch 28001 Harrison Pkwy, Valencia, CA	Video Production Director 40	102,277.	27,951.	0.
Miguel Contreras 28001 Harrison Pkwy, Valencia, CA	GAV Director 40	118,336.	26,465.	0.
William Fickett 28001 Harrison Pkwy, Valencia, CA	Info Serv Director 40	125,052.	28,892.	0.
Jay Flowers 28001 Harrison Pkwy, Valencia, CA	Communications Director 40	127,131.	30,241.	0.
Total number of other employees paid over \$50,000 ▶	17			

Part II - A Compensation of the Five Highest Paid Independent Contractors for Professional Services
(See 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 ▶	None	

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 instructions.)

(a) Name and address of each independent contractor paid more than \$50,000	(b) Type of service	(c) Compensation
Rebecca Maticcik 8741 Idlewild Avenue, Highland, IN 46322-1505	Graphic Arts	68,055.
Henry Tolopilo 28001 Harrison Pkwy., Valencia, CA 91355	Broadcast Content	52,000.
Total number of other contractors receiving over \$50,000 for other services ▶	None	

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

Schedule A (Form 990 or 990-EZ) 2006

Part III Statements About Activities (See instructions.)

	Yes	No
1 During the year, has the organization attempted to influence national, state, or local legislation, including any attempt to influence public opinion on a legislative matter or referendum? If 'Yes,' enter the total expenses paid or incurred in connection with the lobbying activities ▶ \$ _____ (Must equal amounts on line 38, Part VI-A, or line i of Part VI-B) Organizations that made an election under section 501(h) by filing Form 5768 must complete Part VI-A. Other organizations checking 'Yes' must complete Part VI-B AND attach a statement giving a detailed description of the lobbying activities	1	X
2 During the year, has the organization, either directly or indirectly, engaged in any of the following acts with any substantial contributors, trustees, directors, officers, creators, key employees, or members of their families, or with any taxable organization with which any such person is affiliated as an officer, director, trustee, majority owner, or principal beneficiary? (If the answer to any question is 'Yes,' attach a detailed statement explaining the transactions)		
a Sale, exchange, or leasing of property?	2a	X
b Lending of money or other extension of credit?	2b	X
c Furnishing of goods, services, or facilities?	2c	X
d Payment of compensation (or payment or reimbursement of expenses if more than \$1,000)?	2d	X
e Transfer of any part of its income or assets?	2e	X
3a Did the organization make grants for scholarships, fellowships, student loans, etc? (If 'Yes,' attach an explanation of how the organization determines that recipients qualify to receive payments)	3a	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
4a 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	
c Did the organization make a distribution to a donor, donor advisor, or related person?	4c	
d Enter the total number of donor advised funds owned at the end of the tax year ▶ _____		
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 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)
- 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 (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 instructions.)

(a) Name(s) of supported organization(s)	(b) Employer identification number (EIN)	(c) Type of organization (described in lines 5 through 12 above or IRC section)	(d) Is the supported organization listed in the supporting organization's governing documents?		(e) Amount of support
			Yes	No	
Total					▶

- 14 ☐ An organization organized and operated to test for public safety Section 509(a)(4) (See instructions)

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Schedule A (Form 990 or 990-EZ) 2006

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.)	11,391,070.	9,462,189.	9,569,686.	8,110,209.	38,533,154.
16 Membership fees received	0.	0.	0.	0.	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	2,285,232.	2,190,044.	2,961,627.	2,286,860.	9,723,763.
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	12,525.	1,914.	1,772.	3,198.	19,409.
19 Net income from unrelated business activities not included in line 18	0.	0.	0.	0.	0.
20 Tax revenues levied for the organization's benefit and either paid to it or expended on its behalf	0.	0.	0.	0.	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.	0.	0.	0.	0.
22 Other income. Attach a schedule. Do not include gain or (loss) from sale of capital assets. See L-22 Stmt.	18,912.	0.	0.	0.	18,912.
23 Total of lines 15 through 22	13,707,739.	11,654,147.	12,533,085.	10,400,267.	48,295,238.
24 Line 23 minus line 17	11,422,507.	9,464,103.	9,571,458.	8,113,407.	38,571,475.
25 Enter 1% of line 23	137,077.	116,541.	125,331.	104,003.	

