

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

Department of the Treasury Internal Revenue Service

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

Open to Public Inspection

A For the 2005 calendar year, or tax year beginning 7/01, 2005, and ending 6/30, 2006

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

Please use IRS label or print or type. See specific instructions. UNION SETTLEMENT ASSOCIATION, INC. 237 EAST 104TH STREET NEW YORK, NY 10029

D Employer Identification Number 13-1632530 E Telephone number 212 828-6000 F Accounting method: Cash, Accrual

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

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

G Web site: N/A

J Organization type (check only one) 501(c) 3

K Check here if the organization's gross receipts are normally not more than \$25,000. The organization need not file a return with the IRS; but if the organization chooses to file a return, be sure to file a complete return. Some states require a complete return.

L Gross receipts: Add lines 6b, 8b, 9b, and 10b to line 12 15,008,967.

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

Table with columns for Revenue, Expenses, and Assets. Rows include: 1 Contributions, gifts, grants, and similar amounts received; 2 Program service revenue; 3 Membership dues and assessments; 4 Interest on savings and temporary cash investments; 5 Dividends and interest from securities; 6a Gross rents; 6b Less: rental expenses; 6c Net rental income or (loss); 7 Other investment income; 8a Gross amount from sales of assets other than inventory; 8b Less: cost or other basis and sales expenses; 8c Gain or (loss); 8d Net gain or (loss); 9 Special events and activities; 9a Gross revenue; 9b Less: direct expenses other than fundraising expenses; 9c Net income or (loss) from special events; 10a Gross sales of inventory, less returns and allowances; 10b Less: cost of goods sold; 10c Gross profit or (loss) from sales of inventory; 11 Other revenue; 12 Total revenue; 13 Program services; 14 Management and general; 15 Fundraising; 16 Payments to affiliates; 17 Total expenses; 18 Excess or (deficit) for the year; 19 Net assets or fund balances at beginning of year; 20 Other changes in net assets or fund balances; 21 Net assets or fund balances at end of year.

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

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	Grants and allocations (att sch) SEE STM 3 (cash \$ 4,747. non-cash \$) If this amount includes foreign grants, check here <input type="checkbox"/>	4,747.	4,747.		
23	Specific assistance to individuals (att sch)				
24	Benefits paid to or for members (att sch)				
25	Compensation of officers, directors, etc.	316,140.	316,140.	0.	0.
26	Other salaries and wages	8,313,763.	7,179,272.	937,414.	197,077.
27	Pension plan contributions				
28	Other employee benefits	885,327.	689,756.	169,772.	25,799.
29	Payroll taxes	660,187.	573,399.	71,712.	15,076.
30	Professional fundraising fees				
31	Accounting fees	70,800.	20,500.	50,300.	
32	Legal fees				
33	Supplies	420,565.	400,242.	17,865.	2,458.
34	Telephone	184,931.	142,114.	39,387.	3,430.
35	Postage and shipping	28,937.	7,707.	9,534.	11,696.
36	Occupancy	213,201.	208,712.	4,136.	353.
37	Equipment rental and maintenance				
38	Printing and publications	33,352.	14,303.	411.	18,638.
39	Travel	138,593.	136,757.	1,836.	
40	Conferences, conventions, and meetings				
41	Interest	9,342.		9,342.	
42	Depreciation, depletion, etc (attach schedule)	50,609.	18,001.	31,111.	1,497.
43	Other expenses not covered above (itemize):				
a	SEE STATEMENT 4	3,247,473.	2,959,867.	282,183.	5,423.
b					
c					
d					
e					
f					
g					
44	Total functional expenses. Add lines 22 through 43. (Organizations completing columns (B) - (D), carry these totals to lines 13 - 15)	14,577,967.	12,671,517.	1,625,003.	281,447.

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

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

BAA

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? ▶ <u>SEE STATEMENT 5</u> 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>DAY CARE & HEAD START PROGRAMS- FOUR DAY CARE CENTERS</u> <u>HEAD START PROGRAM FOR APPROX. 500 CHILDREN</u> <u>PROVIDE EDUCATIONAL INSTRUCTIONS AND MEALS</u> ----- ----- (Grants and allocations \$ _____) If this amount includes foreign grants, check here... ▶ <input type="checkbox"/>	6,393,710.
b <u>SENIOR CITIZEN PROGRAMS - FOUR CENTERS PROVIDING SERVICES TO OVER 500</u> <u>ELDERLY PERSONS. PROGRAM PROVIDES MEALS, COUNSELING, AND RECREATION.</u> ----- ----- (Grants and allocations \$ _____) If this amount includes foreign grants, check here... ▶ <input type="checkbox"/>	1,587,004.
c <u>COMMUNITY AUXILIARY SERVICES- PROGRAMS DESIGNED FOR ADOLESCENTS</u> <u>INCLUDING AFTER SCHOOL TUTORIAL, SUMMER EMPLOYMENT AND SUMMER DAY CARE</u> ----- ----- (Grants and allocations \$ _____) If this amount includes foreign grants, check here... ▶ <input type="checkbox"/>	1,209,749.
d <u>COMMUNITY DEVELOPMENT, COUNSELING AND TRAINING, SUPPORT SERVICES ETC.</u> ----- ----- (Grants and allocations \$ _____) If this amount includes foreign grants, check here... ▶ <input type="checkbox"/>	3,481,054.
e Other program services..... (Grants and allocations \$ _____) If this amount includes foreign grants, check here... ▶ <input type="checkbox"/>	
f Total of Program Service Expenses (should equal line 44, column (B), Program services) ▶	12,671,517.

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Part IV Balance Sheets (See Instructions)

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

		(A)		(B)
		Beginning of year		End of year
ASSETS	45 Cash — non-interest-bearing.....		45	84,070.
	46 Savings and temporary cash investments.....	251,650.	46	183,701.
	47a Accounts receivable.....	47a 1,291,814.		
	b Less: allowance for doubtful accounts.....	47b	47c	1,291,814.
	48a Pledges receivable.....	48a 430,000.		
	b Less: allowance for doubtful accounts.....	48b	48c	430,000.
	49 Grants receivable.....	150,000.	49	1,217,263.
	50 Receivables from officers, directors, trustees, and key employees (attach schedule).....		50	
	51a Other notes & loans receivable (attach sch).....	51a 993,751.		
	b Less: allowance for doubtful accounts.....	51b 265,174.	51c	728,577.
	52 Inventories for sale or use.....		52	
	53 Prepaid expenses and deferred charges.....	14,790.	53	83,684.
	54 Investments — securities (attach schedule) . SEE ST. 6 <input type="checkbox"/> Cost <input checked="" type="checkbox"/> FMV.....	126,765.	54	50,774.
	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 777,854.		
	b Less: accumulated depreciation (attach schedule) . STATEMENT 7.....	57b 602,558.	57c	175,296.
	58 Other assets (describe <input type="checkbox"/> SEE STATEMENT 8).....	13,000.	58	13,000.
59 Total assets (must equal line 74). Add lines 45 through 58.....	3,307,229.	59	4,258,179.	
LIABILITIES	60 Accounts payable and accrued expenses.....	890,097.	60	997,767.
	61 Grants payable.....		61	
	62 Deferred revenue.....		62	
	63 Loans from officers, directors, trustees, and key employees (attach schedule).....		63	
	64a Tax-exempt bond liabilities (attach schedule).....		64a	
	b Mortgages and other notes payable (attach schedule).....		64b	
	65 Other liabilities (describe <input type="checkbox"/> SEE STATEMENT 9).....	2,210,781.	65	2,555,614.
	66 Total liabilities. Add lines 60 through 65.....	3,100,878.	66	3,553,381.
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.....	-122,986.	67	94,221.
	68 Temporarily restricted.....	171,600.	68	452,840.
	69 Permanently restricted.....	157,737.	69	157,737.
	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; column (B) must equal line 21).....	206,351.	73	704,798.	
74 Total liabilities and net assets/fund balances. Add lines 66 and 73.....	3,307,229.	74	4,258,179.	

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

a	Total revenue, gains, and other support per audited financial statements		a	16,030,968.
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	1,068,421.	
	3 Recoveries of prior year grants	b3		
	4 Other (specify): SEE STM 10	b4	8,880.	
	Add lines b1 through b4		b	1,077,301.
c	Subtract line b from line a		c	14,953,667.
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	14,953,667.

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

a	Total expenses and losses per audited financial statements		a	15,646,388.
b	Amounts included on line a but not on Part I, line 17:			
	1 Donated services and use of facilities	b1	1,068,421.	
	2 Prior year adjustments reported on Part I, line 20	b2		
	3 Losses reported on Part I, line 20	b3		
	4 Other (specify):	b4		
	Add lines b1 through b4		b	1,068,421.
c	Subtract line b from line a		c	14,577,967.
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	14,577,967.

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
SEE STATEMENT 11		316,140.	0.	0.

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

75 a Enter the total number of officers, directors, and trustees permitted to vote on organization business as board meetings. **29**

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)..... **75 b** Yes No

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 this organization through common supervision or common control?..... **75 c** Yes No

Note. Related organizations include section 509(a)(3) supporting organizations.

If 'Yes,' attach a statement that identifies the individuals, explains the relationship between this organization and the other organization(s), and describes the compensation arrangements, including amounts paid to each individual by each related organization

d Does the organization have a written conflict of interest policy?..... **75 d** Yes No

Part V-B Former Officers, Directors, Trustees, and Key Employees That Received Compensation or Other

Benefits (If any former officer, director, trustee, or key employee received compensation or other benefits (described below) during the year, list that person below and enter the amount of compensation or other benefits in the appropriate column. See the instructions.)

(A) Name and address	(B) Loans and Advances	(C) Compensation	(D) Contributions to employee benefit plans and deferred compensation plans	(E) Expense account and other allowances
N/A	0.	0.	0.	0.

Part VI Other Information (See the instructions.)

