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Return of Organization Exempt From Income Tax

2007

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
InspectionDepartment of the Treasury
Internal Revenue Service(77)

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

A For the 2007 calendar year, or tax year beginning 7/01, 2007, and ending 6/30, 2008

B Check if applicable

- Address change
 Name change
 Initial return
 Termination
 Amended return
 Application pending

Please use IRS label or print or type.
See specific instructions.

CARMEL GALLERY ALLIANCE
P. O. BOX 7191
CARMEL, CA 93921

D Employer Identification Number

77-0462407

E Telephone number

(831) 238-6583

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 ►

H (c) Are all affiliates included? Yes No
(If 'No,' attach a list. See instructions.)H (d) Is this a separate return filed by an organization covered by a group ruling? Yes No

I Group Exemption Number ►

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

G Web site: ► WWW.CARMELARTFESTIVAL.ORG

J Organization type (check only one) ► 501(c) 3 (insert no) 4947(a)(1) or 527K Check here ► if the organization is not a 509(a)(3) supporting organization and its gross receipts are normally not more than \$25,000. A return is not required, but if the organization chooses to file a return, be sure to file a complete return

L Gross receipts: Add lines 6b, 8b, 9b, and 10b to line 12 ► 98,745.

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

1 Contributions, gifts, grants, and similar amounts received	1a	8,000.
a Contributions to donor advised funds.	1b	
b Direct public support (not included on line 1a)	1c	
c Indirect public support (not included on line 1a)	1d	
d Government contributions (grants) (not included on line 1a)	1e	8,000.
e Total (add lines 1a through 1d) (cash \$ 8,000. noncash \$)	2	84,041.
2 Program service revenue including government fees and contracts (from Part VII, line 93)	3	
3 Membership dues and assessments	4	
4 Interest on savings and temporary cash investments	5	
5 Dividends and interest from securities	6a	
6a Gross rents	6b	
b Less rental expenses.	6c	
c Net rental income or (loss). Subtract line 6b from line 6a	7	
7 Other investment income (describe) ►	(A) Securities	(B) Other
8a 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"/>	9a	
a Gross revenue (not including \$ of contributions reported on line b)	9b	
b Less direct expenses other than fundraising expenses	9c	
c Net income or (loss) from special events Subtract line 9b from line 9a	10a	6,704.
10a Gross sales of inventory, less returns and allowances	10b	5,921.
b Less cost of goods sold	10c	783.
c Gross profit or (loss) from sales of inventory (attach schedule). Subtract line 10b from line 10a... STATEMENT 1	11	
11 Other revenue (from Part VII, line 103)	12	92,824.
12 Total revenue. Add lines 1e, 2, 3, 4, 5, 6c, 7, 8d, 9c, 10c, and 11	13	87,607.
13 Program services (from line 44, column (B))	14	4,188.
14 Management and general (from line 44, column (C))	15	1,504.
15 Fundraising (from line 44, column (D))	16	
16 Payments to affiliates (attach schedule)	17	93,299.
17 Total expenses. Add lines 16 and 44, column (A)	18	-475.
18 Excess or (deficit) for the year. Subtract line 17 from line 12	19	20,173.
19 Net assets or fund balances at beginning of year (from line 73, column (A))	20	
20 Other changes in net assets or fund balances (attach explanation)	21	19,698.
21 Net assets or fund balances at end of year Combine lines 18, 19, and 20		

