

Return of Organization Exempt From Income Tax

OMB No 1545-0047

2006

Department of the Treasury
Internal Revenue Service

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

Open to Public Inspection

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

A For the 2006 calendar year, or tax year beginning JUL 1, 2006 **and ending** JUN 30, 2007

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

C Name of organization
CORPORATION FOR EDUCATION NETWORK INITIATIVES IN CALIFORNIA
 Number and street (or P.O. box if mail is not delivered to street address) Room/suite
5757 PLAZA DRIVE, 205
 City or town, state or country, and ZIP + 4
CYPRESS, CA 90630-5029

D Employer identification number
94-3289022

E Telephone number
714-220-3400

F Accounting method Cash Accrual
 Other (specify) _____

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

H and I are not applicable to section 527 organizations

H(a) Is this a group return for affiliates? Yes No

H(b) If "Yes," enter number of affiliates N/A

H(c) Are all affiliates included? N/A Yes No (If "No," attach a list.)

H(d) Is this a separate return filed by an organization covered by a group ruling? Yes No

I Group Exemption Number N/A

G Website: WWW.CENIC.ORG

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

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

L Gross receipts: Add lines 6b, 8b, 9b, and 10b to line 12 36,810,597.

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

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

SCANNED JUN 30 2008

Revenue		Expenses		Net Assets	
1	Contributions, gifts, grants, and similar amounts received:				
a	Contributions to donor advised funds	1a			
b	Direct public support (not included on line 1a)	1b	<u>537,422.</u>		
c	Indirect public support (not included on line 1a)	1c			
d	Government contributions (grants) (not included on line 1a)	1d			
e	Total (add lines 1a through 1d) (cash \$ <u>537,422.</u> noncash \$ _____)	1e	<u>537,422.</u>		
2	Program service revenue including government fees and contracts (from Part VII, line 93)	2	<u>5,885,360.</u>		
3	Membership dues and assessments	3	<u>29,436,024.</u>		
4	Interest on savings and temporary cash investments	4	<u>1,406,817.</u>		
5	Dividends and interest from securities	5			
6 a	Gross rents	6a	<u>25,105.</u>		
b	Less: rental expenses	6b	<u>25,105.</u>		
c	Net rental income or (loss) (subtract line 6b from line 6a)	6c	<u>0.</u>		
7	Other investment income (describe _____)	7			
8 a	Gross amount from sales of assets other than inventory	8a			
b	Less: cost or other basis and sales expenses	8b			
c	Gain or (loss) (attach schedule)	8c			
d	Net gain or (loss). Combine line 8c, columns (A) and (B)	8d			
9	Special events and activities (attach schedule). If any amount is from gaming, check here <input type="checkbox"/>				
a	Gross revenue (not including \$ _____ of contributions reported on line 1b)	9a			
b	Less: direct expenses other than fundraising expenses	9b			
c	Net income or (loss) from special events. Subtract line 9b from line 9a	9c			
10 a	Gross sales of inventory, less returns and allowances	10a			
b	Less: cost of goods sold	10b			
c	Gross profit or (loss) from sales of inventory (attach schedule). Subtract line 10b from line 10a	10c			
11	Other revenue (from Part VII, line 103)	11	<u>-480,131.</u>		
12	Total revenue. Add lines 1e, 2, 3, 4, 5, 6c, 7, 8d, 9c, 10c, and 11	12	<u>36,785,492.</u>		
13	Program services (from line 44, column (B))	13	<u>37,266,817.</u>		
14	Management and general (from line 44, column (C))	14	<u>2,071,511.</u>		
15	Fundraising (from line 44, column (D))	15			
16	Payments to affiliates (attach schedule)	16			
17	Total expenses. Add lines 16 and 44, column (A)	17	<u>39,338,328.</u>		
18	Excess or (deficit) for the year. Subtract line 17 from line 12	18	<u>-2,552,836.</u>		
19	Net assets or fund balances at beginning of year (from line 73, column (A))	19	<u>59,745,928.</u>		
20	Other changes in net assets or fund balances (attach explanation) <u>SEE STATEMENT 3</u>	20	<u>61,880.</u>		
21	Net assets or fund balances at end of year. Combine lines 18, 19, and 20	21	<u>57,254,972.</u>		

RECEIVED
SEE STATEMENT 1
SEE STATEMENT 2
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**CORPORATION FOR EDUCATION
NETWORK INITIATIVES IN CALIFORNIA**

Form 990 (2006)

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Part II Statement of Functional Expenses

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

Do not include amounts reported on line 6b, 8b, 9b, 10b, or 16 of Part I.	(A) Total	(B) Program services	(C) Management and general	(D) Fundraising
22a Grants paid from donor advised funds (attach schedule) (cash \$ <u>0</u> . noncash \$ <u>0</u> .) If this amount includes foreign grants, check here <input type="checkbox"/>				
22b Other grants and allocations (attach schedule) (cash \$ <u>0</u> . noncash \$ <u>0</u> .) If this amount includes foreign grants, check here <input type="checkbox"/>				
23 Specific assistance to individuals (attach schedule)				
24 Benefits paid to or for members (attach schedule)				
25a Compensation of current officers, directors, key employees, etc. listed in Part V-A STMT 5	403,862.	121,370.	282,492.	0.
b Compensation of former officers, directors, key employees, etc. listed in Part V-B	0.	0.	0.	0.
c Compensation and other distributions, not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)				
26 Salaries and wages of employees not included on lines 25a, b, and c	2,619,012.	2,207,928.	411,084.	
27 Pension plan contributions not included on lines 25a, b, and c	144,445.	112,522.	31,923.	
28 Employee benefits not included on lines 25a - 27	241,742.	183,828.	57,914.	
29 Payroll taxes	223,019.	169,785.	53,234.	
30 Professional fundraising fees				
31 Accounting fees	203,361.		203,361.	
32 Legal fees	130,730.	93,144.	37,586.	
33 Supplies	226,343.	142,247.	84,096.	
34 Telephone				
35 Postage and shipping				
36 Occupancy				
37 Equipment rental and maintenance				
38 Printing and publications				
39 Travel	157,330.	68,737.	88,593.	
40 Conferences, conventions, and meetings	82,556.	82,556.		
41 Interest	41,189.	39,084.	2,105.	
42 Depreciation, depletion, etc (attach schedule)	3,963,180.	3,963,180.		
43 Other expenses not covered above (itemize):				
a _____				
b _____				
c _____				
d _____				
e _____				
f _____				
g SEE STATEMENT 4	30,901,559.	30,082,436.	819,123.	
44 Total functional expenses. Add lines 22a through 43g. (Organizations completing columns (B)-(D), carry these totals to lines 13-15)	39,338,328.	37,266,817.	2,071,511.	0.