	Yes	No
76 Did the organization engage in any activity not previously reported to the IRS? If 'Yes,' attach a detailed description of each activity.....	<input type="checkbox"/>	<input checked="" type="checkbox"/>
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.	<input type="checkbox"/>	<input checked="" type="checkbox"/>
78 a Did the organization have unrelated business gross income of \$1,000 or more during the year covered by this return? ..	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b If 'Yes,' has it filed a tax return on Form 990-T for this year?	<input type="checkbox"/>	N/A
79 Was there a liquidation, dissolution, termination, or substantial contraction during the year? If 'Yes,' attach a statement.....	<input type="checkbox"/>	<input checked="" type="checkbox"/>
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?.....	<input checked="" type="checkbox"/>	<input type="checkbox"/>
b If 'Yes,' enter the name of the organization UNION SETTLEMENT HOME CARE, INC. and check whether it is <input type="checkbox"/> exempt or <input checked="" type="checkbox"/> nonexempt.	<input type="checkbox"/>	<input type="checkbox"/>
81 a Enter direct and indirect political expenditures. (See line 81 instructions.)..... 0.	<input type="checkbox"/>	<input type="checkbox"/>
b Did the organization file Form 1120-POL for this year?	<input type="checkbox"/>	<input checked="" type="checkbox"/>

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	1,068,421.		
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 quid pro quo contributions?	X	
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?	N/A	
b	Did the organization make only in-house lobbying expenditures of \$2,000 or less?	N/A	
	If 'Yes' was answered to either 85a or 85b, do not complete 85c through 85h below unless the organization received a waiver for proxy tax owed for the prior year.		
c	Dues, assessments, and similar amounts from members	N/A	
d	Section 162(e) lobbying and political expenditures	N/A	
e	Aggregate nondeductible amount of section 6033(e)(1)(A) dues notices	N/A	
f	Taxable amount of lobbying and political expenditures (line 85d less 85e)	N/A	
g	Does the organization elect to pay the section 6033(e) tax on the amount on line 85f?	N/A	
h	If section 6033(e)(1)(A) dues notices were sent, does the organization agree to add the amount on line 85f to its reasonable estimate of dues allocable to nondeductible lobbying and political expenditures for the following tax year?	N/A	
86	501(c)(7) organizations. Enter: a Initiation fees and capital contributions included on line 12	N/A	
b	Gross receipts, included on line 12, for public use of club facilities	N/A	
87	501(c)(12) organizations. Enter: a Gross income from members or shareholders	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	
88	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	
89 a	501(c)(3) organizations. Enter: Amount of tax imposed on the organization during the year under: section 4911 ▶ 0.; section 4912 ▶ 0.; section 4955 ▶ 0.		
b	501(c)(3) and 501(c)(4) organizations. Did the organization engage in any section 4958 excess benefit transaction during the year or did it become aware of an excess benefit transaction from a prior year? If 'Yes,' attach a statement explaining each transaction		X
c	Enter: Amount of tax imposed on the organization managers or disqualified persons during the year under sections 4912, 4955, and 4958		0.
d	Enter: Amount of tax on line 89c, above, reimbursed by the organization		0.
90 a	List the states with which a copy of this return is filed ▶ NY		
b	Number of employees employed in the pay period that includes March 12, 2005 (See instructions.)	90 b	534
91 a	The books are in care of ▶ MARROLIN HUNTER Telephone number ▶ (212) 828-6045 Located at ▶ 237 E. 104TH STREET, NEW YORK, NY, ZIP + 4 ▶ 10029		
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 . . . ▶	91 b	X
	See the instructions for exceptions and filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Statements		
c	At any time during the calendar year, did the organization maintain an office outside of the United States? If 'Yes,' enter the name of the foreign country . . . ▶	91 c	X
92	Section 4947(a)(1) nonexempt charitable trusts filing Form 990 in lieu of Form 1041 - Check here . . . N/A . . . ▶ <input type="checkbox"/> and enter the amount of tax-exempt interest received or accrued during the tax year. . . . ▶ 92		N/A

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

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 MTL HLT & OTH PRG INC					2,837,255.
b _____					
c _____					
d _____					
e _____					
f Medicare/Medicaid payments					
g Fees & contracts from government agencies					
94 Membership dues and assessments					
95 Interest on savings & temporary cash invmnts					
96 Dividends & interest from securities			14	6,086.	
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					
101 Net income or (loss) from special events			1	161,398.	
102 Gross profit or (loss) from sales of inventory					
103 Other revenue: a					
b OTHER REVENUE					2,464,787.
c _____					
d _____					
e _____					
104 Subtotal (add columns (B), (D), and (E))				167,484.	5,302,042.
105 Total (add line 104, columns (B), (D), and (E))					5,469,526.

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

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

Line No.	Explain how each activity for which income is reported in column (E) of Part VII contributed importantly to the accomplishment of the organization's exempt purposes (other than by providing funds for such purposes).
93A	SUBSTANTIALLY REPRESENTS MEDICAID, MEDICARE, PARENT FEES AND OTHER VARIOUS PROGRAM SERVICE FEES FROM THE MENTAL HEALTH AND CHILD CARE PROGRAMS AND VARIOUS PROGRAMS
103B	SUBSTANTIALLY REPRESENTS VARIOUS PROGRAMS SERVICE FEES.

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
UNION SETTLEMENT HOME CARE SER 237 EAST 104TH STREET NEW YORK, NY 10029 20-2033817	100.000 % % % %	HOME CARE SERVICE	7,180,008.	1,570,187.

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).

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 _____

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 General Instruction W) _____

Firm's name (or yours if self-employed), address, and ZIP + 4
 WATSON RICE, LLP
 5 PENN PLAZA, 15TH FL
 NEW YORK, NY 10001-1810

EIN 22-3444107
 Phone no. (212) 447-7300

SCHEDULE A
(Form 990 or 990-EZ)

Organization Exempt Under
Section 501(c)(3)

OMB No. 1545-0047

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

2005

Department of the Treasury
Internal Revenue Service

Supplementary Information — (See separate instructions.)

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

Name of the organization UNION SETTLEMENT ASSOCIATION, INC.	Employer identification number 13-1632530
-----------------------------------------------------------------------	-----------------------------------------------------

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
SEE STATEMENT 12		461,916.	0.	0.
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 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
WATSON RICE, LLP 5 PENN PLAZA 13 FL, NEW YORK, NY 10001 ,	AUDIT	70,800.
BALATON CORPORATION 1514 EAST 22ND STREET BROOKLYN, NY 11210 ,	CONSTRUCTION	84,977.
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 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

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

Schedule A (Form 990 or 990-EZ) 2005

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. . . . ▶ \$ <u>N/A</u> (Must equal amounts on line 38, Part VI-A, or line i of Part VI-B.) Organizations that made an election under section 501(h) by filing Form 5768 must complete Part VI-A. Other organizations checking 'Yes' must complete Part VI-B AND attach a statement giving a detailed description of the lobbying activities.		X
2 During the year, has the organization, either directly or indirectly, engaged in any of the following acts with any substantial contributors, trustees, directors, officers, creators, key employees, or members of their families, or with any taxable organization with which any such person is affiliated as an officer, director, trustee, majority owner, or principal beneficiary? (If the answer to any question is 'Yes,' attach a detailed statement explaining the transactions.)		
a Sale, exchange, or leasing of property?		X
b Lending of money or other extension of credit?		X
c Furnishing of goods, services, or facilities?		X
d Payment of compensation (or payment or reimbursement of expenses if more than \$1,000)?	X	
e Transfer of any part of its income or assets?		X
3a Do you make grants for scholarships, fellowships, student loans, etc? (If 'Yes,' attach an explanation of how you determine that recipients qualify to receive payments.)	X	
3b Do you have a section 403(b) annuity plan for your employees?		X
3c During the year, did the organization receive a contribution of qualified real property interest under section 170(h)?		X
4a Did you maintain any separate account for participating donors where donors have the right to provide advice on the use or distribution of funds?		X
4b Do you provide credit counseling, debt management, credit repair, or debt negotiation services?		X

Part IV Reason for Non-Private Foundation Status (See instructions.)

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 supports organizations described in: **(1)** lines 5 through 12 above; or **(2)** section 501(c)(4), (5), or (6), if they meet the test of section 509(a)(2). Check the box that describes the type of supporting organization: ▶ Type 1 Type 2 Type 3

Provide the following information about the supported organizations. (See instructions.)

(a) Name(s) of supported organization(s)	(b) Line number from above

- 14** An organization organized and operated to test for public safety. Section 509(a)(4). (See 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) 2004	(b) 2003	(c) 2002	(d) 2001	(e) Total
15 Gifts, grants, and contributions received. (Do not include unusual grants. See line 28.)...	8,892,135.	8,302,560.	8,846,402.	8,445,146.	34,486,243.
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.....	3,166,620.	2,132,982.	2,202,695.	2,740,379.	10,242,676.
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.....	21,554.	4,019.	5,354.	7,638.	38,565.
19 Net income from unrelated business activities not included in line 18.....					0.
20 Tax revenues levied for the organization's benefit and either paid to it or expended on its behalf.....					0.
21 The value of services or facilities furnished to the organization by a governmental unit without charge. Do not include the value of services or facilities generally furnished to the public without charge.....					0.
22 Other income. Attach a schedule. Do not include gain or (loss) from sale of capital assets SEE STMT. 14	1,292,034.	1,985,510.	1,394,874.	1,336,743.	6,009,161.
23 Total of lines 15 through 22....	13,372,343.	12,425,071.	12,449,325.	12,529,906.	50,776,645.
24 Line 23 minus line 17.....	10,205,723.	10,292,089.	10,246,630.	9,789,527.	40,533,969.
25 Enter 1% of line 23.....	133,723.	124,251.	124,493.	125,299.	

26 Organizations described on lines 10 or 11: a Enter 2% of amount in column (e), line 24.....▶	26a	810,679.
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 2001 through 2004 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	40,533,969.
d Add: Amounts from column (e) for lines: 18 <u>38,565.</u> 19 <u> </u> 22 <u>6,009,161.</u> 26b <u> </u>	26d	6,047,726.
e Public support (line 26c minus line 26d total).....▶	26e	34,486,243.
f Public support percentage (line 26e (numerator) divided by line 26c (denominator))▶	26f	85.08 %

27 Organizations described on line 12: N/A		
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: (2004) _____ (2003) _____ (2002) _____ (2001) _____		
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: (2004) _____ (2003) _____ (2002) _____ (2001) _____		
c Add: Amounts from column (e) for lines: 15 _____ 16 _____ 17 _____ 20 _____ 21 _____	27c	
d Add: Line 27a total _____ and line 27b total _____	27d	
e Public support (line 27c total minus line 27d total).....▶	27e	
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	%
h Investment income percentage (line 18, column (e) (numerator) divided by line 27f (denominator))▶	27h	%

28 Unusual Grants: For an organization described in line 10, 11, or 12 that received any unusual grants during 2001 through 2004, 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?		
b	Records documenting that scholarships and other financial assistance are awarded on a racially nondiscriminatory basis?		
c	Copies of all catalogues, brochures, announcements, and other written communications to the public dealing with student admissions, programs, and scholarships?		
d	Copies of all material used by the organization or on its behalf to solicit contributions?		
	If you answered 'No' to any of the above, please explain. (If you need more space, attach a separate statement.)		
33	Does the organization discriminate by race in any way with respect to:		
a	Students' rights or privileges?		
b	Admissions policies?		
c	Employment of faculty or administrative staff?		
d	Scholarships or other financial assistance?		
e	Educational policies?		
f	Use of facilities?		
g	Athletic programs?		
h	Other extracurricular activities?		
	If you answered 'Yes' to any of the above, please explain. (If you need more space, attach a separate statement.)		
34a	Does the organization receive any financial aid or assistance from a governmental agency?		
b	Has the organization's right to such aid ever been revoked or suspended? If you answered 'Yes' to either 34a or b, please explain using an attached statement.		
35	Does the organization certify that it has complied with the applicable requirements of sections 4.01 through 4.05 of Rev Proc 75-50, 1975-2 C.B. 587, covering racial nondiscrimination? If 'No,' attach an explanation.		