P
22

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

Do not include amounts reported on line 6b, 8b, 9b, 10b, or 16 of Part I.		(A) Total	(B) Program services	(C) Management and general	(D) Fundraising
22a	Grants paid from donor advised funds (attach sch)				
(cash \$ _____)					
non-cash \$ _____)					
If this amount includes foreign grants, check here ► <input type="checkbox"/>	22a				
22b	Other grants and allocations (att sch) SEE STM	2			
(cash \$ 1,000.)					
non-cash \$ _____)					
If this amount includes foreign grants, check here ► <input type="checkbox"/>	22b	1,000.	1,000.		
23	Specific assistance to individuals (attach schedule)	23			
24	Benefits paid to or for members (attach schedule)	24			
25a	Compensation of current officers, directors, key employees, etc listed in Part V-A	25a	0.	0.	0.
b Compensation of former officers, directors, key employees, etc listed in Part V-B	25b	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)	25c	0.	0.	0.	0.
26	Salaries and wages of employees not included on lines 25a, b, and c	26			
27	Pension plan contributions not included on lines 25a, b, and c	27			
28	Employee benefits not included on lines 25a - 27	28			
29	Payroll taxes	29			
30	Professional fundraising fees	30			
31	Accounting fees	31	150.	38.	112.
32	Legal fees	32			
33	Supplies	33			
34	Telephone	34			
35	Postage and shipping	35	85.	21.	43.
36	Occupancy	36			
37	Equipment rental and maintenance	37			
38	Printing and publications	38			
39	Travel	39	53.		53.
40	Conferences, conventions, and meetings	40			
41	Interest	41			
42	Depreciation, depletion, etc (attach schedule)	42			
43	Other expenses not covered above (itemize)	43a	92,011.	86,548.	3,980.
a SEE STATEMENT 3					1,483.
b		43b			
c		43c			
d		43d			
e		43e			
f		43f			
g		43g			
44	Total functional expenses Add lines 22a through 43g (Organizations completing columns (B) - (D), carry these totals to lines 13 - 15)	44	93,299.	87,607.	4,188.
					1,504.

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

Are any joint costs from a combined educational campaign and fundraising solicitation reported in (B) Program services?

► Yes No

If 'Yes,' enter (i) the aggregate amount of these joint costs \$ _____, (ii) the amount allocated to Program services

\$ _____; (iii) the amount allocated to Management and general \$ _____; and (iv) the amount allocated to Fundraising \$ _____

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

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

What is the organization's primary exempt purpose? ► SEE STATEMENT 4

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 THE PLEIN AIR EVENT IS THE FOCAL POINT OF THE ART FESTIVAL. IT DRAWS 60 TO 80 PROFESSIONAL ARTISTS TO COMPETE AND HUNDREDS OF ART LOVERS TO VIEW AND BID ON THEIR WORK. IT ENCOURAGES BROAD LOCAL PARTICIPATION.

(Grants and allocations \$ If this amount includes foreign grants, check here ► 87,607.

b _____

(Grants and allocations \$ If this amount includes foreign grants, check here ►

c _____

(Grants and allocations \$ If this amount includes foreign grants, check here ►

d _____

(Grants and allocations \$ If this amount includes foreign grants, check here ►

e Other program services

(Grants and allocations \$ If this amount includes foreign grants, check here ►

f **Total of Program Service Expenses** (should equal line 44, column (B), Program services) ► 87,607.

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Form 990 (2007)

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
45	Cash – non-interest-bearing	16,971.	45	18,095.
46	Savings and temporary cash investments		46	
47a	Accounts receivable	47a		
b	Less allowance for doubtful accounts	47b	65.	47c
48a	Pledges receivable	48a		
b	Less allowance for doubtful accounts	48b		48c
49	Grants receivable			49
50a	Receivables from current and former officers, directors, trustees, and key employees (attach schedule)			50a
b	Receivables from other disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B) (attach schedule)			50b
51a	Other notes and loans receivable (attach schedule)	51a		
b	Less allowance for doubtful accounts	51b		51c
52	Inventories for sale or use	11,304.	52	12,436.
53	Prepaid expenses and deferred charges			53
54a	Investments – publicly-traded securities	► <input type="checkbox"/> Cost <input type="checkbox"/> FMV		54a
b	Investments – other securities (attach sch)	► <input type="checkbox"/> Cost <input type="checkbox"/> FMV		54b
55a	Investments – land, buildings, & equipment basis	55a		
b	Less accumulated depreciation (attach schedule)	55b		55c
56	Investments – other (attach schedule)			56
57a	Land, buildings, and equipment basis	57a		
b	Less accumulated depreciation (attach schedule)	57b		57c
58	Other assets, including program-related investments (describe ►)		1.	58
59	Total assets (must equal line 74). Add lines 45 through 58	28,341.	59	30,531.
60	Accounts payable and accrued expenses			60
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 ► SEE STATEMENT 5)	8,168.	65	10,833.
66	Total liabilities. Add lines 60 through 65	8,168.	66	10,833.
NET ASSETS OR FUND BALANCES	Organizations that follow SFAS 117, check here ► <input type="checkbox"/> and complete lines 67 through 69 and lines 73 and 74			
67	Unrestricted			67
68	Temporarily restricted			68
69	Permanently restricted			69
Organizations that do not follow SFAS 117, check here ► <input checked="" type="checkbox"/> and complete lines 70 through 74				
70	Capital stock, trust principal, or current funds	6,897.	70	6,897.
71	Paid-in or capital surplus, or land, building, and equipment fund		71	
72	Retained earnings, endowment, accumulated income, or other funds	13,276.	72	12,801.
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)	20,173.	73	19,698.
74	Total liabilities and net assets/fund balances. Add lines 66 and 73	28,341.	74	30,531.

