

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

OMB No. 1545-0047
2005
Open to Public Inspection

Department of the Treasury
Internal Revenue Service

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

A For the 2005 calendar year, or tax year beginning 08/01, 2005, and ending 07/31/2006

B Check if applicable: Address change, Name change, Initial return, Final return, Amended return, Application pending. C Name of organization: FRANKLIN FURNACE ARCHIVE INC. D Employer identification number: 13-2879766. E Telephone number: (718) 398-7255. F Accounting method: Cash, Accrual, Other (specify).

STMTA

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. 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 Sch. B (Form 990, 990-EZ, or 990-PF).

G Website: WWW.FRANKLINFURNACE.ORG

J Organization type (check only one) 501(c)(3) 4947(a)(1) or 527

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

L Gross receipts: Add lines 6b, 8b, 9b, and 10b to line 12 450,259.

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

Table with 21 rows and 4 columns. Rows 1-12: Revenue. Rows 13-17: Expenses. Rows 18-21: Net Assets. Includes sub-rows for public support, government contributions, program service revenue, membership dues, interest on savings, dividends, gross rents, net rental income, other investment income, gross amount from sales of assets, special events, gross sales of inventory, other revenue, and total revenue/expenses/assets.

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

Form 990 (2005)

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 the instructions.)

Do not include amounts reported on line 6b, 8b, 9b, 10b, or 16 of Part I.		(A) Total	(B) Program services	(C) Management and general	(D) Fundraising
22	Grants and allocations(attach schedule) (cash \$ <u>152,199.</u> noncash \$ _____) If this amount includes foreign grants, check here <input type="checkbox"/>	152,199.	152,199.	STMT 3	
23	Specific assistance to individuals(attach schedule)				
24	Benefits paid to or for members (attach schedule)				
25	Compensation of officers, directors, etc.	50,000.	25,000.		20,000.
26	Other salaries and wages	30,800.	15,400.	12,320.	3,080.
27	Pension plan contributions	NONE			
28	Other employee benefits	20,154.	10,399.	7,675.	2,080.
29	Payroll taxes	1,442.	721.	577.	144.
30	Professional fundraising fees				
31	Accounting fees				
32	Legal fees				
33	Supplies	14,198.	3,833.	5,963.	4,402.
34	Telephone	4,042.	1,817.	2,040.	185.
35	Postage and shipping	3,298.	297.	297.	2,704.
36	Occupancy	20,870.		20,870.	
37	Equipment rental and maintenance				
38	Printing and publications				
39	Travel	3,959.			3,959.
40	Conferences, conventions, and meetings	586.			586.
41	Interest	1,801.		1,801.	
42	Depreciation, depletion, etc. (attach schedule)	4,780.		4,780.	
43	Other expenses not covered above (itemize):				
a	STMT 2	64,937.	7,157.	21,831.	35,949.
b					
c					
d					
e					
f					
g					
44	Total functional expenses. Add lines 22 through 43. (Organizations completing columns (B)-(D), carry these totals to lines 13-15).	373,066.	216,823.	98,154.	58,089.

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 3	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 <u>SEE STATEMENT 12</u> ----- ----- ----- ----- ----- (Grants and allocations \$ _____) If this amount includes foreign grants, check here <input type="checkbox"/>	216,823.
b ----- ----- ----- ----- ----- (Grants and allocations \$ _____) If this amount includes foreign grants, check here <input type="checkbox"/>	
c ----- ----- ----- ----- ----- (Grants and allocations \$ _____) If this amount includes foreign grants, check here <input type="checkbox"/>	
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) ▶	216,823.

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	145,995.	45	75,219.
	46 Savings and temporary cash investments	50,000.	46	50,000.
	47a Accounts receivable	47a		
	b Less: allowance for doubtful accounts	47b	47c	
	48a Pledges receivable	48a		
	b Less: allowance for doubtful accounts	48b	48c	
	49 Grants receivable	12,500.	49	170,313.
	50 Receivables from officers, directors, trustees, and key employees (attach schedule)		50	
	51a Other notes and loans receivable (attach schedule)	51a		
	b Less: allowance for doubtful accounts	51b	51c	
	52 Inventories for sale or use	23,800.	52	43,800.
	53 Prepaid expenses and deferred charges		53	2,919.
	54 Investments - securities (attach schedule) STMT 4. <input type="checkbox"/> Cost <input checked="" type="checkbox"/> FMV	218,991.	54	228,856.
	55a Investments - land, buildings, and equipment: basis	55a		
b Less: accumulated depreciation (attach schedule)	55b	55c		
56 Investments - other (attach schedule)		56		
57a Land, buildings, and equipment: basis	57a	69,881.		
b Less: accumulated depreciation (attach schedule) <i>STMT 11</i>	57b	61,758.	57c	
58 Other assets (describe <i>STMT 5</i>)		11,689.	58	8,123.
59 Total assets (must equal line 74). Add lines 45 through 58.		468,139.	59	584,394.
Liabilities	60 Accounts payable and accrued expenses	47,002.	60	91,167.
	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)	48,464.	64b	35,667.
	65 Other liabilities (describe <i>STMT 6</i>)	11,368.	65	18,327.
66 Total liabilities. Add lines 60 through 65.		106,834.	66	145,161.
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	320,305.	67	243,371.
	68 Temporarily restricted	41,000.	68	195,862.
	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; column (B) must equal line 21)		361,305.	73	439,233.
74 Total liabilities and net assets/fund balances. Add lines 66 and 73.		468,139.	74	584,394.