Part VI-A Lobbying Expenditures by Electing Public Charities (See 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		(a) Affiliated group totals	(b) To be completed for ALL electing organizations
(The term 'expenditures' means amounts paid or incurred.)			
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	41
	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) 2005	(b) 2004	(c) 2003	(d) 2002	(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.)

N/A

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

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

Yes	No	Amount

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

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

Department of the Treasury
Internal Revenue Service

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

OMB No. 1545-0047

2005

Name of organization

UNION SETTLEMENT ASSOCIATION, INC.

Employer identification number

13-1632530

Organization type (check one):

Filers of:

Form 990 or 990-EZ

Section:

- 501(c)(3) (enter number) organization
 4947(a)(1) nonexempt charitable trust **not** treated as a private foundation
 527 political organization

Form 990-PF

- 501(c)(3) exempt private foundation
 4947(a)(1) nonexempt charitable trust treated as a private foundation
 501(c)(3) taxable private foundation

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

General Rule –

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

Special Rules –

- For a section 501(c)(3) organization filing Form 990, or Form 990-EZ, that met the 33-1/3% support test under Regulations sections 1.509(a)-3/1.170A-9(e) and received from any one contributor, during the year, a contribution of the greater of \$5,000 or 2% of the amount on line 1 of these forms. (Complete Parts I and II.)
- For a section 501(c)(7), (8), or (10) organization filing Form 990, or Form 990-EZ, that received from any one contributor, during the year, aggregate contributions or bequests of more than \$1,000 for use *exclusively* for religious, charitable, scientific, literary, or educational purposes, or the prevention of cruelty to children or animals. (Complete Parts I, II, and III.)
- For a section 501(c)(7), (8), or (10) organization filing Form 990, or Form 990-EZ, that received from any one contributor, during the year, some contributions for use *exclusively* for religious, charitable, etc. purposes, but these contributions did not aggregate to more than \$1,000. (If this box is checked, enter here the total contributions that were received during the year for an *exclusively* religious, charitable, etc. purpose. Do not complete any of the Parts unless the **General Rule** applies to this organization because it received nonexclusively religious, charitable, etc. contributions of \$5,000 or more during the year.) ► \$ _____

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

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

Schedule B (Form 990, 990-EZ, or 990-PF) (2005)

Name of organization

Employer identification number

UNION SETTLEMENT ASSOCIATION, INC.

13-1632530

Part I Contributors (See Specific Instructions.)

(a) Number	(b) Name, address, and ZIP + 4	(c) Aggregate contributions	(d) Type of contribution
1	SEE ATTACHED SCHEDULE	\$ 1,398,212.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
---	-----	\$ -----	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
---	-----	\$ -----	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
---	-----	\$ -----	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
---	-----	\$ -----	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
---	-----	\$ -----	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)

Name of organization

UNION SETTLEMENT ASSOCIATION, INC.

Employer identification number

13-1632530

Part II Noncash Property (See Specific Instructions.)

(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (see instructions)	(d) Date received
	N/A		
		\$	
		\$	
		\$	
		\$	
		\$	
		\$	
		\$	
		\$	
		\$	

Name of organization

Employer identification number

UNION SETTLEMENT ASSOCIATION, INC.

13-1632530

Part III Exclusively religious, charitable, etc, individual contributions to section 501(c)(7), (8), or (10) organizations aggregating more than \$1,000 for the year (Complete cols (a) through (e) and the following line entry.)

For organizations completing Part III, enter total of exclusively religious, charitable, etc, contributions of \$1,000 or less for the year. (Enter this information once - see instructions.) \$ N/A

(a) No. from Part I	(b) Purpose of gift	(c) Use of gift	(d) Description of how gift is held
	N/A		
(e) Transfer of gift			
Transferee's name, address, and ZIP + 4		Relationship of transferor to transferee	
-----		-----	
-----		-----	
(e) Transfer of gift			
Transferee's name, address, and ZIP + 4		Relationship of transferor to transferee	
-----		-----	
-----		-----	
(e) Transfer of gift			
Transferee's name, address, and ZIP + 4		Relationship of transferor to transferee	
-----		-----	
-----		-----	
(e) Transfer of gift			
Transferee's name, address, and ZIP + 4		Relationship of transferor to transferee	
-----		-----	
-----		-----	
(e) Transfer of gift			
Transferee's name, address, and ZIP + 4		Relationship of transferor to transferee	
-----		-----	
-----		-----	

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**STATEMENT 1
FORM 990, PART I, LINE 9
NET INCOME (LOSS) FROM SPECIAL EVENTS**

SPECIAL EVENTS	GROSS RECEIPTS	LESS CONTRI-BUTIONS	GROSS REVENUE	LESS DIRECT EXPENSES	NET INCOME (LOSS)
SPECIAL FUNDRAISING EVENTS	216,698.	0.	216,698.	55,300.	161,398.
TOTAL	<u>\$ 216,698.</u>	<u>\$ 0.</u>	<u>\$ 216,698.</u>	<u>\$ 55,300.</u>	<u>\$ 161,398.</u>

**STATEMENT 2
FORM 990, PART I, LINE 20
OTHER CHANGES IN NET ASSETS OR FUND BALANCES**

PRIOR YEAR ADJUSTMENT TO RECOGNIZE CHANGES IN ACCOUNTS	\$	113,866.
UNREALIZED GAIN IN FAIR VALUE OF INVESTMENTS		8,881.
TOTAL	<u>\$</u>	<u>122,747.</u>

**STATEMENT 3
FORM 990, PART II, LINE 22
GRANTS AND ALLOCATIONS**

CASH GRANTS AND ALLOCATIONS

DONEE'S NAME:	ARIDIA POLANCO	
DONEE'S ADDRESS:	2922 BROADWAY NEW YORK, NY 10027, NY 10027	
AMOUNT GIVEN:		\$ 500.
DONEE'S NAME:	NALLY CALZADO	
DONEE'S ADDRESS:	101 BROAD STREET PLATTSBURG, NY 12901	
AMOUNT GIVEN:		500.
DONEE'S NAME:	RICHARD THOMAS	
DONEE'S ADDRESS:	330 EAST COLLEGE AVENUE STATE COLLEGE, PA 16801	
AMOUNT GIVEN:		500.
DONEE'S NAME:	ISSARY ALBA	
DONEE'S ADDRESS:	660 BEACON STREET, KENMORE SQ. BOSTON, MA 02215	
AMOUNT GIVEN:		500.
DONEE'S NAME:	EUNICE ASARE	
DONEE'S ADDRESS:	1 MEAD WAY BRONXVILLE, NY 10708	
AMOUNT GIVEN:		447.
DONEE'S NAME:	DARBIE REYES	
DONEE'S ADDRESS:	609 W. 186TH STREET, APT E NEW YORK, NY 10033	
AMOUNT GIVEN:		400.
DONEE'S NAME:	MELISSA SIERRA	

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UNION SETTLEMENT ASSOCIATION, INC.

13-1632530

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STATEMENT 3 (CONTINUED)
FORM 990, PART II, LINE 22
GRANTS AND ALLOCATIONS

CASH GRANTS AND ALLOCATIONS

DONEE'S ADDRESS:	125 MICHIGAN AVENUE, NE WASHINGTON, DC 20017		
AMOUNT GIVEN:		\$	400.
DONEE'S NAME:	FATIMAH MUHAMMAD		
DONEE'S ADDRESS:	1300 ELMWOOD AVENUE BUFFALO, NY 14222		
AMOUNT GIVEN:			200.
DONEE'S NAME:	MAXIMILIANO POZO		
DONEE'S ADDRESS:	FARINON CENTER EASTON, PA 18042		
AMOUNT GIVEN:			300.
DONEE'S NAME:	DONAVAN RAMONDANTE DANDRIDGE		
DONEE'S ADDRESS:	303 UNIVERSITY PLACE SYRACUSE, NY 13244		
AMOUNT GIVEN:			300.
DONEE'S NAME:	JOHN ROJAS		
AMOUNT GIVEN:			300.
DONEE'S NAME:	STEPHANIE MOREL		
DONEE'S ADDRESS:	31-10 THOMPSON AVENUE LONG ISLAND CITY, NY 11101		
AMOUNT GIVEN:			400.

TOTAL GRANTS AND ALLOCATIONS \$ 4,747.

STATEMENT 4
FORM 990, PART II, LINE 43
OTHER EXPENSES

	(A)	(B)	(C)	(D)
	TOTAL	PROGRAM SERVICES	MANAGEMENT & GENERAL	FUNDRAISING
ADMINISTRATIVE COSTS	456,230.	456,230.		
BAD DEBTS	113,195.	113,195.		
DUES AND SUBSCRIPTIONS	19,971.	3,220.	15,736.	1,015.
FOOD	728,663.	726,705.	1,958.	
GENERAL INSURANCE	141,804.	81,279.	60,525.	
MISCELLANEOUS	213,459.	205,343.	7,633.	483.
PROF & CONTRACTUAL SERVICES	1,302,879.	1,128,012.	172,476.	2,391.
RENTAL	36,338.	25,760.	9,044.	1,534.
REPAIRS & MAINTENANCE	206,107.	196,009.	10,098.	
SMALL EQUIPMENT	28,827.	24,114.	4,713.	
TOTAL	\$ <u>3,247,473.</u>	\$ <u>2,959,867.</u>	\$ <u>282,183.</u>	\$ <u>5,423.</u>

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**STATEMENT 5
FORM 990, PART III
ORGANIZATION'S PRIMARY EXEMPT PURPOSE**

ORGANIZED TO PROVIDE CHARITABLE SERVICES

**STATEMENT 6
FORM 990, PART IV, LINE 54
INVESTMENTS - SECURITIES**

CORPORATE STOCKS	VALUATION METHOD	AMOUNT
SECURITIES	MARKET VALUE	\$ 25,463.
	TOTAL	\$ 25,463.