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	N/A
b	Amounts included on line a but not on Part I, line 12	b	
1	Net unrealized gains on investments	b1	
2	Donated services and use of facilities	b2	
3	Recoveries of prior year grants	b3	
4	Other (specify) _____	b4	
	Add lines b1 through b4	b	
c	Subtract line b from line a	c	
d	Amounts included on Part I, line 12, but not on line a:	d	
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	
Part IV-B: Reconciliation of Expenses per Audited Financial Statements with Expenses per Return			
a	Total expenses and losses per audited financial statements	a	N/A
b	Amounts included on line a but not on Part I, line 17	b	
1	Donated services and use of facilities	b1	
2	Prior year adjustments reported on Part I, line 20	b2	
3	Losses reported on Part I, line 20	b3	
4	Other (specify): _____	b4	
	Add lines b1 through b4	b	
c	Subtract line b from line a	c	
d	Amounts included on Part I, line 17, but not on line a:	d	
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	

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.)

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 at board meetings ► 7

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)

c Do any officers, directors, trustees, or key employees listed in form 990, Part V-A, or highest compensated employees listed in Schedule A, Part I, or highest compensated professional and other independent contractors listed in Schedule A, Part II-A or II-B, receive compensation from any other organizations, whether tax exempt or taxable, that are related to the organization? See the instructions for the definition of 'related organization' ►

If 'Yes,' attach a statement that includes the information described in the instructions

d Does the organization have a written conflict of interest policy?

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

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 and deferred compensation plans	(E) Expense account and other allowances
NONE				

Part VI Other Information (See the instructions.)

76 Did the organization make a change in its activities or methods of conducting activities?
If 'Yes,' attach a detailed statement of each change

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

78a Did the organization have unrelated business gross income of \$1,000 or more during the year covered by this return?
b If 'Yes,' has it filed a tax return on Form 990-T for this year? . . .

79 Was there a liquidation, dissolution, termination, or substantial contraction during the year? If 'Yes,' attach a statement

80a 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?
b If 'Yes,' enter the name of the organization ► N/A _____ and check whether it is exempt or nonexempt

81a Enter direct and indirect political expenditures (See line 81 instructions.). 81a 0

b Did the organization file Form 1120-POL for this year?

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Form 990 (2007)