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

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

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

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

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

What is the organization's primary exempt purpose? ► <u>SEE STATEMENT 6</u>	Program Service Expenses
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.)	(Required for 501(c)(3) and (4) orgs., and 4947(a)(1) trusts; but optional for others.)
a OPERATE ADVANCED PRIVATE NETWORKS AND SERVICES ON BEHALF OF MEMBERS.	
(Grants and allocations \$) If this amount includes foreign grants, check here ► <input type="checkbox"/>	29,455,325.
b ANNUAL CONFERENCE TO ENSURE ADVANCED COMMUNICATIONS NETWORK CAN BE UTILIZED FULLY AND EFFECTIVELY BY MEMBER INSTITUTIONS.	
(Grants and allocations \$) If this amount includes foreign grants, check here ► <input type="checkbox"/>	82,556.
c REFRESH AND EXPAND NETWORKS	
(Grants and allocations \$) If this amount includes foreign grants, check here ► <input type="checkbox"/>	7,728,936.
d	
(Grants and allocations \$) If this amount includes foreign grants, check here ► <input type="checkbox"/>	
e Other program services (attach schedule)	
(Grants and allocations \$) If this amount includes foreign grants, check here ► <input type="checkbox"/>	
f Total of Program Service Expenses (should equal line 44, column (B), Program services) ►	37,266,817.

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Part IV Balance Sheets (See the instructions.)

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

		(A) Beginning of year		(B) End of year	
Assets	45 Cash - non-interest-bearing		45		
	46 Savings and temporary cash investments	20,793,546.	46	30,513,248.	
	47 a Accounts receivable	47a 11,994,814.			
	b Less allowance for doubtful accounts	47b	47c	11,994,814.	
	48 a Pledges receivable	48a			
	b Less: allowance for doubtful accounts	48b	48c		
	49 Grants receivable		49		
	50 a Receivables from current and former officers, directors, trustees, and key employees		50a		
	b Receivables from other disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)		50b		
	51 a Other notes and loans receivable	51a			
	b Less: allowance for doubtful accounts	51b	51c		
	52 Inventories for sale or use		52		
	53 Prepaid expenses and deferred charges	1,741,572.	53	1,708,874.	
	54 a Investments - publicly-traded securities ▶ <input type="checkbox"/> Cost <input type="checkbox"/> FMV		54a		
	b Investments - other securities ▶ <input type="checkbox"/> Cost <input type="checkbox"/> FMV		54b		
55 a Investments - land, buildings, and equipment basis	55a				
b Less accumulated depreciation	55b	55c			
56 Investments - other	SEE STATEMENT 7	12,524,234.	56	2,616,888.	
57 a Land, buildings, and equipment basis	57a 41,606,342.				
b Less accumulated depreciation STMT 8	57b 21,424,805.	17,589,532.	57c	20,181,537.	
58 Other assets, including program-related investments (describe ▶ NET INTANGIBLE ASSETS)		3,722.	58	532.	
59 Total assets (must equal line 74). Add lines 45 through 58		65,577,211.	59	67,015,893.	
Liabilities	60 Accounts payable and accrued expenses	1,619,819.	60	6,389,776.	
	61 Grants payable		61		
	62 Deferred revenue	2,406,214.	62	2,769,395.	
	63 Loans from officers, directors, trustees, and key employees		63		
	64 a Tax-exempt bond liabilities		64a		
	b Mortgages and other notes payable	1,800,000.	64b	600,000.	
	65 Other liabilities (describe ▶ LOAN INTEREST PAYABLE)		5,250.	65	1,750.
66 Total liabilities. Add lines 60 through 65		5,831,283.	66	9,760,921.	
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	59,745,928.	67	57,254,972.	
	68 Temporarily restricted		68		
	69 Permanently restricted		69		
	Organizations that do not follow SFAS 117, check here <input type="checkbox"/> and complete lines 70 through 74				
	70 Capital stock, trust principal, or current funds		70		
	71 Paid-in or capital surplus, or land, building, and equipment fund		71		
	72 Retained earnings, endowment, accumulated income, or other funds		72		
	73 Total net assets or fund balances. Add lines 67 through 69 or lines 70 through 72. (Column (A) must equal line 19 and column (B) must equal line 21)		59,745,928.	73	57,254,972.
	74 Total liabilities and net assets/fund balances. Add lines 66 and 73		65,577,211.	74	67,015,893.

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

a	Total revenue, gains, and other support per audited financial statements		a	37286160.
b	Amounts included on line a but not on Part I, line 12:			
1	Net unrealized gains on investments	b1	-4,568.	
2	Donated services and use of facilities	b2		
3	Recoveries of prior year grants	b3		
4	Other (specify):	b4		
	Add lines b1 through b4		b	-4,568.
c	Subtract line b from line a		c	37290728.
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): SEE STATEMENT 10	d2	-505,236.	
	Add lines d1 and d2		d	-505,236.
e	Total revenue (Part I, line 12). Add lines c and d		e	36785492.