CORPORATE BONDS	VALUATION METHOD	AMOUNT
ASSOCIATES CORP. NORTH AMERICA	MARKET VALUE	25,311.
	TOTAL	\$ 25,311.

TOTAL INVESTMENTS - SECURITIES \$ 50,774.

**STATEMENT 7
FORM 990, PART IV, LINE 57
LAND, BUILDINGS, AND EQUIPMENT**

CATEGORY	BASIS	ACCUM. DEPREC.	BOOK VALUE
MACHINERY AND EQUIPMENT	\$ 777,854.	\$ 602,558.	\$ 175,296.
TOTAL	<u>\$ 777,854.</u>	<u>\$ 602,558.</u>	<u>\$ 175,296.</u>

**STATEMENT 8
FORM 990, PART IV, LINE 58
OTHER ASSETS**

SECURITY DEPOSITS.....	\$ 13,000.
TOTAL	<u>\$ 13,000.</u>

**STATEMENT 9
FORM 990, PART IV, LINE 65
OTHER LIABILITIES**

ACCRUED PENSION COSTS.....	\$ 469,156.
DUE TO OTHER GOVERNMENT AGENCIES.....	1,923,008.
LOAN PAYABLE.....	163,450.
TOTAL	<u>\$ 2,555,614.</u>

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UNION SETTLEMENT ASSOCIATION, INC.

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STATEMENT 10
FORM 990, PART IV-A, LINE B(4)
OTHER AMOUNTS

UNREALIZED GAIN IN FAIR VALUE OF INVESTM..... \$ 8,880.
TOTAL \$ 8,880.

STATEMENT 11
FORM 990, PART V-A
LIST OF OFFICERS, DIRECTORS, TRUSTEES, AND KEY EMPLOYEES

NAME AND ADDRESS	TITLE AND AVERAGE HOURS PER WEEK DEVOTED	COMPEN- SATION	CONTRI- BUTION TO EBP & DC	EXPENSE ACCOUNT/ OTHER
ELLEN P. SIMON 237 EAST 104TH STREET NEW YORK, NY 10029	EXECUTIVE DIREC 35	\$ 176,028.	\$ 0.	\$ 0.
LAURA JOHNSON 237 EAST 104TH STREET NEW YORK, NY 10029	ASSOC EXEC DIR. 35	140,112.	0.	0.
STUART MEIKLEJOHN 237 EAST 104TH STREET NEW YORK, NY 10029	MEMBER 0	0.	0.	0.
KATE B. TOWNSEND 237 EAST 104TH STREET NEW YORK, NY 10029	VICE CHAIRPERSO 0	0.	0.	0.
MAXINE L. ROCKOFF 237 EAST 104TH STREET NEW YORK, NY 10029	MEMBER 0	0.	0.	0.
A. SLADE MILLS JR. 237 EAST 104TH STREET NEW YORK, NY 10029	MEMBER 0	0.	0.	0.
RANDALL J. SHAW 237 EAST 104TH STREET NEW YORK, NY 10029	ASST. TREASURER 0	0.	0.	0.
XAVIER E. SZTEJNBERG 237 EAST 104TH STREET NEW YORK, NY 10029	MEMBER 0	0.	0.	0.
RICHARD BENGLOFF 237 EAST 104TH STREET NEW YORK, NY 10029	MEMBER 0	0.	0.	0.
LISA CLYDE 237 EAST 104TH STREET NEW YORK, NY 10029	MEMBER 0	0.	0.	0.

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UNION SETTLEMENT ASSOCIATION, INC.

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STATEMENT 11 (CONTINUED)
 FORM 990, PART V-A
 LIST OF OFFICERS, DIRECTORS, TRUSTEES, AND KEY EMPLOYEES

NAME AND ADDRESS	TITLE AND AVERAGE HOURS PER WEEK DEVOTED	COMPEN- SATION	CONTRI- BUTION TO EBP & DC	EXPENSE ACCOUNT/ OTHER
ELISABETH SCHUPF LONSDALE 237 EAST 104TH STREET NEW YORK, NY 10029	MEMBER 0	\$ 0.	\$ 0.	0.
KATE BUFORD 237 EAST 104TH NEW YORK, NY 10029	MEMBER 0	0.	0.	0.
A. MACDONALD CAPUTO 237 EAST 104TH STREET NEW YORK, NY 10029	MEMBER 0	0.	0.	0.
MARTA RIVERA-SANTIAGO 237 EAST 104TH STREET NEW YORK, NY 10029	MEMBER 0	0.	0.	0.
ELI GROSS 237 EAST 104TH STREET NEW YORK, NY 10029	MEMBER 0	0.	0.	0.
KATHERINE H. FRITTS 237 EAST 104TH STREET NEW YORK, NY 10029	TREASURER 0	0.	0.	0.
ANNE PERKINS 237 EAST 104TH STREET NEW YORK, NY 10029	MEMBER 0	0.	0.	0.
ROBERT F. QUAINANCE JR. 237 EAST 104TH STREET NEW YORK, NY 10029	CHAIRMAN 0	0.	0.	0.
REGINALD E. HARWELL 237 EAST 104TH STREET NEW YORK, NY 10029	MEMBER 0	0.	0.	0.
WALTER G. MONTGOMERY 237 EAST 104TH STREET NEW YORK, NY 10029	MEMBER 0	0.	0.	0.
BARRY STIMMEL, M.D. 237 EAST 104TH STREET NEW YORK, NY 10029	MEMBER 0	0.	0.	0.
KIRA P. WATSON 237 EAST 104TH STREET NEW YORK, NY 10029	MEMBER 0	0.	0.	0.

CLIENT 2375

UNION SETTLEMENT ASSOCIATION, INC.

13-1632530

3/05/07

04:25PM

STATEMENT 11 (CONTINUED)
FORM 990, PART V-A
LIST OF OFFICERS, DIRECTORS, TRUSTEES, AND KEY EMPLOYEES

NAME AND ADDRESS	TITLE AND AVERAGE HOURS PER WEEK DEVOTED	COMPEN- SATION	CONTRI- BUTION TO EBP & DC	EXPENSE ACCOUNT/ OTHER
ELLEN WERTHER RESSLER 237 EAST 104TH STREET NEW YORK, NY 10029	MEMBER 0	\$ 0.	\$ 0.	\$ 0.
RUTH E. PACHMAN 237 EAST 104TH STREET NEW YORK, NY 10029	MEMBER 0	0.	0.	0.
SUSAN FEIN ZAWEL 237 EAST 104TH STREET NEW YORK, NY 10029	MEMBER 0	0.	0.	0.
KIRA WATSON 237 EAST 104TH STREET NEW YORK, NY 10029	MEMBER 0	0.	0.	0.
CHRISTOPHER PAIGE 237 EAST 104TH STREET NEW YORK, NY 10029	MEMBER 0	0.	0.	0.
GINA RUSCH 237 EAST 104TH STREET NEW YORK, NY 10029	MEMBER 0	0.	0.	0.
AMY SHERMAN 237 EAST 104TH STREET NEW YORK, NY 10029	MEMBER 0	0.	0.	0.
	TOTAL	\$ 316,140.	\$ 0.	\$ 0.

STATEMENT 12
SCHEDULE A, PART I
COMPENSATION OF FIVE HIGHEST PAID EMPLOYEES

NAME AND ADDRESS	TITLE & AVERAGE HOURS WORKED	COMPEN- SATION	CONTRIBUTIO EBP & DC	EXPENSE ACCOUNT
KAREN SMITH-MOORE 237 EAST 104TH STREET NEW YORK, NY 10029	DIRECTOR 35	121,697.	0.	0.
GLORIA CHUKWUMA 237 EAST 104TH STREET NEW YORK, NY 10029	FINANCE DIRECTO 35	102,981.	0.	0.
CONSTANCE MENSINK 237 EAST 104TH STREET NEW YORK, NY 10029	DIR. DEVELOPMNT 35	80,000.	0.	0.
KHALID WEST	DIR TECH	79,263.	0.	0.

CLIENT 2375

UNION SETTLEMENT ASSOCIATION, INC.

13-1632530

3/05/07

01:01PM

**STATEMENT 12 (CONTINUED)
SCHEDULE A, PART I
COMPENSATION OF FIVE HIGHEST PAID EMPLOYEES**

NAME AND ADDRESS	TITLE & AVERAGE HOURS WORKED	COMPEN- SATION	CONTRIBUTIO EBP & DC	EXPENSE ACCOUNT
237 EAST 104TH STREET NEW YORK, NY 10029	35			
AURORA TIU 237 EAST 104TH STREET NEW YORK, NY 10029	PSYCHIATRIST 35	77,975.	0.	0.
		TOTAL \$ 461,916.	\$ 0.	\$ 0.

**STATEMENT 13
SCHEDULE A, PART III, LINE 3
QUALIFICATIONS OF RECIPIENTS RECEIVING GRANTS OR LOANS**

ANNUAL SCHOLARSHIP AWARDS ELIGIBILITY CRITERIA

ALL SCHOLARSHIP APPLICANTS MUST MEET THE FOLLOWING CRITERIA TO BE CONSIDERED FOR SCHOLARSHIP AWARDS:

1. STUDENT MUST BE A SETTLEMENT COLLEGE READINESS PROGRAM, INC. (SCRIP) PARTICIPANT
2. STUDENT MUST BE A COLLEGE BOUND HIGH SCHOOL SENIOR OR COLLEGE STUDENT AS OF FALL 2003
3. A HIGH SCHOOL AVERAGE OF 85 OR BETTER IS RECOMMENDED, OR A COLLEGE GPA (GRADE POINT AVERAGE) OF 3.0 (B) OR BETTER AS DOCUMENTED BY A TRANSCRIPT
4. STUDENT MUST SUBMIT AN ORIGINAL, TYPED (DOUBLE SPACED) ESSAY OF NO MORE THAN 500 WORDS ON THE FOLLOWING TOPICS:

- A. EVALUATE A SIGNIFICANT EXPERIENCE, ACHIEVEMENT, RISK YOU HAVE TAKEN, OR ETHICAL DILEMMA YOU HAVE FACED AND ITS IMPACT ON YOU.
- B. DESCRIBE A CHARACTER IN FICTION, AN HISTORICAL FIGURE, OR A CREATIVE WORK (AS IN ART, MUSIC, SCIENCE, ETC.) THAT HAS HAD AN INFLUENCE ON YOU, AND EXPLAIN THAT INFLUENCE.
- C. DISCUSS SOME ISSUE OF PERSONAL, LOCAL, NATIONAL, OR INTERNATIONAL CONCERN AND ITS IMPORTANCE TO YOU.
- D. WHY A COLLEGE EDUCATION IS IMPORTANT TO ME

**STATEMENT 14
SCHEDULE A, PART IV-A, LINE 22
OTHER INCOME**

DESCRIPTION	(A) 2004	(B) 2003	(C) 2002	(D) 2001	(E) TOTAL
OTHER INCOME	\$ 1142807.	\$ 1802972.	\$ 1242416.	\$ 1124928.	\$ 5,313,123.
UNREALIZED GAIN/LOSS	11,047.	20,680.	5,095.	7,272.	44,094.
SPECIAL EVENTS	138,180.	161,858.	147,363.	204,543.	651,944.
TOTAL	\$ 1292034.	\$ 1985510.	\$ 1394874.	\$ 1336743.	\$ 6,009,161.