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?	82 a	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	N/A	
83 a Did the organization comply with the public inspection requirements for returns and exemption applications?	83 a	X	
b Did the organization comply with the disclosure requirements relating to <i>quid pro quo</i> contributions?	83 b	X	
84 a Did the organization solicit any contributions or gifts that were not tax deductible?	84 a	X	
b If 'Yes,' did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	84 b	N/A	
85 a 501(c)(4), (5), or (6) Were substantially all dues nondeductible by members?	85 a	N/A	
b Did the organization make only in-house lobbying expenditures of \$2,000 or less?	85 b	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	85 c	N/A	
c Dues, assessments, and similar amounts from members	85 d	N/A	
d Section 162(e) lobbying and political expenditures	85 e	N/A	
e Aggregate nondeductible amount of section 6033(e)(1)(A) dues notices	85 f	N/A	
f Taxable amount of lobbying and political expenditures (line 85d less 85e)	85 g	N/A	
g Does the organization elect to pay the section 6033(e) tax on the amount on line 85f?	85 h	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?			
86 501(c)(7) organizations Enter a Initiation fees and capital contributions included on line 12	86 a	N/A	
b Gross receipts, included on line 12, for public use of club facilities	86 b	N/A	
87 501(c)(12) organizations. Enter a Gross income from members or shareholders	87 a	N/A	
b Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them).	87 b	N/A	
88 a At any time during the year, did the organization own a 50% or greater interest in a taxable corporation or partnership, or an entity disregarded as separate from the organization under Regulations sections 301 7701-2 and 301 7701-3? If 'Yes,' complete Part IX	88 a	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	88 b	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	89 a		
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	89 b	X	
c Enter. Amount of tax imposed on the organization managers or disqualified persons during the year under sections 4912, 4955, and 4958	89 c	0	
d Enter. Amount of tax on line 89c, above, reimbursed by the organization	89 d	0	
e All organizations At any time during the tax year, was the organization a party to a prohibited tax shelter transaction?	89 e	X	
f All organizations Did the organization acquire a direct or indirect interest in any applicable insurance contract?	89 f	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?	89 g	X	
90 a List the states with which a copy of this return is filed ► CA	90 a		
b Number of employees employed in the pay period that includes March 12, 2007 (See instructions.)	90 b	0	
91 a The books are in care of ► PAMELA CRABTREE Located at ► P.O. BOX 3485 CARMEL CA	91 a	Telephone number ► 831-624-2280 ZIP + 4 ► 93921	
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	Yes	No
See the instructions for exceptions and filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts.	91 b	X	

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 X

If 'Yes,' enter the name of the foreign country ►

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

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

Note: Enter gross amounts unless otherwise indicated

93 Program service revenue:

a PLEIN AIR EVENT

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 invmts

96 Dividends & interest from securities

97 Net rental income or (loss) from real estate:

a debt-financed property

b not debt-financed property

98 Net rental income or (loss) from pers prop

99 Other investment income

100 Gain or (loss) from sales of assets other than inventory

101 Net income or (loss) from special events

102 Gross profit or (loss) from sales of inventory

103 Other revenue a _____

b _____

c _____

d _____

e _____

104 Subtotal (add columns (B), (D), and (E))

105 Total (add line 104, columns (B), (D), and (E)) ►

84,041.

5 783.

783. 84,041.

84,824.

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).

93B THE PLEIN AIR EVENT IS THE ART FESTIVAL'S PRIMARY FOCUS FOR BOTH THE ARTISTS AND THE VISITORS. THE REVENUES ARE GENERATED FROM THE SALES OF COMPETITION ART WORKS AND FROM ARTIST ENTRY FEES. WITHOUT THE ARTISTS PARTICIPATION, THERE WOULD BE NO EVENT.

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

(A)	(B)	(C)	(D)	(E)
Name, address, and EIN of corporation, partnership, or disregarded entity	Percentage of ownership interest	Nature of activities	Total income	End-of-year assets
N/A	%			
	%			
	%			
	%			

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

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

Yes	No
-----	----

b Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?

Yes	No
-----	----

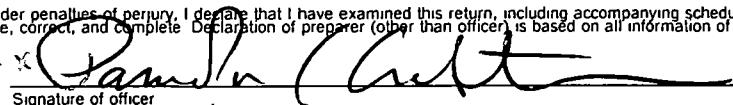
Note: If 'Yes' to (b), file Form 8870 and Form 4720 (see instructions)

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

			Yes	No
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			X

	(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			X
	(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?			X
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	3/7/2011
Paid Preparer's Use Only	►  Type or print name and title		Date	3/4/11
	Preparer's signature	Preparer's SSN or PTIN (See General Instruction X)		<input checked="" type="checkbox"/> P00240557
Firm's name (or yours if self-employed), address, and ZIP + 4		EIN	►	
► LORI A. RUNKLE, CPA, EA ► 855 PACIFIC STREET MONTEREY, CA 93940		Phone no	► (831) 372-4477	

BAA

Form 990 (2007)

SCHEDULE A
(Form 990 or 990-EZ)Department of the Treasury
Internal Revenue Service**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)

Supplementary Information — (See separate instructions.)