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

a	Total expenses and losses per audited financial statements		a	39777116.
b	Amounts included on line a but not on Part I, line 17:			
1	Donated services and use of facilities	b1		
2	Prior year adjustments reported on Part I, line 20	b2		
3	Losses reported on Part I, line 20	b3		
4	Other (specify): SEE STATEMENT 9	b4	438,788.	
	Add lines b1 through b4		b	438,788.
c	Subtract line b from line a		c	39338328.
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	0.
e	Total expenses (Part I, line 17). Add lines c and d		e	39338328.

Part V-A Current Officers, Directors, Trustees, and Key Employees (List each person who was an officer, director, trustee, or key employee at any time during the year even if they were not compensated.) (See the instructions.)

(A) Name and address	(B) Title and average hours per week devoted to position	(C) Compensation (If not paid, enter -0-.)	(D) Contributions to employee benefit plans & deferred compensation plans	(E) Expense account and other allowances
SEE STATEMENT 11		403,862.	48,532.	0.

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Part V-A Current Officers, Directors, Trustees, and Key Employees (continued) Yes No

75 a Enter the total number of officers, directors, and trustees permitted to vote on organization business at board meetings			18		
75 b Are any officers, directors, trustees, or key employees listed in Form 990, Part V-A, or highest compensated employees listed in Schedule A, Part I, or highest compensated professional and other independent contractors listed in Schedule A, Part II-A or II-B, related to each other through family or business relationships? If "Yes," attach a statement that identifies the individuals and explains the relationship(s)		75b			X
75 c Do any officers, directors, trustees, or key employees listed in Form 990, Part V-A, or highest compensated employees listed in Schedule A, Part I, or highest compensated professional and other independent contractors listed in Schedule A, Part II-A or II-B, receive compensation from any other organizations, whether tax exempt or taxable, that are related to the organization? See the instructions for the definition of "related organization "		75c			X
If "Yes," attach a statement that includes the information described in the instructions					
75 d Does the organization have a written conflict of interest policy?		75d	X		

Part V-B Former Officers, Directors, Trustees, and Key Employees That Received Compensation or Other Benefits (If any 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 (if not paid, enter -0-)	(D) Contributions to employee benefit plans & deferred compensation plans	(E) Expense account and other allowances
NONE				

Part VI Other Information (See the instructions) Yes No

76 Did the organization make a change in its activities or methods of conducting activities? If "Yes," attach a detailed statement of each change					
		76			X
77 Were any changes made in the organizing or governing documents but not reported to the IRS? If "Yes," attach a conformed copy of the changes.		77			X
78 a Did the organization have unrelated business gross income of \$1,000 or more during the year covered by this return?		78a			X
78 b If "Yes," has it filed a tax return on Form 990-T for this year?		78b		N/A	
79 Was there a liquidation, dissolution, termination, or substantial contraction during the year? If "Yes," attach a statement		79			X
80 a Is the organization related (other than by association with a statewide or nationwide organization) through common membership, governing bodies, trustees, officers, etc., to any other exempt or nonexempt organization?		80a	X		
80 b If "Yes," enter the name of the organization NLR, LLC					
and check whether it is <input type="checkbox"/> exempt or <input checked="" type="checkbox"/> nonexempt					
81 a Enter direct or indirect political expenditures (See line 81 instructions.)		81a		0.	
81 b Did the organization file Form 1120-POL for this year?		81b			X

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Part VI	Other Information <i>(continued)</i>		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?	82a		X
b	If "Yes," you may indicate the value of these items here. Do not include this amount as revenue in Part I or as an expense in Part II. (See instructions in Part III.)	82b		N/A
83 a	Did the organization comply with the public inspection requirements for returns and exemption applications?	83a	X	
b	Did the organization comply with the disclosure requirements relating to quid pro quo contributions?	83b	X	
84 a	Did the organization solicit any contributions or gifts that were not tax deductible?	84a		X
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	84b		N/A
85	501(c)(4), (5), or (6) organizations a Were substantially all dues nondeductible by members?	85a		N/A
b	Did the organization make only in-house lobbying expenditures of \$2,000 or less? If "Yes" was answered to either 85a or 85b, do not complete 85c through 85h below unless the organization received a waiver for proxy tax owed for the prior year	85b		N/A
c	Dues, assessments, and similar amounts from members	85c		N/A
d	Section 162(e) lobbying and political expenditures	85d		N/A
e	Aggregate nondeductible amount of section 6033(e)(1)(A) dues notices	85e		N/A
f	Taxable amount of lobbying and political expenditures (line 85d less 85e)	85f		N/A
g	Does the organization elect to pay the section 6033(e) tax on the amount on line 85f?	85g		N/A
h	If section 6033(e)(1)(A) dues notices were sent, does the organization agree to add the amount on line 85f to its reasonable estimate of dues allocable to nondeductible lobbying and political expenditures for the following tax year?	85h		N/A
86	501(c)(7) organizations Enter. a Initiation fees and capital contributions included on line 12	86a		N/A
b	Gross receipts, included on line 12, for public use of club facilities	86b		N/A
87	501(c)(12) organizations. Enter. a Gross income from members or shareholders	87a		N/A
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)	87b		N/A
88 a	At any time during the year, did the organization own a 50% or greater interest in a taxable corporation or partnership, or an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? If "Yes," complete Part IX	88a	X	
b	At any time during the year, did the organization, directly or indirectly, own a controlled entity within the meaning of section 512(b)(13)? If "Yes," complete Part XI	88b		X
89 a	501(c)(3) organizations. Enter. Amount of tax imposed on the organization during the year under section 4911 <input type="text" value="0."/> ; section 4912 <input type="text" value="0."/> ; section 4955 <input type="text" value="0."/> .			
b	501(c)(3) and 501(c)(4) 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	89b		X
c	Enter: Amount of tax imposed on the organization managers or disqualified persons during the year under sections 4912, 4955, and 4958 <input type="text" value="0."/> .			
d	Enter: Amount of tax on line 89c, above, reimbursed by the organization <input type="text" value="0."/> .			
e	All organizations At any time during the tax year, was the organization a party to a prohibited tax shelter transaction?	89e		X
f	All organizations Did the organization acquire a direct or indirect interest in any applicable insurance contract?	89f		X
g	For supporting organizations and sponsoring organizations maintaining donor advised funds. Did the supporting organization, or a fund maintained by a sponsoring organization, have excess business holdings at any time during the year?	89g		X
90 a	List the states with which a copy of this return is filed <input type="text" value="CA"/>			
b	Number of employees employed in the pay period that includes March 12, 2006	90b		31
91 a	The books are in care of <input type="text" value="STANISLAWSKI & HARRISON"/> Telephone no. <input type="text" value="626-793-3600"/> Located at <input type="text" value="301 N. LAKE AVE., #900, PASADENA, CA"/> ZIP + 4 <input type="text" value="91101"/>			
b	At any time during the calendar year, did the organization have an interest in or a signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account)? If "Yes," enter the name of the foreign country <input type="text" value="N/A"/> See the instructions for exceptions and filing requirements for Form TDF 90-22.1, Report of Foreign Bank and Financial Accounts.	91b		X