- If you are filing for an **Additional (not automatic) 3-Month Extension**, complete only Part II and check this box **X**
- Note.** Only complete Part II if you have already been granted an automatic 3-month extension on a previously filed Form 8868.
- If you are filing for an **Automatic 3-Month Extension**, complete only Part I (on page 1).

Part II Additional (not automatic) 3-Month Extension of Time – Must File Original and One Copy.

Type or print File by the extended due date for filing the return. See instructions.	Name of Exempt Organization UNION SETTLEMENT ASSOCIATION, INC.		Employer identification number 13-1632530
	Number, street, and room or suite number. If a P.O. box, see instructions. 237 EAST 104TH STREET		For IRS use only
	City, town or post office, state, and ZIP code. For a foreign address, see instructions. NEW YORK, NY 10029		

Check type of return to be filed (File a separate application for each return):

<input checked="" type="checkbox"/> Form 990	<input type="checkbox"/> Form 990-T (section 401(a) or 408(a) trust)	<input type="checkbox"/> Form 5227
<input type="checkbox"/> Form 990-BL	<input type="checkbox"/> Form 990-T (trust other than above)	<input type="checkbox"/> Form 6069
<input type="checkbox"/> Form 990-EZ	<input type="checkbox"/> Form 1041-A	<input type="checkbox"/> Form 8870
<input type="checkbox"/> Form 990-PF	<input type="checkbox"/> Form 4720	

STOP: Do not complete Part II if you were not already granted an automatic 3-month extension on a previously filed Form 8868.

- The books are in care of. ▶ GLORIA CHUKWUMA
Telephone No. ▶ (212) 828-6045 FAX No. ▶ _____
- If the organization does **not** have an office or place of business in the United States, check this box
- If this is for a **Group Return**, enter the organizations four digit Group Exemption Number (GEN) ... _____. If this is for the **whole** group, check this box . If it is **part** of the group, check this box and attach a list with the names and EINs of all members the extension is for.

4 I request an additional 3-month extension of time until 5/15, 20 07.

5 For calendar year _____, or other tax year beginning 7/01, 20 05, and ending 6/30, 20 06.

6 If this tax year is for less than 12 months, check reason: Initial return Final return Change in accounting period

7 State in detail why you need the extension .. ADDITIONAL TIME IS NEEDED TO GATHER ALL THE INFORMATION REQUIRED TO PREPARE A COMPLETE AND ACCURATE RETURN.

8a If this application is for Form 990-BL, 990-PF, 990-T, 4720, or 6069, enter the tentative tax, less any nonrefundable credits. See instructions. \$ _____

b If this application is for Form 990-PF, 990-T, 4720, or 6069, enter any refundable credits and estimated tax payments made. Include any prior year overpayment allowed as a credit and any amount paid previously with Form 8868. \$ _____

c **Balance Due.** Subtract line 8b from line 8a. Include your payment with this form, or, if required, deposit with FTD coupon or, if required, by using EFTPS (Electronic Federal Tax Payment System). See instructions. \$ _____

Signature and Verification

Under penalties of perjury, I declare that I have examined this form, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete, and that I am authorized to prepare this form.

Signature ▶ Bert Rice Title ▶ CPA Date ▶ 2/15/07

Notice to Applicant – To be Completed by the IRS

- We **have** approved this application. Please attach this form to the organization's return.
- We **have not** approved this application. However, we have granted a 10-day grace period from the later of the date shown below or the due date of the organization's return (including any prior extensions). This grace period is considered to be a valid extension of time for elections otherwise required to be made on a timely filed return. Please attach this form to the organization's return.
- We **have not** approved this application. After considering the reasons stated in item 7, we cannot grant your request for an extension of time to file. We are not granting a 10-day grace period.
- We **cannot consider** this application because it was filed after the extended due date of the return for which an extension was requested. Other: _____

Director _____ By: _____ Date _____

Alternate Mailing Address – Enter the address if you want the copy of this application for an additional 3-month extension returned to an address different than the one entered above.

Type or print	Name WATSON RICE, LLP
	Number and street (include suite, room, or apartment number) or a P.O. box number 5 PENN PLAZA, 15TH FL
	City or town, province or state, and country (including postal or ZIP code) NEW YORK, NY 10001-1810

UNION SETTLEMENT ASSOCIATION, INC.
LIST OF CONTRIBUTORS > \$5,000
FOR THE FISCAL YEAR ENDING JUNE 30, 2006

<u>CONTRIBUTORS</u>	<u>ADDRESS</u>	<u>AMOUNT</u>
Abrons ((Louis & Anne) Foundation, Inc.	437 Madison Avenue New York, NY 10017	\$ 30,000
Altman Foundation	521 Fifth Avenue, 35th Floor New York, NY 10175	100,000
Altria Employee Fund	120 Park Avenue, 17th Floor New York, NY 10017	14,702
America's Second Harvest	35 E. Wacker Drive, Suite 2000 Chicago, IL 60601	45,000
Antun(Frank J.) Foundation, The	100 Crossways Park West, Ste. 205 Woodbury, NY 11797	5,000
Suzanne Arkin	857 Fifth Avenue, 16th Floor New York, NY 10021	30,000
Barth (Theodore H.) Foundation	45 Rockefeller Plaza, Suite 2000 New York, NY 10111	10,000
Bloomberg LLP	731 Lexington Avenue New York, NY 10022	10,000
Bridgemill Foundation (John Wilson)	9 Sawmill Lane Greenwich CT 06830	10,000
BTMU Foundation	Bank of Tokyo-Mitsubishi Trust Co. 1251 Avenue of the Americas, 15th Fl New York, NY 10020-1104	5,000
Burns, Donald Foundation	450 Royal Plam Way, Suite 450 Palm Beach, FL 33480-4100	10,000
Carnegie Corporation of New York	437 Madison Avenue New York, NY 10022	50,000

Clark Foundation	1 Rockefeller Plaza, 31st Fl New York, NY 10020	75,000
Goodman Memorial Foundation	215 East 68th Street New York, NY 10021	20,000
Hagedorn Fund	JP Morgan Private Bank 345 Park Avenue, 4th Fl New York, NY 10154	25,000
Hayden (Charles) Foundation	140 Broadway, 51st Fl New York, NY 10005	50,000
Hearst Foundation	888 Seventh Avenue New York, NY 10166	50,000
Morgan Stanley Foundation	1633 Foundation, 20th Fl New York, NY 10019	20,000
New York Community Trust	909 Third Avenue, 22nd Fl New York, NY 10022	27,000
Paduano (Daniel P. & Nancy) Foundation	19 East 72nd Street, 11A New York, NY 10021	5,000
Pinkerton Foundation	610 Fifth Avenue, Suite 316 New York, NY 10020	50,000
Price (Louis and Harold) Foundation	Price Institute 20 Wilsey Square, Suite E Ridgewood, NJ 07450-3730	5,000
Rhodebeck Charitable Trust	c/o McLaughind Stern LLP 260 Madison Avenue New York, NY 10016	25,000
Starbucks Foundation	2401 Utah Avenue South Seattle, WA 98134	10,000
Starr Foundation	399 Park Avenue, 17th Fl New York, NY 10022	125,000

Teagle Foundation	10 Rockefeller Plaza, Rm 920 New York, NY 10020-1903	40,000
Tuttle (Isaac) Fund	1155 Park Avenue New York, NY 10128	25,000
Meiser Estate	c/o USFCU 237 East 104th Street New York, NY 10029	15,260
St James Episcopal Church	865 Madison Avenue New York, NY 10021	30,000
United Way	2 Park Avenue New York, NY 10016	10,000
Kekst & Company	437 Madison Avenue, 19th Fl New York, NY 10022	10,000
Debevoise, Plimpton LLP	919 Third Avenue New York, NY 10022	10,000
JP Morgan Chase	106 Corporate Park Drive, 2nd Fl White Plains, NY 10604	5,000
Giulani Partners	5 Times Square, 24th Fl New York, NY 10036	5,000
Mutual of America	680 Fifth Avenue New York, NY 10019	5,000
Ernst & Young LLP	National Accounting Center 1201 Main Street, Suite 2000 Dallas, TX 75202	10,000
R.F. Quaintance	Debevoise & Plimpton LLP 919 Third Avenue New York, NY 10022	20,000
Stuart Meklejohn	Sullivan & Cromwell 125 Broad Street, 30th Fl New York, NY 10004-2498	20,000

Eli Gross	Morgan Stanley Investment Banking Div 1585 Broadway, 33rd Fl New York, NY 10036	5,000
Lisa Grieve Clyde	US Retail Investment Banking Merrill Lynch 4 Financial Center, 26th Fl New York, NY 10080	10,000
Robinson Lerer & Montgomery	1345 Avenue of the Americas New York, NY 10105	10,000
Xavier Szetejnberg	48 Shields Road Darien, CT 06820	15,000
McDonald Caputo	Morgan Stanley & Co 1221 Avenue of the Americas, 30th Fl New York, NY 10020	10,000
Amy Sherman	186 Riverside Drive #15A New York, NY 10024	8,000
C.Paige	210 East 68th Street, #5D New York, NY 10121	10,000
M. A. Williams Fund-New York Comm Trust	909 3rd Avenue, 22nd floor New York, NY 10022	21,600
J & S Wilson	9 Sawmill Lane Greenwich CT 06830	10,000
Michael Hess	Giulani Partners 5 Time Square, 24th Floor New York, NY 10036	10,000
Walter Montgomery	Robinson, lever & Montgomery 1345 Avenue of the Americas, 4th Floor New Yorak, 10105	11,000
Donald T. Fallati & Ruth Packman	23 Mayhew Avenue Larchmont, NY 10538	25,000
Total		<u>\$ 1,157,562</u>