26 Organizations described on lines 10 or 11:	a Enter 2% of amount in column (e), line 24	26a	771,430.
b Prepare a list for your records to show the name of and amount contributed by each person (other than a governmental unit or publicly supported organization) whose total gifts for 2002 through 2005 exceeded the amount shown in line 26a. Do not file this list with your return. Enter the total of all these excess amounts.		26b	
c Total support for section 509(a)(1) test. Enter line 24, column (e)		26c	38,571,475.
d Add: Amounts from column (e) for lines	18 19,409. 19 0.	26d	38,321.
	22 18,912. 26b	26e	38,533,154.
e Public support (line 26c minus line 26d total)		26f	99.90 %
f Public support percentage (line 26e (numerator) divided by line 26c (denominator))			

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	27c	
	17 20 21	27d	
d Add: Line 27a total and line 27b total		27e	
e Public support (line 27c total minus line 27d total)		27f	
f Total support for section 509(a)(2) test. Enter amount from line 23, column (e)		27g	%
g Public support percentage (line 27e (numerator) divided by line 27f (denominator))		27h	%
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 instructions.)
 (To be completed ONLY by schools that checked the box on line 6 in Part IV)

		N/A	Yes	No
29	Does the organization have a racially nondiscriminatory policy toward students by statement in its charter, bylaws, other governing instrument, or in a resolution of its governing body?			
30	Does the organization include a statement of its racially nondiscriminatory policy toward students in all its brochures, catalogues, and other written communications with the public dealing with student admissions, programs, and scholarships?			
31	Has the organization publicized its racially nondiscriminatory policy through newspaper or broadcast media during the period of solicitation for students, or during the registration period if it has no solicitation program, in a way that makes the policy known to all parts of the general community it serves? If 'Yes,' please describe, if 'No,' please explain (If you need more space, attach a separate statement) ----- ----- -----			
32	Does the organization maintain the following			
a	Records indicating the racial composition of the student body, faculty, and administrative staff?	32a		
b	Records documenting that scholarships and other financial assistance are awarded on a racially nondiscriminatory basis?	32b		
c	Copies of all catalogues, brochures, announcements, and other written communications to the public dealing with student admissions, programs, and scholarships?	32c		
d	Copies of all material used by the organization or on its behalf to solicit contributions? If you answered 'No' to any of the above, please explain (If you need more space, attach a separate statement) ----- -----	32d		
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? If you answered 'Yes' to any of the above, please explain (If you need more space, attach a separate statement) ----- ----- -----	33h		
34a	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 instructions)
(To be completed **ONLY** by an eligible organization that filed Form 5768)

N/A

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 –		
Not over \$500,000	20% of the amount on line 40	
Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000	
Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000	
Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000	
Over \$17,000,000	\$1,000,000	
42 Grassroots nontaxable amount (enter 25% of line 41)	42	
43 Subtract line 42 from line 36 Enter -0- if line 42 is more than line 36	43	
44 Subtract line 41 from line 38 Enter -0- if line 41 is more than line 38	44	
Caution: If there is an amount on either line 43 or line 44, you must file Form 4720		

4 -Year Averaging Period Under Section 501(h)(Some organizations that made a section 501(h) election do not have to complete all of the five columns below
See the instructions for lines 45 through 50)

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 non-taxable 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 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**.)

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

Yes	No	Amount
	X	
	X	
	X	
	X	
	X	
	X	
	X	
	X	
	X	

BAA

Schedule A (Form 990 or 990-EZ) 2006

Schedule of Gains and Losses from
Sale of Assets Other than Inventory

2006

▶ Attach to return

Name GRACE TO YOU	Employer Identification Number 95-3846510
----------------------	--

Part I, Line 8, Column (A) **Securities**

Public Securities

Description	Gross Sales Price	Basis	
		Cost	
		Selling Expenses	
		Basis	

Nonpublic Securities

Description	Date Acquired and Method	Date Sold and to Whom	Gross Sales Price	Cost, other basis or FMV when donated (State which on top)
-----	-----	-----		-----
-----	-----	-----		-----
-----	-----	-----		-----
-----	-----	-----		-----