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Part VI Other Information (continued) Yes No

c At any time during the calendar year, did the organization maintain an office outside of the United States? 91c
 If "Yes," enter the name of the foreign country ▶ N/A

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

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

Note: Enter gross amounts unless otherwise indicated

	Unrelated business income		Excluded by section 512, 513, or 514		(E) Related or exempt function income
	(A) Business code	(B) Amount	(C) Exclu- sion code	(D) Amount	
93 Program service revenue:					
a <u>EDUCATIONAL CONFERENCE</u>					84,875.
b <u>TELECONNECT/ERATE</u>					4,981,204.
c <u>ABILENE PARTICIPATION</u>					483,333.
d <u>EXCHANGE FEES</u>					245,281.
e <u>SEGP</u>					90,667.
f Medicare/Medicaid payments					
g Fees and contracts from government agencies					
94 Membership dues and assessments					29,436,024.
95 Interest on savings and temporary cash investments			14	1,406,817.	
96 Dividends and interest from securities					
97 Net rental income or (loss) from real estate:					
a debt-financed property					
b not debt-financed property					
98 Net rental income or (loss) from personal property					
99 Other investment income					
100 Gain or (loss) from sales of assets other than inventory					
101 Net income or (loss) from special events					
102 Gross profit or (loss) from sales of inventory					
103 Other revenue:					
a <u>INVESTMENT - NLR, LLC</u>	518111	-480,131.			
b _____					
c _____					
d _____					
e _____					
104 Subtotal (add columns (B), (D), and (E))		-480,131.		1,406,817.	35,321,384.
105 Total (add line 104, columns (B), (D), and (E))					▶ 36,248,070.

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

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

Line No.	Explain how each activity for which income is reported in column (E) of Part VII contributed importantly to the accomplishment of the organization's exempt purposes (other than by providing funds for such purposes).
▼	SEE STATEMENT 13

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
SEE STATEMENT 12	%			
	%			
	%			
	%			

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).

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

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

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

Yes	No

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

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

Yes	No

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

Yes	No

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Please Sign Here: *Sarah Cullen POA* Signature of officer | *5/5/08* Date
Type or print name and title

Paid Preparer's Use Only
 Preparer's signature: *SARAH CULLEN, Sarah Cullen* Date: _____ Check if: _____ Preparer's SSN or PTIN (See Gen Inst X): _____
 Firm's name (or yours if self-employed), address, and ZIP + 4: **STANISLAWSKI & HARRISON, 301 N. LAKE AVE. SUITE 9 PASADENA, CA 91101**

SCHEDULE A
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Organization Exempt Under Section 501(c)(3)

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

Supplementary Information-(See separate instructions.)

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

OMB No 1545-0047

2006

Name of the organization **CORPORATION FOR EDUCATION
NETWORK INITIATIVES IN CALIFORNIA** Employer identification number
94 3289022

Part I Compensation of the Five Highest Paid Employees Other Than Officers, Directors, and Trustees

(See page 2 of the instructions. List each one. If there are none, enter "None.")

(a) Name and address of each employee paid more than \$50,000	(b) Title and average hours per week devoted to position	(c) Compensation	(d) Contributions to employee benefit plans & deferred compensation	(e) Expense account and other allowances
<u>EDWIN SMITH</u> 5757 PLAZA DR. STE 205, CYRESS CA 906	PROJECT MGR 40.00	118,392.	14,616.	
<u>CYNTHIA ABERCROMBIE</u> 5757 PLAZA DR. STE 205, CYRESS CA 906	MGR 40.00	113,820.	20,246.	
<u>GREG SCOTT</u> 5757 PLAZA DR. STE 205, CYRESS CA 906	ENGINEERING MGR 40.00	126,792.	24,527.	
<u>BRIAN COURT</u> 5757 PLAZA DR. STE 205, CYRESS CA 906	ENGINEERING MGR 40.00	150,892.	20,741.	
<u>SHERILYN EVANS</u> 5757 PLAZA DR. STE 205, CYRESS CA 906	GENERAL OP MGR 40.00	137,112.	21,694.	
Total number of other employees paid over \$50,000	▶ 16			

Part II-A Compensation of the Five Highest Paid Independent Contractors for Professional Services

(See page 2 of the instructions. List each one (whether individuals or firms). If there are none, enter "None.")