Form CHAR500 This form used for Article 7-A, EPTL and dual filers (replaces forms CHAR 497, CHAR 010 and CHAR 006)	Annual Filing for Charitable Organizations New York State Department of Law (Office of the Attorney General) Charities Bureau - Registration Section 120 Broadway New York, NY 10271 www.oag.state.ny.us/charities/charities.html	2005 Open to Public Inspection
------------------------------------------------------------------------------------------------------------------------------	---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	-----------------------------------------------------

1. General Information			
a. For the fiscal year beginning (mm/dd/yyyy) <u>7/01</u> / 2005 and ending <u>6/30/2006</u>			
b. Check if applicable for NYS: <input type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial filing <input type="checkbox"/> Final filing <input type="checkbox"/> Amended filing <input type="checkbox"/> NY registration pending	c. Name of organization UNION SETTLEMENT ASSOCIATION, INC.		d. Fed. employer ID no. (EIN) (##-####-####) 13-1632530
	e. NY State registration no. (##-###-###) 00-64-49		f. Telephone number 212 828-6000
	Number and street (or P.O. box if mail is not delivered to street address) Room/suite 237 EAST 104TH STREET		g. Email
City or town, state or country and zip + 4 NEW YORK, NY 10029			

2. Certification - Two Signatures Required							
We certify under penalties of perjury that we reviewed this report, including all attachments, and to the best of our knowledge and belief, they are true, correct and complete in accordance with the laws of the State of New York applicable to this report.							
a. President or Authorized Officer/Trustee	▶	<table style="width:100%; border-collapse: collapse;"> <tr> <td style="width:30%; border-bottom: 1px solid black;">Signature</td> <td style="width:30%; border-bottom: 1px solid black;">Printed Name</td> <td style="width:20%; border-bottom: 1px solid black;">Title</td> <td style="width:20%; border-bottom: 1px solid black;">Date</td> </tr> </table>	Signature	Printed Name	Title	Date	
Signature	Printed Name	Title	Date				
b. Chief Financial Officer or Treasurer	▶	<table style="width:100%; border-collapse: collapse;"> <tr> <td style="width:30%; border-bottom: 1px solid black;">Signature</td> <td style="width:30%; border-bottom: 1px solid black;">Printed Name</td> <td style="width:20%; border-bottom: 1px solid black;">Title</td> <td style="width:20%; border-bottom: 1px solid black;">Date</td> </tr> </table>	Signature	Printed Name	Title	Date	
Signature	Printed Name	Title	Date				

3. Annual Report Exemption Information	
a. Article 7-A annual report exemption (Article 7-A registrants and dual registrants)	Check <input type="checkbox"/> if total contributions from NY State (including residents, foundations, corporations, government agencies, etc.) did not exceed \$25,000 and the organization did not use the services of a professional fund raiser (PFR) or fund raising counsel (FRC) to solicit contributions during this fiscal year. NOTE: An organization may also check this box to claim this exemption if no PFR or FRC was used and either: 1) the organization received an allocation from a federated fund, United Way or incorporated community appeal and contributions from all sources did not exceed \$25,000 or 2) it received all or substantially all of its contributions from a single government agency to which it submitted an annual financial report similar to that required by Article 7-A).
b. EPTL annual report exemption (EPTL registrants and dual registrants)	Check <input type="checkbox"/> if total gross receipts for this fiscal year did not exceed \$25,000 and the assets (market value) of the organization did not exceed \$25,000 at any time during this fiscal year.
For EPTL or Article 7-A registrants claiming the annual report exemption under the one law under which they are registered and for dual registrants claiming the annual report exemptions under both laws, simply complete part 1 (General Information), part 2 (Certification) and part 3 (Annual Report Exemption Information) above. Do not submit a fee, do not complete the following schedules and do not submit any attachments to this form.	

4. Article 7-A Schedules	
If you did not check the Article 7-A annual report exemption above, complete the following for this fiscal year:	
a. Did the organization use a professional fund raiser, fund raising counsel or commercial co-venturer for fund raising activity in NY State?	___ Yes* <u>X</u> No
* If "Yes", complete Schedule 4a.	
b. Did the organization receive government contributions (grants)?	<u>X</u> Yes* ___ No
* If "Yes", complete Schedule 4b.	

5. Fee Submitted: See last page for summary of fee requirements.	
Indicate the filing fee(s) you are submitting along with this form:	
a. Article 7-A filing fee	\$ <u>25.</u>
b. EPTL filing fee	\$ <u>100.</u>
c. Total fee	\$ <u>125.</u>
Submit only one check or money order for the total fee, payable to "NYS Department of Law"	

6. Attachments: For organizations that are not claiming annual report exemptions under both laws, see page 4 for required attachments ▶
- Mail completed form with required schedules, fee and attachments to the address at the top of this page -

Schedule 4a: Professional Fund Raisers (PFR), Fund Raising Counsels (FRC), Commercial Co-Venturers (CCV)	
If you checked the box in question 4.a. on page 1, complete the following schedule for each PFR, FRC or CCV that the organization engaged for fund raising activity in NY State:	
1.	Type of fund raising professional (FRP): Professional fund raiser _____ Fund raising counsel _____ Commercial co-venturer _____
2.	Name of FRP: Number and street (or P.O. box if mail is not delivered to street address): City or town, state or country and zip + 4:
3.	FRP telephone number:
4.	Services provided by FRP (provide description):
5.	Compensation arrangement with FRP (provide description):
6.	Dates of contract through <div style="text-align: right; margin-right: 100px;">(mm/dd/yyyy)</div> <div style="text-align: right;">(mm/dd/yyyy)</div>
7.	Amount paid to FRP \$ 0.

5. Fee Instructions

The filing fee depends on the organization's Registration Type. For details on Registration Type and filing fees, see the Instructions for Form CHAR500.

Organization's Registration Type Fee Instructions

- **Article 7-A** Calculate the Article 7-A filing fee using the table in **part a** below. The EPTL filing fee is \$0.
- **EPTL** Calculate the EPTL filing fee using the table in **part b** below. the Article 7-A filing fee is \$0.
- **Dual** Calculate both the Article 7-A and EPTL filing fee using the tables in **parts a and b** below. Add the Article and EPTL filing fees together to calculate the total fee. Submit a **single** check or money order for the total fee.

a) Article 7-A filing fee

Total Support & Revenue	Article 7-A Fee
more than \$250,000	\$25
up to \$250,000 *	\$10

* Any organization that contracted with or used the services of a professional fund raiser (PFR) of fund raising counsel (FRC) during the reporting period must pay an Article 7-A filing fee of \$25, regardless of total support and revenue.

b) EPTL filing fee

Net Worth at End of Year	EPTL Fee
Less than \$50,000	\$25
\$50,000 or more, but less than \$250,000	\$50
\$250,000 or more, but less than \$1,000,000	\$100
\$1,000,000 or more, but less than \$10,000,000	\$250
\$10,000,000 or more, but less than \$50,000,000	\$750
\$50,000,000 or more	\$1500

6. Attachments – Document Attachment Check-List

Check the boxes for the documents you are attaching.

For All Filers

Filing Fee

Single check or money order payable to 'NYS Department of Law'

Copies of Internal Revenue Service Forms

<input checked="" type="checkbox"/> IRS Form 990 <input checked="" type="checkbox"/> Schedule A to IRS Form 990 <input checked="" type="checkbox"/> Schedule B to IRS Form 990 <input type="checkbox"/> IRS Form 990-T	<input type="checkbox"/> IRS Form 990-EZ <input type="checkbox"/> Schedule A to IRS Form 990-EZ <input type="checkbox"/> Schedule B to IRS Form 990-EZ <input type="checkbox"/> IRS Form 990-T	<input type="checkbox"/> IRS Form 990-PF <input type="checkbox"/> Schedule B to IRS Form 990-PF <input type="checkbox"/> IRS Form 990-T
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Additional Article 7-A Document Attachment Requirement

Independent Accountant's Report

Audit Report (total support & revenue more than \$250,000)

Review Report (total support & revenue \$100,001 to \$250,000)

No Accountant's Report Required (total support & revenue not more than \$100,000)

UNION SETTLEMENT ASSOCIATION, INC.

**AUDITED FINANCIAL STATEMENTS
AND SUPPLEMENTARY REPORTS
RELATED TO OMB CIRCULAR A-133**

JUNE 30, 2006

**WATSON RICE LLP
CERTIFIED PUBLIC ACCOUNTANTS**

UNION SETTLEMENT ASSOCIATION, INC.

JUNE 30, 2006

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Watson Rice LLP
Certified Public Accountants and Advisors

5 Penn Plaza
New York, New York 10001
www.watsonrice.com

Telephone: 212.447.7300
Facsimile: 212.683.6031
watsonrice@watsonrice.com

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Union Settlement Association, Inc.

We have audited the accompanying statement of financial position of Union Settlement Association, Inc. ("Union Settlement") as of June 30, 2006, and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Union Settlement Association, Inc. as of June 30, 2006, and the changes in net assets and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 27, 2006 on our consideration of Union Settlement's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

INDEPENDENT AUDITOR'S REPORT – CONTINUED

Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of expenditures of federal awards on page 17 presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* is not a required part of the basic financial statements. The information in this schedule have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

New York, New York
December 27, 2006

Watson Rice WP

UNION SETTLEMENT ASSOCIATION, INC.

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2006

Assets

Cash	\$	84,070
Investments (Note 3)		234,475
Promises to give (Note 4)		430,000
Accounts receivable (Note 5)		1,291,814
Other receivables (Note 6)		728,576
Prepaid expenses (Note 9)		83,684
Due from government agencies (Note 7)		1,217,263
Fixed assets, net (Note 8)		175,297
Other assets		13,000
Total Assets	\$	<u>4,258,179</u>

Liabilities and Net Assets

Liabilities:

Accounts payable	\$	616,250
Accrued expenses (Note 10)		381,517
Loan payable (Note 11)		163,450
Due to government agencies (Note 7)		1,923,008
Accrued pension cost (Note 12)		469,156
Total Liabilities		<u>3,553,381</u>

Net Assets

Unrestricted		94,221
Temporarily restricted		452,840
Permanently restricted		157,737
Total Net Assets		<u>704,798</u>
Total Liabilities and Net Assets	\$	<u>4,258,179</u>

See notes to financial statements.