Total Securities

Gain or (Loss) from Sale of Securities

Part I, Line 8, Column (B) **Other Assets**

Description	Date Acquired and Method	Date Sold and to Whom	Gross Sales Price	Cost, other basis or FMV when donated	
Building Eugene, OR	06/09/04 Gift	12/21/06 Individual	177,505.	Cost	
				Depreciation	
				Basis	
				Donation FMV	200,000.
Sony LMD Screen	07/01/06 Purchase	05/31/07 Vendor	4,723.	Cost	4,628.
				Depreciation	0.
				Basis	4,628.
				Donation FMV	
-----	-----	-----		Cost	
-----	-----	-----		Depreciation	
-----	-----	-----		Basis	
-----	-----	-----		Donation FMV	
-----	-----	-----		Cost	
-----	-----	-----		Depreciation	
-----	-----	-----		Basis	
-----	-----	-----		Donation FMV	

Total Other Assets

182,228.

204,628.

Gain or (Loss) from Sale of Other Assets

-22,400.

Form 990
Part II, Line 25a

**Compensation of Current Officers, Directors,
Key Employees, Etc.**

2006

Name as Shown on Return
GRACE TO YOU

Employer Identification No
95-3846510

Compensation

Name	(A) Total	(B) Program services	(C) Management and general	(D) Fundraising
John F. MacArthur, Jr.	160,363.	96,218.	64,145.	0.
Phillip Johnson	193,430.	116,058.	77,372.	0.
Rufus Harvey	122,475.	0.	122,475.	
Don Green	140,527.	84,316.	56,211.	
Total Compensation Received	616,795.	296,592.	320,203.	0.

Contributions to Employee Benefit Plans & Deferred Compensation Plans

Name	(A) Total	(B) Program services	(C) Management and general	(D) Fundraising
John F. MacArthur, Jr.	13,828.	8,297.	5,531.	
Phillip Johnson	28,361.	17,017.	11,344.	
Rufus Harvey	25,712.	0.	25,712.	
Don Green	31,590.	18,954.	12,636.	
Total Contributions to Employee Benefit Plans & Deferred Compensation Plans	99,491.	44,268.	55,223.	

Expense Account and Other Allowances

Name	(A) Total	(B) Program services	(C) Management and general	(D) Fundraising
Total Expense Account and Other Allowances				
Total to Part II, Line 25a	716,286.	340,860.	375,426.	0.

Name as Shown on Return
GRACE TO YOU

Employer Identification No
95-3846510

Loans and Advances

Name	(A) Total	(B) Program services	(C) Management and general	(D) Fundraising
Total Loans & Advances				

Compensation

Name	(A) Total	(B) Program services	(C) Management and general	(D) Fundraising
Kory Welch	102,277.	102,277.	0.	0.
Melinda Welch	14,856.	14,856.	0.	0.
Patricia MacArthur	861.	861.	0.	0.
See Compensation				
Total Compensation Received	120,741.	120,609.	132.	0.

Contributions to Employee Benefit Plans & Deferred Compensation Plans

Name	(A) Total	(B) Program services	(C) Management and general	(D) Fundraising
Kory Welch	27,952.	27,952.	0.	0.
Melinda Welch	7.	7.	0.	0.
Patricia MacArthur	14.	14.	0.	0.
See Employee Benefit Plans & Deferred Compensation Plans				
Total Contributions to Employee Benefit Plans & Deferred Compensation Plans	28,016.	28,014.	2.	0.

Expense Account and Other Allowances

Name	(A) Total	(B) Program services	(C) Management and general	(D) Fundraising
Total Expense Account and Other Allowances				

Other distributions

Name	(A) Total	(B) Program services	(C) Management and general	(D) Fundraising
Total Other Distributions				
Total to Part II, Line 25c	148,757.	148,623.	134.	0.

Additional Information

Receivables: Form 990, p. 4, Part IV, Line 51c, Column B; Schedule A, Part III, #2b

Name: Miguel Contreras

Title: Director of Gracia a Vosotros

Amount: \$25,000.00

Balance Due: \$5,000.00

Date of Note: January 8, 2003

Terms: Debt forgiveness of \$5,000.00 per year taxable income for
5 years, subject to annual performance review by the Board
of Directors.