(a) Name and address of each independent contractor paid more than \$50,000	(b) Type of service	(c) Compensation
<u>STANISLAWSKI & HARRISON</u> 301 N LAKE AVE., STE 900, PASADENA, CA 91101	ACCOUNTING/CONSULTING	817,723.
<u>FIBER CHANNELS, INC.</u> 520 IDAHO AVENUE,, ESCONDIDO CA 92025	CONSULTING	216,000.
<u>DAVIS WRIGHT TREMAINE, LLP</u> 1201 3RD AVE. STE #2200, SEATTLE, WA 98101	LEGAL	104,326.
<u>RICHARD HINZ</u> 641 VISTAMONT AVE., BERKELEY, CA 94708	CONSULTING	102,400.
<u>GLOBAL KNOWLEDGE INC.</u> 13279 COLLECTIONS CENTER DR., CHICAGO IL 60693	CONSULTING	55,420.
Total number of others receiving over \$50,000 for professional services	▶ 0	

Part II-B Compensation of the Five Highest Paid Independent Contractors for Other Services

(List each contractor who performed services other than professional services, whether individuals or firms. If there are none, enter "None." See page 2 of the instructions.)

(a) Name and address of each independent contractor paid more than \$50,000	(b) Type of service	(c) Compensation
<u>CISCO SYSTEMS</u> P O BOX 61000, DEPT. 1659, SAN FRANCISCO CA 94161	TECH SUPPORT SVC	1,288,231.
<u>INTERNET2</u> P O BOX 7855, ANN ARBOR, MI 48107	TECH SUPPORT SVC	1,116,625.
<u>LEVEL3/WILTEL</u> DEPT 182, DENVER, CO 80291	FIBER MAINT.	461,636.
<u>SAN DIEGO COUNTY OFFICE OF EDU</u> 6401 LINDA VISTA RD. RM 502, SAN DIEGO, CA 92111	E-RATE MANAGEMENT	148,000.
<u>REGENTS OF THE UC, IRVINE</u> UC, IRVINE, IRVINE, CA 92697	ADMIN/MGMT SVCS	118,883.
Total number of other contractors receiving over \$50,000 for other services	▶ 3	

CORPORATION FOR EDUCATION

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

		Yes	No
1	During the year, has the organization attempted to influence national, state, or local legislation, including any attempt to influence public opinion on a legislative matter or referendum? If "Yes," enter the total expenses paid or incurred in connection with the lobbying activities ► \$ _____ \$ _____ (Must equal amounts on line 38, Part VI-A, or line i of Part VI-B.)	1	X
Organizations that made an election under section 501(h) by filing Form 5768 must complete Part VI-A. Other organizations checking "Yes" must complete Part VI-B AND attach a statement giving a detailed description of the lobbying activities.			
2	During the year, has the organization, either directly or indirectly, engaged in any of the following acts with any substantial contributors, trustees, directors, officers, creators, key employees, or members of their families, or with any taxable organization with which any such person is affiliated as an officer, director, trustee, majority owner, or principal beneficiary? (If the answer to any question is "Yes," attach a detailed statement explaining the transactions.)		
a	Sale, exchange, or leasing of property?	2a	X
b	Lending of money or other extension of credit?	2b	X
c	Furnishing of goods, services, or facilities?	2c	X
d	Payment of compensation (or payment or reimbursement of expenses if more than \$1,000)?	2d	X
e	Transfer of any part of its income or assets?	2e	X
3 a	Did the organization make grants for scholarships, fellowships, student loans, etc.? (If "Yes," attach an explanation of how the organization determines that recipients qualify to receive payments.)	3a	X
b	Did the organization have a section 403(b) annuity plan for its employees?	3b	X
c	Did the organization receive or hold an easement for conservation purposes, including easements to preserve open space, the environment, historic land areas or historic structures? If "Yes," attach a detailed statement	3c	X
d	Did the organization provide credit counseling, debt management, credit repair, or debt negotiation services?	3d	X
4 a	Did the organization maintain any donor advised funds? If "Yes," complete lines 4b through 4g. If "No," complete lines 4f and 4g	4a	X
b	Did the organization make any taxable distributions under section 4966?	4b	N/A
c	Did the organization make a distribution to a donor, donor advisor, or related person?	4c	N/A
d	Enter the total number of donor advised funds owned at the end of the tax year	►	N/A
e	Enter the aggregate value of assets held in all donor advised funds owned at the end of the tax year	►	N/A
f	Enter the total number of separate funds or accounts owned at the end of the year (excluding donor advised funds included on line 4d) where donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts	►	0.
g	Enter the aggregate value of assets in all funds or accounts included on line 4f at the end of the tax year	►	0.

CORPORATION FOR EDUCATION

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

I certify that the organization is not a private foundation because it is: (Please check only **ONE** applicable box.)