UNION SETTLEMENT ASSOCIATION, INC.

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2006

<u>Support and Revenues</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<u>Contributions:</u>				
Foundations	\$ 702,704	\$ 330,000	\$ -	\$ 1,032,704
Individuals	224,401	3,575	-	227,976
In-kind space	993,378	-	-	993,378
In-kind services and supplies	75,043	-	-	75,043
Other community groups	92,111	25,000	-	117,111
Bequests	18,072	-	-	18,072
Grants	8,085,929	-	-	8,085,929
Scholarship grant	-	2,349	-	2,349
Investment income	6,086	-	-	6,086
Net depreciation in fair value of investments	8,881	-	-	8,881
Program revenues	2,837,255	-	-	2,837,255
Special events, net of \$55,300 (2006) in expenses	161,398	-	-	161,398
Other revenues	2,459,787	5,000	-	2,464,787
	15,665,045	365,924	-	16,030,969
Net assets released from restrictions	84,684	(84,684)	-	-
Total Support and Revenues	15,749,729	281,240	-	16,030,969
<u>Expenses</u>				
<u>Program Services:</u>				
Youth Services	1,429,749	-	-	1,429,749
Early Childhood Services	4,592,933	-	-	4,592,933
Head Start	2,139,969	-	-	2,139,969
Senior Services	1,621,008	-	-	1,621,008
Counseling	2,765,568	-	-	2,765,568
HIV Care	314,493	-	-	314,493
Adult Education	369,742	-	-	369,742
Gym/Auditorium	26,568	-	-	26,568
Scholarship Funds	4,684	-	-	4,684
Total Program Services Expenses	13,264,714	-	-	13,264,714
<u>Support Services:</u>				
Management and general	1,724,629	-	-	1,724,629
Publicity and fundraising	281,447	-	-	281,447
Building operations and maintenance	159,874	-	-	159,874
Computer technology	215,727	-	-	215,727
Total Support Services Expenses	2,381,677	-	-	2,381,677
Total Expenses	15,646,391	-	-	15,646,391
Changes in Net Assets	\$ 103,338	\$ 281,240	\$ -	\$ 384,578

See notes to financial statements.

UNION SETTLEMENT ASSOCIATION, INC.

STATEMENT OF CHANGES IN NET ASSETS

YEAR ENDED JUNE 30, 2006

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Changes in Net Assets	<u>\$ 103,338</u>	<u>\$ 281,240</u>	<u>\$ -</u>	<u>\$ 384,578</u>
Net Assets, beginning of year as previously reported	(122,986)	171,600	157,737	206,351
Prior period adjustments (Note 14)	<u>113,869</u>	<u>-</u>	<u>-</u>	<u>113,869</u>
Net Assets, beginning of year as adjusted	<u>(9,117)</u>	<u>171,600</u>	<u>157,737</u>	<u>320,220</u>
Net Assets, end of year	<u>\$ 94,221</u>	<u>\$ 452,840</u>	<u>\$ 157,737</u>	<u>\$ 704,798</u>

UNION SETTLEMENT ASSOCIATION, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2006

	Program Services									Total Program Services
	Youth Services	Early Childhood Services	Head Start	Senior Services	Counseling	HIV Care	Adult Education	Gym/ Auditorium	Scholarship Funds	
Salaries	\$ 679,324	\$ 2,746,878	\$ 1,151,578	\$ 776,316	\$ 1,639,920	\$ 204,167	\$ 272,504	\$ 24,725	\$ -	7,495,412
Employee fringe benefits	150,107	380,939	126,119	88,541	409,001	52,694	53,911	1,843	-	1,263,155
Rentals	(5,670)	7,144	12,439	3,968	-	-	7,879	-	-	25,760
Professional and contractual services	139,418	812,197	127,950	39,507	25,190	-	4,250	-	-	1,148,512
Food	7,534	266,971	63,660	387,478	-	-	1,062	-	-	726,705
Dues and subscriptions	100	2,595	-	525	-	-	-	-	-	3,220
General insurance	4,500	9,185	-	12,651	54,943	-	-	-	-	81,279
Space rental	6,173	90,373	53,601	14,069	13,242	7,061	-	-	-	184,519
Printing and duplication	5,384	81	-	1,967	421	-	6,450	-	-	14,303
Repairs and maintenance	4,660	25,597	143,115	10,628	12,009	-	-	-	-	196,009
Student aids and awards	-	-	-	-	-	-	63	-	4,684	4,747
Office supplies	25,297	54,723	36,122	25,540	23,187	552	5,590	-	-	171,011
Program supplies	34,886	130,100	11,663	44,300	3,011	2,165	3,106	-	-	229,231
Telephone	21,291	25,988	18,638	18,663	47,282	5,772	4,480	-	-	142,114
Shipping and postage	1,201	611	330	2,317	2,883	270	95	-	-	7,707
Transportation	41,940	5,342	3,616	25,646	59,119	1,032	62	-	-	136,757
Utilities	-	399	23,794	-	-	-	-	-	-	24,193
Small equipment	2,820	14,167	-	6,114	432	-	581	-	-	24,114
Administrative costs	24,605	-	-	85,629	325,282	20,715	-	-	-	456,230
In-kind space	220,000	2,350	250,367	34,003	-	-	-	-	-	506,720
In-kind services and supplies	-	-	86,477	-	-	-	-	-	-	86,477
Bad debts expenses	-	-	-	-	97,635	15,560	-	-	-	113,195
Interest expense	-	-	-	-	-	-	-	-	-	-
Miscellaneous	64,517	16,677	30,500	33,486	52,011	4,505	3,646	-	-	205,343
Expenses before depreciation	1,428,087	4,592,317	2,139,969	1,611,348	2,765,568	314,493	363,679	26,568	4,684	13,246,713
Depreciation	1,662	616	-	9,660	-	-	6,063	-	-	18,001
Total Expenses	\$ 1,429,749	\$ 4,592,933	\$ 2,139,969	\$ 1,621,008	\$ 2,765,568	\$ 314,493	\$ 369,742	\$ 26,568	\$ 4,684	\$ 13,264,714

UNION SETTLEMENT ASSOCIATION, INC.

STATEMENT OF FUNCTIONAL EXPENSES - CONTINUED

	Support Services				Total Support Services	Total Program & Support Services
	Management and General	Publicity and Fundraising	Building Operations & Maintenance	Computer Technology		
Salaries	\$ 752,818	\$ 197,077	\$ 104,547	\$ 80,049	1,134,491	8,629,903
Employee fringe benefits	177,136	40,875	38,818	25,530	282,359	1,545,514
Rentals	7,915	1,534	773	356	10,578	36,338
Professional and contractual services	132,107	2,391	1,797	88,872	225,167	1,373,679
Food	1,929	-	29	-	1,958	728,663
Dues and subscriptions	15,701	1,015	-	35	16,751	19,971
General insurance	60,525	-	-	-	60,525	141,804
Space rental	2,226	333	-	-	2,559	187,078
Printing and duplication	126	18,638	-	285	19,049	33,352
Repairs and maintenance	1,250	-	8,154	694	10,098	206,107
Student aids and awards	-	-	-	-	-	4,747
Office supplies	8,627	2,458	2,702	6,113	19,900	190,911
Program supplies	373	-	-	50	423	229,654
Telephone	32,029	3,430	1,348	6,010	42,817	184,932
Shipping and postage	9,525	11,696	-	9	21,230	28,937
Transportation	1,806	-	30	-	1,836	138,593
Utilities	1,890	20	20	-	1,930	26,123
Small equipment	3,091	-	1,622	-	4,713	28,827
Administrative costs	-	-	-	-	-	456,230
In-kind space	475,225	-	-	-	475,225	981,945
In-kind services and supplies	-	-	-	-	-	86,477
Bad debts expenses	-	-	-	-	-	113,195
Interest expense	9,342	-	-	-	9,342	9,342
Miscellaneous	7,601	482	34	-	8,117	213,461
Expenses before depreciation	1,701,242	279,950	159,874	208,003	2,349,069	15,595,782
Depreciation	23,387	1,497	-	7,724	32,608	50,609
Total Expenses	\$ 1,724,629	\$ 281,447	\$ 159,874	\$ 215,727	\$ 2,381,677	\$ 15,646,391

UNION SETTLEMENT ASSOCIATION, INC.

STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2006

Cash flows from operating activities:

Changes in net assets	<u>\$ 384,578</u>
Adjustments to reconcile changes in net assets to net cash provided by operating activities:	
Prior period adjustments	113,869
Depreciation expense	50,609
Bad debts expenses	278,999
Net depreciation in fair value of investments	8,881
Changes in assets and liabilities:	
(Increase) decrease in assets:	
Promises to give	(280,000)
Accounts receivable	(176,505)
Other receivables	(480,464)
Prepaid expenses	(68,894)
Due from government agencies	(22,970)
Increase (decrease) in liabilities:	-
Accounts payable	39,745
Accrued expenses	5,180
Notes payable	(36,550)
Deferred revenues	-
Due to government agencies	411,145
Accrued pension cost	(29,762)
Total adjustments	<u>(186,717)</u>
Net cash provided by operating activities	<u>197,861</u>

Cash flows from investing activities:

Decrease in investments	(143,940)
Purchase of office equipment	<u>(32,596)</u>
Net cash used in investing activities	<u>(176,536)</u>

Net increase in cash	21,325
Cash, beginning of year	<u>62,745</u>
Cash, end of year	<u>\$ 84,070</u>

See notes to financial statements.

UNION SETTLEMENT ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2006

1. DESCRIPTION OF ORGANIZATION

Union Settlement Association, Inc. ("Union Settlement"), a nonprofit organization, was founded in 1895 by the Alumni Association of the Union Theological Seminary. Since 1895, Union Settlement has dedicated itself to solving urban problems in East Harlem, one of the city's most underserved communities. Each year, Union Settlement serves more than 13,000 people with effective programs in education, childcare, nutrition, senior services, counseling, job training and economic development.

Union Settlement is exempt from income tax under Section 501(c)(3) of the U.S. Internal Revenue Code and comparable State law, and contributions to it are tax deductible within the limitations prescribed by the Code. Union Settlement has been classified as a publicly supported organization which is not a private foundation under Section 509(a) of the Code.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accrual Basis

The financial statements have been prepared on the accrual basis of accounting and, accordingly, reflect all material receivables and payables.