Interest: No interest charged. Taxable income will be imputed each
year under the "forgone interest" rules of IRC sections
1274(d) and 7872, and reported on Form W-2.

Security: 2nd trust deed on real property.

Purpose: Purchase of residence.

Additional Information

Receivables: Form 990, p. 4, part IV, line 50a, Column B; Schedule A, Part III, #2b

Name: Don Green

Title: Managing Director

Amount: \$15,000.00

Balance Due: \$6,000.00

Date of Note: March 15, 2004

Terms: Debt forgiveness of \$3,000.00 per year taxable income for
5 years, subject to annual performance review by the Board
of Directors.

Interest: No interest charged. Taxable income will be imputed each
year under the "forgone interest" rules of IRC sections
1274(d) and 7872, and reported on Form W-2.

Security: 2nd Trust Deed on real property.

Purpose: Purchase of residence.

Additional Information

Receivables; Form 990, p. 4, Part IV, line 50b, Column B, Schedule A, Part III, #2b

Name:	Kory Welch
Title:	Director of Television Broadcasting
Amount:	\$20,000.00
Balance Due:	\$20,000.00
Date of Note:	May 21, 2007
Terms:	Debt Forgiveness of \$4,000 per year taxable income for 5 years, subject to annual performance review by the board of Directors.
Interest:	No interest charged. Taxable income will be imputed each year under the "foregone interest" rules of IRC 1274(d) and 7872, and reported on Form W-2.
Security:	2nd trust deed on real property.
Purpose:	Purchase of residence.

Form 990, Page 2, Part II, Line 43

Other Expenses Stmt

Other expenses not covered above (itemize)	(A) Total	(B) Program services	(C) Management and general	(D) Fundraising
Insurance	34,161.	0.	34,161.	0.
Membership & Dues	340.	0.	340.	0.
Total	34,501.	0.	34,501.	0.

Form 990, Page 5, Part V-A

List of Officers, Etc. Statement

(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
Joe Aleppo 28001 Harrison, Valencia	Director 1	0.	0.	0.
Christopher Parkening 28001 Harrison, Valencia, CA	Director 1	0.	0.	0.
Mark MacArthur 28001 Harrison, Valencia, CA	Director 1	0.	0.	0.
Matthew MacArthur 28001 Harrison, Valencia, CA	Treasurer 1	0.	0.	0.
Al Sanders 28001 Harrison, Valencia, CA	Director 1	0.	0.	0.
Bill Molinari 28001 Harrison, Valencia, CA	Director 1	0.	0.	0.
Lance Quinn 28001 Harrison, Valencia, CA	Director 1	0.	0.	0.

Form 990, Page 8, Part VII, Line 93

Program Service Revenue Stmt

	Unrelated business income		Excluded by section 512, 513, or 514		(E) Related or exempt function income
	(A) Business code	(B) Amount	(C) Exclusn code	(D) Amount	
Program service revenue					
Postage Reimbursements					43,124.
Expense Reimbursements					1,836.
Royalties			15	20,507.	
Total				20,507.	44,960.

Form 990, Page 8, Part VIII

Relationship of Activities to the Accomplishment of Exempt Purposes Statement

Line Number ▼	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, d	The subscriptions entitle constituents to receive periodic cassette tapes, which proclaim the gospel of Jesus Christ.
93b, c	These amounts entitled the international offices to receive direct mail letters and various products for distribution, all of which proclaim the gospel of Jesus Christ.
93e & Supp Stmt	These amounts were reimbursed by customers and employees in the course of their receiving products or services which accomplish the purpose of proclaiming the gospel of Jesus Christ.
102	Sale of Bible study materials in furtherance of the organization's exempt purpose of proclaiming the gospel of Jesus Christ.
103a, b	These amounts were received in the course of and incidental to the accomplishment of the organization's exempt purpose of proclaiming the gospel of Jesus Christ.

Form 990, Page 1, Part I, Line 9

Special Events and Activities Statement

List of Three Largest Events and Type and Number of Others	Gross Receipts	Less Contributions	Gross Revenue	Less Direct Expenses	Net Income (Loss)
Cruise Held in July 2006	125,780.	0.	125,780.	101,101.	24,679.
Total	125,780.	0.	125,780.	101,101.	24,679.