- 5 A church, convention of churches, or association of churches. Section 170(b)(1)(A)(i).
- 6 A school. Section 170(b)(1)(A)(ii). (Also complete Part V.)
- 7 A hospital or a cooperative hospital service organization. Section 170(b)(1)(A)(iii).
- 8 A federal, state, or local government or governmental unit. Section 170(b)(1)(A)(v).
- 9 A medical research organization operated in conjunction with a hospital. Section 170(b)(1)(A)(iii). Enter the hospital's name, city, and state ▶
- 10 An organization operated for the benefit of a college or university owned or operated by a governmental unit. Section 170(b)(1)(A)(iv). (Also complete the **Support Schedule** in Part IV-A.)
- 11a An organization that normally receives a substantial part of its support from a governmental unit or from the general public. Section 170(b)(1)(A)(vi). (Also complete the **Support Schedule** in Part IV-A.)
- 11b A community trust. Section 170(b)(1)(A)(vi). (Also complete the **Support Schedule** in Part IV-A.)
- 12 An organization that normally receives: (1) more than 33 1/3% of its support from contributions, membership fees, and gross receipts from activities related to its charitable, etc., functions - subject to certain exceptions, and (2) no more than 33 1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975. See section 509(a)(2). (Also complete the **Support Schedule** in Part IV-A.)
- 13 An organization that is not controlled by any disqualified persons (other than foundation managers) and otherwise meets the requirements of section 509(a)(3). Check the box that describes the type of supporting organization:
 Type I Type II Type III-Functionally Integrated Type III-Other

Provide the following information about the supported organizations. (See page 7 of the instructions.)

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

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

CORPORATION FOR EDUCATION

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

Calendar year (or fiscal year beginning in)	(a) 2005	(b) 2004	(c) 2003	(d) 2002	(e) Total
15 Gifts, grants, and contributions received. (Do not include unusual grants. See line 28.)	792,877.	2,619,117.	923,530.	1,275,427.	5,610,951.
16 Membership fees received	34050520.	37845291.	34967996.	18371169.	125234976.
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	4,850,590.	7,021,792.	36219410.	21498462.	69,590,254.
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	813,508.	423,967.	282,639.	400,393.	1,920,507.
19 Net income from unrelated business activities not included in line 18					
20 Tax revenues levied for the organization's benefit and either paid to it or expended on its behalf					
21 The value of services or facilities furnished to the organization by a governmental unit without charge. Do not include the value of services or facilities generally furnished to the public without charge					
22 Other income. Attach a schedule. Do not include gain or (loss) from sale of capital assets					
23 Total of lines 15 through 22	40507495.	47910167.	72393575.	41545451.	202356688.
24 Line 23 minus line 17	35656905.	40888375.	36174165.	20046989.	132766434.
25 Enter 1% of line 23	405,075.	479,102.	723,936.	415,455.	
26 Organizations described on lines 10 or 11: a Enter 2% of amount in column (e), line 24					26a N/A
b Prepare a list for your records to show the name of and amount contributed by each person (other than a governmental unit or publicly supported organization) whose total gifts for 2002 through 2005 exceeded the amount shown in line 26a. Do not file this list with your return. Enter the total of all these excess amounts					26b N/A
c Total support for section 509(a)(1) test: Enter line 24, column (e)					26c N/A
d Add: Amounts from column (e) for lines: 18 _____ 19 _____ 22 _____ 26b _____					26d N/A
e Public support (line 26c minus line 26d total)					26e N/A
f Public support percentage (line 26e (numerator) divided by line 26c (denominator))					26f N/A %
27 Organizations described on line 12: a For amounts included in lines 15, 16, and 17 that were received from a "disqualified person," prepare a list for your records to show the name of, and total amounts received in each year from, each "disqualified person." Do not file this list with your return. Enter the sum of such amounts for each year: (2005) 0. (2004) 0. (2003) 0. (2002) 0.					
b For any amount included in line 17 that was received from each person (other than "disqualified persons"), prepare a list for your records to show the name of, and amount received for each year, that was more than the larger of (1) the amount on line 25 for the year or (2) \$5,000. (Include in the list organizations described in lines 5 through 11b, as well as individuals.) Do not file this list with your return. After computing the difference between the amount received and the larger amount described in (1) or (2), enter the sum of these differences (the excess amounts) for each year: (2005) 3,650,164. (2004) 6,208,653. (2003) 34,679,226. (2002) 21,005,741.					
c Add: Amounts from column (e) for lines: 15 5,610,951. 16 125234976. 17 69,590,254. 20 _____ 21 _____					27c 200436181.
d Add: Line 27a total 0. and line 27b total 65,543,784.					27d 65,543,784.
e Public support (line 27c total minus line 27d total)					27e 134892397.
f Total support for section 509(a)(2) test: Enter amount on line 23, column (e)			27f 202356688.		
g Public support percentage (line 27e (numerator) divided by line 27f (denominator))					27g 66.6607%
h Investment income percentage (line 18, column (e) (numerator) divided by line 27f (denominator))					27h .9491%

28 Unusual Grants: For an organization described in line 10, 11, or 12 that received any unusual grants during 2002 through 2005, prepare a list for your records to show, for each year, the name of the contributor, the date and amount of the grant, and a brief description of the nature of the grant. Do not file this list with your return. Do not include these grants in line 15.

CORPORATION FOR EDUCATION

Part V Private School Questionnaire (See page 9 of the instructions.)

N/A

(To be completed ONLY by schools that checked the box on line 6 in Part IV)

		Yes	No
29	Does the organization have a racially nondiscriminatory policy toward students by statement in its charter, bylaws, other governing instrument, or in a resolution of its governing body?		
30	Does the organization include a statement of its racially nondiscriminatory policy toward students in all its brochures, catalogues, and other written communications with the public dealing with student admissions, programs, and scholarships?		
31	Has the organization publicized its racially nondiscriminatory policy through newspaper or broadcast media during the period of solicitation for students, or during the registration period if it has no solicitation program, in a way that makes the policy known to all parts of the general community it serves? If "Yes," please describe; if "No," please explain. (If you need more space, attach a separate statement.) _____ _____		
32	Does the organization maintain the following:		
a	Records indicating the racial composition of the student body, faculty, and administrative staff?		
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.) _____ _____		
34 a	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		

FORM 990	RENTAL INCOME	STATEMENT	1
KIND AND LOCATION OF PROPERTY		ACTIVITY NUMBER	GROSS RENTAL INCOME
1415 L STREET, SACRAMENTO, CA		1	25,105.
TOTAL TO FORM 990, PART I, LINE 6A			25,105.