Support and Revenues

Contributions and government contracts are recorded as either temporarily or permanently restricted revenue if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted assets are reclassified to unrestricted net assets and reported in the statement of activities and changes in net assets as net assets released from restrictions. Donor-restricted contributions whose restrictions expire during the same fiscal year are recognized as unrestricted revenue.

Contributed Services

Donated services which can be quantified by Union Settlement have been reflected in the accompanying financial statements at their fair market values. Individuals volunteer their time and perform a variety of tasks to assist Union Settlement in its Head Start, HIV Care and Youth Services programs.

UNION SETTLEMENT ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS – CONTINUED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Fixed Assets

Fixed assets are recorded at cost or fair value at date of gift. Depreciation of fixed assets is provided on the straight-line basis over their estimated useful lives which ranges from 2-10 years.

Accounts Receivable Write-off

Accounts receivable balances that are deemed to be uncollectible or disallowed by the Medicaid and Medicare are written-off at the end of the fiscal year.

Other Matters

Donated materials, fixed assets and investments are recorded at fair market value when received.

Liability for vacation and sick leave applicable to government-funded programs has not been provided for, in accordance with government reporting policies. The government-funded programs recognize vacation and sick pay as expenditure in the year used. The vacation liability on government-funded programs is not accrued as of year-end and is considered immaterial to Union Settlement's financial statements.

UNION SETTLEMENT ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS – CONTINUED

3. INVESTMENTS

Debt and equity securities with readily determinable fair values purchased for investment are recorded at fair value based upon quoted market prices. Net appreciation in the fair value of investments which includes the realized gains and losses and unrealized appreciation (depreciation) on those investments is reported in the statement of activities. Investments received as gifts are recorded at fair value at date of gift, if available. Union Settlement's investments as of June 30, 2006 are as follows:

	<u>Cost</u>	<u>Fair Value</u>
Money market funds	\$ 174,404	\$ 174,404
Mutual funds	9,297	9,297
Corporate bonds	25,187	25,311
Corporate stocks	25,538	25,463
	<u>\$ 234,426</u>	<u>\$ 234,475</u>

4. PROMISES TO GIVE

These represent unconditional promises to give due within one year.

5. ACCOUNTS RECEIVABLE

Accounts receivable as of June 30, 2006 substantially represent amounts due from the following entities for payroll and other expenses paid by Union Settlement on their behalf:

Union Settlement Home Care Services	\$ 1,141,736
Settlement College Readiness Program	143,823
Credit Union	175
St. Lucy	3,268
Other	<u>2,812</u>
Total	<u>\$ 1,291,814</u>

UNION SETTLEMENT ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS – CONTINUED

6. OTHER RECEIVABLES

Other receivables represent receivables and unpaid parents' fees due to Union Settlement from various programs at June 30, 2006.

Youth Services	\$ 21,600
Early Childhood Services	145,685
Counseling and Mental Health Private	327,973
Senior Services	41,858
HIV- Mental Health	28,691
Other	<u>162,769</u>
Total	<u>\$ 728,576</u>

7. DUE FROM (TO) GOVERNMENT AGENCIES

Due from (to) government agencies as of June 30, 2006 consist of the following:

Due from Government Agencies

Youth Services:

Department of Youth and Community Development (DYCD)	\$ 42,944
Stanley Isaacs (DYCD)	280,415
NYS Education Department	32,380

Early Childhood Services:

Administration for Children's Services (ACS)	317,139
Child and Adult Care Food Program (CACFP)	52,838
Asthma Initiative	27,641

Head Start:

CACFP	<u>33,172</u>
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Sub-total	<u>786,529</u>
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UNION SETTLEMENT ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS – CONTINUED

7. DUE FROM (TO) GOVERNMENT AGENCIES – CONTINUED

Balance brought forward	\$ 786,529
Senior Services:	
City Meals on Wheels	10,729
Department for the Aging (DFTA)	201,549
Counseling:	
Medicare	4,102
Managed Care	135,043
Medicaid Travel	3,852
HIV Care:	
Health Research, Inc.	51,595
Adult Education:	
DYCD	<u>23,864</u>
Total	<u>\$ 1,217,263</u>

Due To Government Agencies

Early Childhood Services:	
Department of Education	\$ 241,549
Head Start:	
ACS	75,956
Senior Services:	
DFTA	45,295
Counseling:	
Medicaid and COPS	1,530,674
DMH	<u>29,534</u>
Total	<u>\$ 1,923,008</u>

UNION SETTLEMENT ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS – CONTINUED

8. FIXED ASSETS

Fixed assets at June 30, 2006 are summarized as follows:

Furniture, fixtures and equipment	\$ 777,855
Less accumulated depreciation	(602,558)
Net	<u>\$ 175,297</u>

Depreciation expense charged to operations in 2006 was \$50,609.

9. PREPAID EXPENSES

Prepaid expenses represent prepaid insurance and other expenses applicable to the succeeding fiscal year.

10. ACCRUED EXPENSES

This substantially represents accrued payroll and administrative employees' accrued vacation and fringe benefits expenses incurred as of June 30, 2006.

11. LOAN PAYABLE

This note bears interest at prime + 1% per annum ("note rate"). As of June 30, 2006, Union Settlement has \$300,000 of unused lines of credit with JPMorgan Chase Bank ("JPMorgan") to be drawn upon as needed, with interest at the note rate through December 31, 2005. On December 28, 2005, JP Morgan issued a revolving line of credit, where Union Settlement can borrow up to \$350,000 at the note rate through June 30, 2006. The balance outstanding at June 30, 2006 was \$ 163,450.

UNION SETTLEMENT ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS – CONTINUED

12. PENSION PLAN

Union Settlement sponsors a non-contributory defined benefit pension plan. This plan is a retirement annuity plan that covers substantially all employees except employees of the NYC ACS-funded day care centers and Head Start programs. The employees of the NYC ACS funded day care centers and Head Start programs are covered by independently administered plans, which are funded by grantor contributions. Pension costs include current service costs, which are accrued and funded on a current basis, and prior costs, which are amortized over 30 years.

Pension expense includes the following components:

Service cost	\$ 382,175
Interest cost	434,067
Expected return on plan assets	(452,202)
Amount of recognized actuarial losses	41,807
Amount of prior service cost recognized	<u>12,169</u>
Pension expense	<u>\$ 418,016</u>

The following sets forth the funded status of the plan and the amounts shown in the statement of financial position at June 30, 2006.

Actuarial present value of benefit obligations:

Projected benefit obligation	\$ 7,523,391
Fair value of assets held in the plan	<u>(5,740,234)</u>
Unfunded excess of projected benefit obligation over plan assets	<u>\$ 1,783,157</u>

The unfunded excess consists of the following:

Unrecognized actuarial loss	\$ 1,214,215
Unrecognized prior service cost	99,786
Pension liability included in the statement of financial position	<u>469,156</u>
	<u>\$ 1,783,157</u>

UNION SETTLEMENT ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS – CONTINUED

11. PENSION PLAN – CONTINUED

The assumed rate of return of 8.50% for 2006 was used in determining the actuarial present value of both vested and non-vested benefits. The date used to calculate actuarial benefit information was June 30, 2006. Pension contributions charged to operations in 2006 was \$417,238.

The following benefit payments which reflect expected future services, are expected to be paid:

<u>Year</u>	<u>Amount</u>
2006	\$ 873,000
2007	320,000
2008	344,000
2009	662,000
2010	704,000
2011-2015	2,506,000

13. DONATED SPACE

The building at 237 East 104th Street is leased annually from the NYC Housing Authority (“NYCHA”) for \$1.00 per year. Union Settlement is responsible for the building’s maintenance. In addition, NYCHA also provides space to the Youth Services, Head Start, and Senior Services programs. The total fair market value of donated space as of June 30, 2006 is as follows:

<u>Program</u>	<u>Primary Location</u>	<u>Amount</u>
Support Services	237 East 104 th Street	\$ 475,225
Youth Services	1775-7 Third Avenue	220,000
Head Start	218 East 104th Street	1,249,568
Senior Services	2205 First Avenue	<u>34,001</u>
Total		<u>\$ 1,978,794</u>

14. PRIOR PERIOD ADJUSTMENTS

Prior period adjustments were made to recognize changes in the reconciliation of accounts receivable and accounts payable.

UNION SETTLEMENT ASSOCIATION, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2006

<u>Federal Grantor/Pass-through Grantor/Program or Cluster Title</u>	<u>Contract Period</u>	<u>Federal CFDA #</u>	<u>Reference #</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Agriculture</u>				
Passed through NYS Department of Health				
Child & Adult Care Food Program	7/01/05 - 6/30/06	10.558	3349	\$ 350,770
Family Day Care Network	7/01/05 - 6/30/06	10.558	4910	278,921
Child & Adult Care Food Program				
Head Start Program				
Child & Adult Care Food Program	7/01/05 - 6/30/06	10.558	3349	81,702
				<u>711,393</u>
<u>US Department of Labor</u>				
Passed through Department of Youth and Community Development				
East Harlem Works Program	7/01/05 - 6/30/06	17.259		<u>359,439</u>
<u>U.S. Department of Health and Human Services</u>				
Passed through NYC Administration for Children Services				
Social Services Block Grant	7/01/05 - 6/30/06	93.667	624-119-09-200	1,845,530
Head Start Program	7/01/05 - 6/30/06	93.600	806-123-09-200	1,878,790
				<u>3,724,320</u>
Passed through NYS Department of Health				
H.I.V. Care Network Program	7/01/05 - 6/30/06	93.917	1058-08/09	100,000
East Harlem Aids Network Program	7/01/05 - 6/30/06	93.917	206-16/17	111,254
				<u>211,254</u>
Passed through Department of Youth and Community Development				
Mac Literacy Program	7/01/05 - 6/30/06	93.569	766378	<u>197,926</u>
<u>U.S. Department of Education</u>				
Passed through NYS Education Department				
21st Century Program	7/01/05 - 6/30/06	84.287	C400342	<u>323,800</u>
<u>U. S. Department of Housing and Urban Development</u>				
Passed through The City of New York Department for the Aging				
East Harlem Coalition Program	7/01/05 - 6/30/06	14.850	20030000461	1,105,074
Corsi House Senior Center	7/01/05 - 6/30/06	14.850	20050000910	370,972
				<u>1,476,046</u>
Total Expenditures of Federal Awards				<u>\$ 7,004,178</u>

UNION SETTLEMENT ASSOCIATION, INC.

NOTE TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

JUNE 30, 2006

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes all federal grant activity of Union Settlement Association, Inc. and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the *Office of Management and Budget's Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.