Form 990, Page 1, Part I, Line 10

Gross Sales of Inventory Statement

Description	Gross Sales Less: Returns and Allowances	Less: Cost of Goods Sold	Gross Profit (Loss)
Gross Sales	2,335,722.	0.	2,335,722.
Audio CDs	0.	189,281.	-189,281.
Audio Tapes	0.	103,326.	-103,326.
Bibles	0.	261,749.	-261,749.
Books	0.	408,533.	-408,533.
Digital Audio Players	0.	105,421.	-105,421.
DVDs	0.	17,224.	-17,224.
Hardware	0.	13,436.	-13,436.
MP3s	0.	89.	-89.
Music CDs	0.	2,410.	-2,410.
Shipping Materials	0.	47,849.	-47,849.
Software	0.	16,376.	-16,376.
Study Guides	0.	359.	-359.
VHS	0.	2,896.	-2,896.
Total	2,335,722.	1,168,949.	1,166,773.

Form 990, Part II, Line 25b

Compensation

Compensation				
Name	(A) Total	(B) Program services	(C) Management and general	(D) Fundraising
Johnny MacArthur	1,886.	1,754.	132.	0.
Nancy Green	861.	861.	0.	0.
Total	2,747.	2,615.	132.	0.

Form 990, Part II, Line 25b

Employee Benefit Plans & Deferred Compensation Plans

Contributions to Employee Benefit Plans & Deferred Compensation Plans				
Name	(A) Total	(B) Program services	(C) Management and general	(D) Fundraising
Johnny MacArthur	29.	27.	2.	0.
Nancy Green	14.	14.	0.	0.
Total	43.	41.	2.	0.

Form 990, Page 4, Part IV, Lines 57a & 57b

Land, Buildings and Equipment Statement

	(a) Cost/Other Basis	(b) Accumulated Depreciation	(c) Book Value
Land	1,309,249.	0.	1,309,249.
Buildings and Improvements	4,321,425.	684,230.	3,637,195.
Equipment and Furnishings	3,546,829.	2,481,852.	1,064,977.
Vehicles	36,992.	35,563.	1,429.
Total	<u>9,214,495.</u>	<u>3,201,645.</u>	<u>6,012,850.</u>

Form 990, Page 4, Part IV, Line 58

Other Assets Statement

Line 58 - Other Assets:	Beginning of Year	End of Year
Unamortized Loan Fees	47,110.	43,056.
Security Deposits	4,635.	4,635.
Property Held for Sale	200,000.	0.
Irrevocable Life estate	6,447.	6,448.
Clearing Account	955.	0.
Miscellaneous	156.	0.
Cash Value of Life Insurance	0.	40,948.
Donated Timeshares	4,140.	14,140.
Total	<u>263,443.</u>	<u>109,227.</u>

Explanation Statement

Form/Line. Form 990, Part V-A line 75b
 Explanation of Relationship of Officers, Trustees, & Highly Compensated Employees

John MacArthurFather of Mark MacArthurFather of Matthew MacArthurFather-in-law of Kory WelchMark MacArthurSon of John MacArthurBrother of Matthew MacArthurBrother-in-law of Kory WelchMatthew MacArthurSon of John MacArthurBrother of Mark MacArthurBrother-in-law of Kory WelchRobert IversonRobert Provost

Schedule A, Part IV-A, Line 22

Other Income

Description	(a) 2005	(b) 2004	(c) 2003	(d) 2002	(e) Total
Misc Revenue	11,545.	0.	0.	0.	11,545.
Class Action Settlement	7,367.	0.	0.	0.	7,367.
Total	<u>18,912.</u>	<u>0.</u>	<u>0.</u>	<u>0.</u>	<u>18,912.</u>

Explanation Statement

Form/Line Schedule A, Page 2, Part III Line 2c
Explanation of Directly or Indirectly Engage in Certain Activities

Included in COGS is the amount of \$26,515 paid to disqualified person,
Melinda Welch, daughter of GTY President, John MacArthur and
wife of Kory Welch, Video Production Director.