FORM 990	RENTAL EXPENSES	STATEMENT	2
DESCRIPTION	ACTIVITY NUMBER	AMOUNT	TOTAL
SUBTENANT LEASE EXPENSE (PASS THRU) AT 1415 L ST. SACRAMENTO, CA		25,105.	
- SUBTOTAL -	1		25,105.
TOTAL TO FORM 990, PART I, LINE 6B			25,105.

FORM 990	OTHER CHANGES IN NET ASSETS OR FUND BALANCES	STATEMENT	3
DESCRIPTION			AMOUNT
BOOK / TAX DIFFERENCE NLR, LLC			66,448.
UNREALIZED LOSS PER BOOK			-4,568.
TOTAL TO FORM 990, PART I, LINE 20			61,880.

FORM 990	OTHER EXPENSES	STATEMENT	4	
DESCRIPTION	(A) TOTAL	(B) PROGRAM SERVICES	(C) MANAGEMENT AND GENERAL	(D) FUNDRAISING
ADMINISTRATIVE SPACE	171,379.	91,161.	80,218.	
AUDIT EXPENSE	59,772.		59,772.	
MEETING EXPENSES	23,603.	5,253.	18,350.	
CIRCUIT LEASES	17,208,016.	17,208,016.		
COLOCATION EXPENSES	2,459,489.	2,459,489.		
CONSULTING	566,195.	495,152.	71,043.	
CONTRACTED PERSONNEL	318,648.	306,554.	12,094.	

ISP EXPENSES	920,808.	920,808.	
INTERNET2 EXPENSES	1,099,333.	1,099,333.	
NETWORK OPERATION EXPENSES	407,851.	407,851.	
INSURANCE EXPENSES	140,718.	110,912.	29,806.
NETWK BACKBONE FIBER EXPENSES	974,344.	974,344.	
PROJECT DEVELOPMENT NONCAPITALIZED	81,237.	9,325.	71,912.
EQUIPT & MAINT.	5,003,259.	4,944,695.	58,564.
PROPERTY TAX	-21,714.	-21,714.	
TRAINING	81,898.	71,257.	10,641.
NLR INC MEMBERSHIP	1,000,000.	1,000,000.	
OTHER PROFESSIONAL FEES	406,723.		406,723.
TOTAL TO FM 990, LN 43	30,901,559.	30,082,436.	819,123.

FORM 990 OFFICER COMPENSATION ALLOCATION STATEMENT 5
PART II, LINE 25A

NAME OF OFFICER, ETC.	COMPENSATION	EMPLOYEE BEN. PLANS	EXPENSE ACCOUNTS	TOTALS
JIM DOLGONAS	230,476.	27,351.		257,827.
A. PROGRAM SERVICES				
B. MANAGEMENT AND GENERAL	230,476.	27,351.		257,827.
C. FUNDRAISING				

NAME OF OFFICER, ETC.	COMPENSATION	EMPLOYEE BEN. PLANS	EXPENSE ACCOUNTS	TOTALS
DAVE REESE	173,386.	21,181.		194,567.
A. PROGRAM SERVICES	121,370.	14,827.		136,197.
B. MANAGEMENT AND GENERAL	52,016.	6,354.		58,370.
C. FUNDRAISING				

TOTAL PROGRAM SERVICES				136,197.
TOTAL MANAGEMENT AND GENERAL				316,197.
TOTAL FUNDRAISING				
TOTAL OFFICER, ETC., COMPENSATION INCLUDED ON PART II, LINE 25A				<u>452,394.</u>

FORM 990 STATEMENT OF ORGANIZATION'S PRIMARY EXEMPT PURPOSE STATEMENT 6
PART III

EXPLANATION

TO ESTABLISH AN ADVANCED NETWORK INFRASTRUCTURE FOR EDUCATION AND RESEARCH THAT SUPPORTS THE EXPANDING REQUIREMENTS OF UNIVERSITY FACULTY AND STUDENTS.

FORM 990	OTHER INVESTMENTS	STATEMENT	7
DESCRIPTION	VALUATION METHOD	AMOUNT	
INVESTMENT IN NLR, LLC	COST	2,616,888.	
TOTAL TO FORM 990, PART IV, LINE 56, COLUMN B		2,616,888.	

FORM 990	DEPRECIATION OF ASSETS NOT HELD FOR INVESTMENT	STATEMENT	8
DESCRIPTION	COST OR OTHER BASIS	ACCUMULATED DEPRECIATION	BOOK VALUE
LAND, BUILDINGS, AND EQUIPMENT	41,606,342.	21,424,805.	20,181,537.
TOTAL TO FORM 990, PART IV, LN 57	41,606,342.	21,424,805.	20,181,537.

FORM 990	OTHER EXPENSES NOT INCLUDED ON FORM 990	STATEMENT	9
DESCRIPTION			AMOUNT
BOOK LOSS FROM NLR, LLC			413,683.
SUBTENANT LEASE (PASS THRU EXPENSE)			25,105.
TOTAL TO FORM 990, PART IV-B			438,788.

FORM 990	OTHER REVENUE INCLUDED ON FORM 990	STATEMENT	10
DESCRIPTION			AMOUNT
LOSS FROM NLR, LLC PER K-1			-480,131.
SUBTENANT LEASE (PASS THRU INCOME)			-25,105.
TOTAL TO FORM 990, PART IV-A			-505,236.