2007

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

Name of the organization

CARMEL GALLERY ALLIANCE

Employer identification number

77-0462407

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
<u>NONE</u>				
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
<u>NONE</u>		
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
<u>NONE</u>		
Total number of other contractors receiving over \$50,000 for other services	►	0

Part VI 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)			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
3a	Did the organization make grants for scholarships, fellowships, student loans, etc? (If 'Yes,' attach an explanation of how the organization determines that recipients qualify to receive payments.)			STMT 7 3a X
b	Did the organization have a section 403(b) annuity plan for its employees?			3b X
c	Did the organization receive or hold an easement for conservation purposes, including easements to preserve open space, the environment, historic land areas or historic structures? If 'Yes,' attach a detailed statement			3c X
d	Did the organization provide credit counseling, debt management, credit repair, or debt negotiation services?			3d X
4a	Did the organization maintain any donor advised funds? If 'Yes,' complete lines 4b through 4g. If 'No,' complete lines 4f and 4g			4a X
b	Did the organization make any taxable distributions under section 4966?			
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 ► <u>N/A</u>			
e	Enter the aggregate value of assets held in all donor advised funds owned at the end of the tax year ► <u>N/A</u>			
f	Enter the total number of separate funds or accounts owned at the end of the tax year (excluding donor advised funds included on line 4d) where donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts ► <u>0</u>			
g	Enter the aggregate value of assets held in all funds or accounts included on line 4f at the end of the tax year ► <u>0</u>			

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

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

- 5 A church, convention of churches, or association of churches Section 170(b)(1)(A)(i)

6 A school Section 170(b)(1)(A)(ii) (Also complete Part V)

7 A hospital or a cooperative hospital service organization Section 170(b)(1)(A)(iii)

8 A federal, state, or local government or governmental unit Section 170(b)(1)(A)(v)

9 A medical research organization operated in conjunction with a hospital Section 170(b)(1)(A)(iii) **Enter the hospital's name, city, and state ►** - - - - -

10 An organization operated for the benefit of a college or university owned or operated by a governmental unit Section 170(b)(1)(A)(iv) (Also complete the **Support Schedule** in Part IV-A)

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 instructions)

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

BAA

Schedule A (Form 990 or 990-EZ) 2007

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) 2006	(b) 2005	(c) 2004	(d) 2003	(e) Total
15 Gifts, grants, and contributions received. (Do not include unusual grants. See line 28.)	23,450.	30,550.	32,883.	51,788.	138,671.
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	123,627.	105,700.	115,832.	207,784.	552,943.
18 Gross income from interest, dividends, amounts rec'd from payments on securities loans (sec. 512(a)(5)), rents, royalties, income from similar sources, and unrelated business taxable income (less sec. 511 taxes) from businesses acquired by the organization after June 30, 1975			23.	6.	29.
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					0.
23 Total of lines 15 through 22	147,077.	136,250.	148,738.	259,578.	691,643.
24 Line 23 minus line 17	23,450.	30,550.	32,906.	51,794.	138,700.
25 Enter 1% of line 23	1,471.	1,363.	1,487.	2,596.	

26 **Organizations described on lines 10 or 11:** a Enter 2% of amount in column (e), line 24 .. N/A

► 26a	<input type="text"/>
► 26b	<input type="text"/>
► 26c	<input type="text"/>
► 26d	<input type="text"/>
► 26e	<input type="text"/>
► 26f	%

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 2003 through 2006 exceeded the amount shown in line 26a. Do not file this list with your return. Enter the total of all these excess amounts

c Total support for section 509(a)(1) test: Enter line 24, column (e)

d Add Amounts from column (e) for lines 18 _____ 19 _____
22 _____ 26b _____

e Public support (line 26c minus line 26d total)

f Public support percentage (line 26e (numerator) divided by line 26c (denominator))

27 **Organizations described on line 12:**

a For amounts included in lines 15, 16, and 17 that were received from a 'disqualified person,' prepare a list for your records to show the name of, and total amounts received in each year from, each 'disqualified person.' Do not file this list with your return. Enter the sum of such amounts for each year:

(2006) _____ 0. (2005) _____ 0. (2004) _____ 0. (2003) _____ 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

(2006) _____ 0. (2005) _____ 0. (2004) _____ 0. (2003) _____ 0.