Supporting Statement of:

Form 990 p 1/Line 20

Description	Amount
Rounding	-4.
Total	-4.

Supporting Statement of:

Form 990 p 2/Line 22b cash

Description	Amount
Grace to You - Australia	12,600.
10 Yuletide Street	10,826.
Holland Park, QLD 4121	
Australia	
Grace to You - Canada	229,647.
3782 Boul. Levesque W.	
Chomedey	
Laval, QC H7V 1E8	
Canada	
Grace to You - Europe	43,080.
2 Caxton House	111,268.
Wellesley Road	
Ashford, Kent TN24 8ET	
United Kingdom	
Grace to India	23,635.
818-C Bhawaani Peth	14,076.
Pune, Maharashtra 411 002	
India	
Grace to You - New Zealand	18,000.
354 Te Aute Road	13,329.
RD2	
Hastings 4201	
New Zealand	
Far East Broadcasting Company	
Radio Broadcasts in the Philippines	23,310.
15700 Imperial Highway	
La Mirada, CA 90638-2509	
Larry John Sy	1,691.
Materials and Ministry in the Philippines	
222-A Baltazar Street	
10th Avenue, West Grace Park	
Caloocan City 1400	
Philippines	

Continued

Supporting Statement of:

Form 990 p 2/Line 22b cash

Description	Amount
Cost of Shipping Materials for the Fulfillment of Free Radio Offers	173.
Grace to You - Singapore	27,000.
Blk. 531 Upper Cross Street	11,823.
#04-03 Hong Lim Complex	
Singapore 050531	
Grace to You - South Africa	28,572.
11 Fisant Street	
Boskruin, 2154	
Republic of South Africa	
Chinese Translation Project	57,210.
The Ark Limited	
275 Gloucester Road	
Room E, 31F	
Causeway Bay, Hong Kong	
French Translation Work	38,500.
Publications Chretiennes	
230 Lupien	
Trois-Rivieres, QC G8T 64W	
Canada	
Russian Translation Project	50,000.
Slavic Gospel Association	
6151 Commonwealth Drive	
Loves Park, IL 61111	
International Representation:	
Antonio Ortega	29,139.
Materials and Ministry in Mexico	
Fray Diego de Landa No. 37	
Circuito Cronsitas	
Cd. Satelite	
Naucalpan Edo. de Mexico 53100	
Daniel Chevrilau	5,434.
Materials and Ministry in Argentina	
Paraguay 625	
1706 Villa Sarmiento	
Buenos Aires, Argentina	
Francisco Echevarria	20,968.
Materials and Ministry in Spain	
Alcade Francisco Sanchez, 11	
41806 Umbrete Sevilla, Espana	
Far East Broadcasting Company - DXFE	300.

Continued

Supporting Statement of:

Form 990 p 2/Line 22b cash

Description	Amount
Radio Broadcasts in the Philippines	
Circumferential Road	
Dona Vicenta Village	
Davao City, 8000	
Philippines	
Far East Broadcasting Company - DYVS	1,200.
Radio Broadcasts in the Philippines	
KM 7, Brgy. Phanaocoy	
Bacolod City, Negros Occidental, 6100	
Philippines	
KBJS Radio	1,500.
P.O. Box 193	
Jacksonville, TX 75766	
KCMH Radio	500.
126 South Church Street	
Mountain Home, AR 72653	
KELP-AM Radio	500.
6900 Commerce	
El Paso, TX 79915	
KFSI-FM Radio	500.
4016 28th Stree SE	
Rochester, MN 55904	
KHCB Radio	3,500.
2424 South Blvd	
Houston, TX 77098	
KIRV-AM Radio	360.
3401 W Holland Ave	
Fresno, CA 93722	
KJAK-FM Radio	1,000.
P.O. Box 6490	
Lubbock, TX 79493	
KNLR-FM Radio	1,000.
30 SE Bridgeford Blvd	
Bend, OR 97702	
KVIP-FM Radio	2,500.
1139 Harnell Ave.	
Redding, CA 96002	
WAGP Radio	2,000.
P.O. Box 119	
Beaufort, SC 29901	

Continued

Supporting Statement of:

Form 990 p 2/Line 22b cash

Description	Amount
WARY-AM Radio	500.
P.O. Box 440638	
Jackson, FL 32222	
WBGW Radio	2,500.
RT. 2, Box 67	
Haubstadt, IN 47639	
WCDR-FM Radio	1,750.
P.O. Box 601	
Cedarville, OH 45314	
WCIF-FM Radio	750.
P.o. Box 366	
Melbourne, FL 32902	
Western Indian Ministries	1,000.
Radio Broadcasts	
P.O. Box 1050	
Tuba City, AZ 86045	
WGIB-FM Radio	2,500.
1137 Tenth Pl. South	
Birmingham, AL 35205	
WGSL-FM Radio	360.
P.O. Box 2730	
Rockford, IL 61132-2730	
WHCB-FM Radio	360.
340 Edgemont Avenue	
Suite 100	
Bristol, TN 37620	
WHWL-FM Radio	500.
130 Carmen Drive	
Marquette, MI 49855	
WLBF-FM Radio	500.
P.O. Box 210789	
Montgomery, AL 36121-0789	
WLJN-AM/FM Radio	500.
P.O. Box 1400	
Traverse City, MI 49685	
WMCU-FM Radio	1,000.
600 SW 3rd Street	
Pompano Beach, FL 33060	

Continued

Supporting Statement of:

Form 990 p 2/Line 22b cash

Description	Amount
WRVM-FM Radio	1,500.
P.O. Box 212	
Suring, WI 54174	
WTGN-FM Radio	750.
1600 Elida Road	
Lima, OH 45805	
Total	<u>799,611.</u>

Supporting Statement of:

Form 990 p 2/Line 22b non-cash

Description	Amount
Grace to You - Australia	13,756.
Ministry Materials at Cost	
Grace to You - Canada	138,169.
Ministry Materials at Cost	
Grace to You - Europe	18,843.
Ministry Materials at Cost	
Grace to India	583.
Ministry Materials at Cost	
Grace to You - New Zealand	9,641.
Ministry Materials at Cost	
Philippine Shipping Materials and	605.
Fulfillment of Free Radio Offers	
Grace to You - Singapore	34,202.
Ministry Materials at Cost	
Grace to You - South Africa	18,739.
Ministry Materials at Cost	
Radio Station Relations	770.
Small Gifts at Cost	
Total	<u>235,308.</u>

Supporting Statement of:

Form 990 p 4/Line 50a, column (A)

Description	Amount
See Attached Additional Information Statements	9,000.
Total	9,000.

Supporting Statement of:

Form 990 p 4/Line 50a, column (B)

Description	Amount
Attached Additional Information Statement	6,000.
Miscellaneous Expenses Reimbursement	14.
Total	6,014.

Supporting Statement of:

Form 990 p 4/Line 50b, column (B)

Description	Amount
Attached Additional Information Statement	20,000.
Total	20,000.

Supporting Statement of:

Form 990 p 4/Line 51a

Description	Amount
Attached Additional Information Statement	6,000.
Miscellaneous	202.
Total	6,202.

Supporting Statement of:

Form 990 p 4/Line 64b, column (A)

Description	Amount
Note and deed of trust dated February 13,	2,580,632.

Continued

Supporting Statement of:

Form 990 p 4/Line 64b, column (A)

Description	Amount
2003, payable to Evangelical Christian Credit Union, due March 1, 2018, secured by real property at 6.50% interest with monthly interest and principal payments of \$26,232.51 and a balance on 6/30/2006 of \$2,580,632.	
Total	<u>2,580,632.</u>

Supporting Statement of:

Form 990 p 4/Line 64b, column (B)

Description	Amount
Note and deed of trust dated February 13, 2003, payable to Evangelical Christian Credit Union, due March 1, 2018, secured by real property at 6.50% interest with monthly interest and principal payments of \$26,323.51 and a balance on 6/30/2007 of 2,429,162.	<u>2,429,162.</u>
Total	<u>2,429,162.</u>

Supporting Statement of:

Gain or Loss Statement/Other assets sales price-1

Description	Amount
Gross Sales Price	<u>190,000.</u>
Less: Closing Costs on Sale	<u>-12,495.</u>
Total	<u>177,505.</u>