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

NAME AND ADDRESS	TITLE AND AVRG HRS/WK	COMPEN- SATION	EMPLOYEE	
			BEN PLAN CONTRIB	EXPENSE ACCOUNT
JIM DOLGONAS 5757 PLAZA DRIVE, SUITE 205 CYPRESS CA 90630-5029	PRESIDENT/CEO 40.00	230,476.	27,351.	0.
JOHN SILVESTER 5757 PLAZA DRIVE, SUITE 205 CYPRESS CA 90630-5029	DIRECTOR 0.00	0.	0.	0.
JAMES DAVIS 5757 PLAZA DRIVE, SUITE 205 CYPRESS CA 90630-5029	CHAIR 0.00	0.	0.	0.
DAVID ERNST 5757 PLAZA DRIVE, SUITE 205 CYPRESS CA 90630-5029	VICE CHAIR 0.00	0.	0.	0.
JOHN CHARLES 5757 PLAZA DRIVE, SUITE 205 CYPRESS CA 90630-5029	TREASURER 0.00	0.	0.	0.
RUBEN ARMINANA 5757 PLAZA DRIVE, SUITE 205 CYPRESS CA 90630-5029	DIRECTOR 0.00	0.	0.	0.
PATRICK PERRY 5757 PLAZA DRIVE, SUITE 205 CYPRESS CA 90630-5029	DIRECTOR 0.00	0.	0.	0.
JOHN DUNDAS 5757 PLAZA DRIVE, SUITE 205 CYPRESS CA 90630-5029	DIRECTOR 0.00	0.	0.	0.
RON JOHNSON 5757 PLAZA DRIVE, SUITE 205 CYPRESS CA 90630-5029	DIRECTOR 0.00	0.	0.	0.
LARRY SMARR 5757 PLAZA DRIVE, SUITE 205 CYPRESS CA 90630-5029	DIRECTOR 0.00	0.	0.	0.
JOHN ANDERSON 5757 PLAZA DRIVE, SUITE 205 CYPRESS CA 90630-5029	DIRECTOR 0.00	0.	0.	0.

CATHERINE MCKENZIE 5757 PLAZA DRIVE, SUITE 205 CYPRESS CA 90630-5029	DIRECTOR 0.00	0.	0.	0.
KRISTINE HAFNER 5757 PLAZA DRIVE, SUITE 205 CYPRESS CA 90630-5029	SECRETARY 0.00	0.	0.	0.
JOSEPH MOREAU 5757 PLAZA DRIVE, SUITE 205 CYPRESS CA 90630-5029	DIRECTOR 0.00	0.	0.	0.
GAVIN PAYNE 5757 PLAZA DRIVE, SUITE 205 CYPRESS CA 90630-5029	DIRECTOR 0.00	0.	0.	0.
JAY KOHN 5757 PLAZA DRIVE, SUITE 205 CYPRESS CA 90630-5029	DIRECTOR 0.00	0.	0.	0.
PAUL TICHININ 5757 PLAZA DRIVE, SUITE 205 CYPRESS CA 90630-5029	DIRECTOR 0.00	0.	0.	0.
CHUCK ROWLEY 5757 PLAZA DRIVE, SUITE 205 CYPRESS CA 90630-5029	DIRECTOR 0.00	0.	0.	0.
DAVE REESE 5757 PLAZA DRIVE, SUITE 205 CYPRESS CA 90630-5029	CTO 40.00	173,386.	21,181.	0.
TOTALS INCLUDED ON FORM 990, PART V-A		<u>403,862.</u>	<u>48,532.</u>	<u>0.</u>

FORM 990 PART IX - INFORMATION REGARDING TAXABLE SUBSIDIARIES AND DISREGARDED ENTITIES STATEMENT 12

NAME OF CORPORATION, PARTNERSHIP OR DISREGARDED ENTITY

NATIONAL LAMBDA RAIL, LLC

ADDRESS

5757 PLAZA DRIVE, SUITE 205, CYPRESS, CA 90630-5029

EMPLOYER ID NUMBER	PERCENT OWNED	NATURE OF ACTIVITIES	TOTAL INCOME	END-OF-YEAR ASSETS
73-1664538	50.00%	EDUC/RESEARCH	-960,263.	6,000,852.

FORM 990 PART VIII - RELATIONSHIP OF ACTIVITIES TO ACCOMPLISHMENT OF EXEMPT PURPOSES STATEMENT 13

LINE	EXPLANATION OF RELATIONSHIP OF ACTIVITIES
93(A)	ANNUAL CONFERENCE OF MEMBERS ON USES OF ADVANCED SERVICES NETWORKS.
93(B)	REBATES RECEIVED UNDER CTF AND E RATE PROGRAMS. THE REVENUE IS USED TO IMPLEMENT HIGH SPEED INTERNET NETWORK FOR THE BENEFIT OF K-12 INSTITUTIONS.
93(C)	PROGRAM INCOME USED TO FACILITATE AND ENABLE THE DEVELOPMENT OF ADVANCED NETWORK APPLICATIONS, SERVICES AND CONTENT THAT ENABLE ROUTINE COLLABORATION ON INSTRUCTIONAL, CLINICAL, AND/OR RESEARCH PROJECTS, SERVICES AND CONTENT AMONG PARTICIPANTS.
93(D)	PROGRAM INCOME USED TO BUILD A DEDICATED ADVANCED SERVICES NETWORK WHICH WILL FACILITATE THE SHARING OF PROGRAMS AND RESOURCES AMONG SCHOOLS AND GRADES K-12 ACROSS CALIFORNIA.
94	MEMBERSHIP DUES AND USER FEES BY MEMBERS TO ACHIEVE COST-EFFECTIVE ADVANCED COMMUNICATION SERVICES FOR EDUCATION AND RESEARCH PURPOSES.
93(E)	PROGRAM INCOME USED TO COLLABORATIVE PROJECT DESIGNED TO DEVELOP OR USE ADVANCED APPLICATIONS OR FURTHER THE DEPLOYMENT AND USE OF ADVANCED NETWORK CAPABILITIES.