c Add Amounts from column (e) for lines 15 _____ 138,671. 16 _____
17 _____ 552,943. 20 _____ 21 _____ 27c 691,614.

d Add Line 27a total 0. and line 27b total 0. 27d 0.

e Public support (line 27c total minus line 27d total) 27e 691,614.

f Total support for section 509(a)(2) test Enter amount from line 23, column (e) 27f 691,643.

g Public support percentage (line 27e (numerator) divided by line 27f (denominator)) 27g 100.00 %

h Investment income percentage (line 18, column (e) (numerator) divided by line 27f (denominator)) 27h 0. %

28 **Unusual Grants:** For an organization described in line 10, 11, or 12 that received any unusual grants during 2003 through 2006, 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

- 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

	Yes	No
29		
30		
31		
32a		
32b		
32c		
32d		
33a		
33b		
33c		
33d		
33e		
33f		
33g		
33h		
34a		
34b		
35		

Part VI-A: Lobbying Expenditures by Electing Public Charities (See instructions)
(To be completed ONLY by an eligible organization that filed Form 5768)

N/A

Check a if the organization belongs to an affiliated group Check b if you checked 'a' and 'limited control' provisions apply

Limits on Lobbying Expenditures

(The term 'expenditures' means amounts paid or incurred.)

36	Total lobbying expenditures to influence public opinion (grassroots lobbying)	36	organizations
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 –	41	
If the amount on line 40 is –		The lobbying nontaxable amount is –	
Not over \$500,000	20% of the amount on line 40	41	
Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000	41	
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	41	
Over \$17,000,000	\$1,000,000	41	
42	Grassroots nontaxable amount (enter 25% of line 41)	42	
43	Subtract line 42 from line 36 Enter -0- if line 42 is more than line 36	43	
44	Subtract line 41 from line 38 Enter -0- if line 41 is more than line 38	44	

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)

Lobbying Expenditures During 4 -Year Averaging Period					
Calendar year (or fiscal year beginning in) ▶	(a) 2007	(b) 2006	(c) 2005	(d) 2004	(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.)

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

Part VII. Information Regarding Transfers To and Transactions and Relationships With Noncharitable Exempt Organizations (See Instructions)

51 Did the reporting organization directly or indirectly engage in any of the following with any other organization described in section 501(c) of the Code (other than section 501(c)(3) organizations) or in section 527, relating to political organizations?

a Transfers from the reporting organization to a noncharitable exempt organization of:

- (i) Cash**

- (ii) Other assets**

• Other transactions:

- (i) Sales or exchanges of assets with a noncharitable exempt organization
 - (ii) Purchases of assets from a noncharitable exempt organization
 - (iii) Rental of facilities, equipment, or other assets
 - (iv) Reimbursement arrangements
 - (v) Loans or loan guarantees
 - (vi) Performance of services or membership or fundraising solicitations

c Sharing of facilities, equipment, mailing lists, other assets, or paid employees

d If the answer to any of the above is 'Yes,' complete the following schedule. Column (b) should always show the fair market value of the goods, other assets, or services given by the reporting organization. If the organization received less than fair market value in any transaction or sharing arrangement, show in column (d) the value of the goods, other assets, or services received:

	Yes	No
51 a (i)	X	
a (ii)	X	
b (i)	X	
b (ii)	X	
b (iii)	X	
b (iv)	X	
b (v)	X	
b (vi)	X	
c		X

52a Is the organization directly or indirectly affiliated with, or related to, one or more tax-exempt organizations described in section 501(c) of the Code (other than section 501(c)(3)) or in section 527?

► Yes No

b If 'Yes,' complete the following schedule

(a) Name of organization	(b) Type of organization	(c) Description of relationship
N/A		

BAA

Schedule A (Form 990 or 990-EZ) 2007

2007

FEDERAL STATEMENTS

PAGE 1

CLIENT 40

CARMEL GALLERY ALLIANCE

77-0462407

STATEMENT 1
FORM 990, PART I, LINE 10
GROSS PROFIT (LOSS) FROM SALES OF INVENTORY

	\$ 6,704.
GROSS SALES	\$ 6,704.
LESS RETURNS & ALLOWANCES	0.
NET SALES	\$ 6,704.
LESS COST OF GOODS SOLD	5,921.
GROSS PROFIT FROM SALES OF INVENTORY	<u><u>\$ 783.</u></u>

STATEMENT 2
FORM 990, PART II, LINE 22B
OTHER GRANTS AND ALLOCATIONS

CASH GRANTS AND ALLOCATIONS

DONEE'S NAME:	CARMEL YOUTH CENTER
	CARMEL, CA 93921
AMOUNT GIVEN:	\$ 1,000.
TOTAL GRANTS AND ALLOCATIONS \$ <u><u>1,000.</u></u>	

STATEMENT 3
FORM 990, PART II, LINE 43
OTHER EXPENSES

	(A) TOTAL	(B) PROGRAM SERVICES	(C) MANAGEMENT & GENERAL	(D) FUNDRAISING
BANK CHARGES	50.		50.	
FILING FEES	150.		150.	
INSURANCE-LIABILITY	4,163.	1,388.	1,387.	1,388.
PLEIN AIR EVENT EXPENSES	85,160.	85,160.		
STORAGE	2,393.		2,393.	
WEBSITE	95.			95.
TOTAL	\$ 92,011.	\$ 86,548.	\$ 3,980.	\$ 1,483.

STATEMENT 4
FORM 990, PART III
ORGANIZATION'S PRIMARY EXEMPT PURPOSE

THE PRIMARY EXEMPT PURPOSE OF THE ORGANIZATION IS TO PRESENT THE CARMEL ART FESTIVAL. THE FESTIVAL AS A WHOLE IS DESIGNED TO FURTHER THE EXEMPT PURPOSE BY PROVIDING PUBLIC BENEFIT TO THE ENTIRE COMMUNITY IN THE FORM OF A FOUR-DAY CULTURAL EVENT. THE FESTIVAL HAS BEEN AN ANNUAL EVENT SINCE 1994 AND WAS FIRST PRODUCED BY THE CARMEL GALLEY ALLIANCE INDEPENDENTLY OF ANY OTHER GROUP BEGINNING IN 1998. ALL OF THE FESTIVAL EVENTS ARE CONDUCTED BY THE GALLERY ALLIANCE WITH THE ASSISTANCE OF COMMUNITY VOLUNTEERS.

2007

FEDERAL STATEMENTS

PAGE 2

CLIENT 40

CARMEL GALLERY ALLIANCE

77-0462407

STATEMENT 5
FORM 990, PART IV, LINE 65
OTHER LIABILITIES

CREDIT CARD LIABILITY	\$ 5,104.
SALES TAX PAYABLE	5,729.
TOTAL	\$ 10,833.

STATEMENT 6
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
TAMMI THARP 24658 SANTA RITA STREET CARMEL, CA 93923	PRESIDENT 5.00	0. \$	0. \$	0.
MARY KENNEDY P.O. BOX 1253 PEBBLE BEACH, CA 93953	SECRETARY 5.00	0.	0.	0.
STACY PIERROT SIMON P.O. BOX 2068 CARMEL, CA 93921	TRUSTEE 5.00	0.	0.	0.
PAMELA CRABTREE P.O. BOX 3485 CARMEL, CA 93921	TREASURER 5.00	0.	0.	0.
MICHAEL LYKKEN P.O. BOX 221621 CARMEL, CA 93922	TRUSTEE 5.00	0.	0.	0.
HELLA ROTHWELL P.O. BOX 4554 CARMEL, CA 93921	TRUSTEE 5.00	0.	0.	0.
ANNA SOARES P.O. BOX 221621 CARMEL, CA 93922	TRUSTEE 5.00	0.	0.	0.
TOTAL	\$ 0.	\$ 0.	\$ 0.	\$ 0.

STATEMENT 7
SCHEDULE A, PART III, LINE 3A
QUALIFICATIONS OF RECIPIENTS RECEIVING GRANTS OR LOANS

THE CARMEL YOUTH FUND IS AN EXEMPT ORGANIZATION. THE CARMEL GALLERY ALLIANCE IS PROUD TO SUPPORT THE WORK OF THIS ORGANIZATION IN PROMOTING APPRECIATION FOR ART AMONG THE YOUTH OF THE CARMEL COMMUNITY.