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

75a Enter the total number of officers, directors, and trustees permitted to vote on organization business at board meetings 12
75b 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).
75c Do any officers, directors, trustees, or key employees listed in Form 990, Part V-A, or highest compensated employees listed in Schedule A, Part I, or highest compensated professional and other independent contractors listed in Schedule A, Part II-A or II-B, receive compensation from any other organizations, whether tax exempt or taxable, that are related to this organization through common supervision or common control? Note. Related organizations include section 509(a)(3) supporting organizations.
75d 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 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.)

Table with 5 columns: (A) Name and address, (B) Loans and Advances, (C) Compensation, (D) Contributions to employee benefit plans & deferred compensation plans, (E) Expense account and other allowances. Row 1 shows -0- in columns B, C, D, and E.

Part VI Other Information (See the instructions.)

76 Did the organization engage in any activity not previously reported to the IRS? If "Yes," attach a detailed description of each activity.
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?
78b 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?
80b If "Yes," enter the name of the organization and check whether it is exempt or nonexempt.
81a Enter direct and indirect political expenditures. (See line 81 instructions.)
81b Did the organization file Form 1120-POL for this year?

Part VI Other Information (continued)

		Yes	No
82 a	Did the organization receive donated services or the use of materials, equipment, or facilities at no charge or at substantially less than fair rental value?		X
b	If "Yes," you may indicate the value of these items here. Do not include this amount as revenue in Part I or as an expense in Part II. (See instructions in Part III.)	82b	N/A
83 a	Did the organization comply with the public inspection requirements for returns and exemption applications?	X	
b	Did the organization comply with the disclosure requirements relating to quid pro quo contributions?	X	
84 a	Did the organization solicit any contributions or gifts that were not tax deductible?		X
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	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?	85b	N/A
If "Yes" was answered to either 85a or 85b, do not complete 85c through 85h below unless the organization received a waiver for proxy tax owed for the prior year.			
c	Dues, assessments, and similar amounts from members	85c	N/A
d	Section 162(e) lobbying and political expenditures	85d	N/A
e	Aggregate nondeductible amount of section 6033(e)(1)(A) dues notices	85e	N/A
f	Taxable amount of lobbying and political expenditures (line 85d less 85e)	85f	N/A
g	Does the organization elect to pay the section 6033(e) tax on the amount on line 85f?	85g	N/A
h	If section 6033(e)(1)(A) dues notices were sent, does the organization agree to add the amount on line 85f to its reasonable estimate of dues allocable to nondeductible lobbying and political expenditures for the following tax year?	85h	N/A
86	501(c)(7) orgs. Enter: a Initiation fees and capital contributions included on line 12	86a	N/A
b	Gross receipts, included on line 12, for public use of club facilities	86b	N/A
87	501(c)(12) orgs. 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	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	X
89 a	501(c)(3) organizations. Enter: Amount of tax imposed on the organization during the year under: section 4911 ▶ <u>NONE</u> ; section 4912 ▶ <u>NONE</u> ; section 4955 ▶ <u>NONE</u>		
b	501(c)(3) and 501(c)(4) orgs. Did the organization engage in any section 4958 excess benefit transaction during the year or did it become aware of an excess benefit transaction from a prior year? If "Yes," attach a statement explaining each transaction	89b	X
c	Enter: Amount of tax imposed on the organization managers or disqualified persons during the year under sections 4912, 4955, and 4958		NONE
d	Enter: Amount of tax on line 89c, above, reimbursed by the organization		N/A
90 a	List the states with which a copy of this return is filed ▶ <u>NY</u>		
b	Number of employees employed in the pay period that includes March 12, 2005 (See instructions.)	90b	3
91 a	The books are in care of ▶ <u>FRANKLIN FURNACE ARCHIVE, INC.</u> Telephone no. ▶ <u>718-398-7255</u>		
	Located at ▶ <u>80 HANSON PLACE BROOKLYN, NY</u> ZIP + 4 ▶ <u>11217</u>		
b	At any time during the calendar year, did the organization have an interest in or a signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account)?	91b	X
If "Yes," enter the name of the foreign country ▶ _____			
See the instructions for exceptions and filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts.			
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		<input type="checkbox"/>
	and enter the amount of tax-exempt interest received or accrued during the tax year	92	NONE

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

Note: Enter gross amounts unless otherwise indicated.

Table with 5 main columns: (A) Business code, (B) Amount, (C) Exclusion code, (D) Amount, (E) Related or exempt function income. Rows include 93 Program service revenue, 94 Membership dues and assessments, 95 Interest on savings and temporary cash investments, 96 Dividends and interest from securities, 97 Net rental income, 98 Net rental income from personal property, 99 Other investment income, 100 Gain or (loss) from sales of assets, 101 Net income from special events, 102 Gross profit from sales of inventory, 103 Other revenue, 104 Subtotal, 105 Total.

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

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

Table with 2 columns: 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. Rows include 93A FUNDS COLLECTED FROM THE SALE OF PUBLICATIONS... and 94 MEMBERSHIP DUES SUPPORT ALL ACTIVITIES...

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

Table with 5 columns: (A) Name, address, and EIN of corporation, partnership, or disregarded entity; (B) Percentage of ownership interest; (C) Nature of activities; (D) Total income; (E) End-of-year assets.

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

(a) Did the organization, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract? Yes No
(b) Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? Yes No
Note: If "Yes" to (b), file Form 8870 and Form 4720 (see instructions).

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

Paid Preparer's Use Only
Preparer's signature Date Check if self-employed Preparer's SSN or PTIN (See Gen. Inst. W)
Firm's name (or yours if self-employed), address, and ZIP + 4 HECHT AND COMPANY, P.C. 111 WEST 40TH STREET NEW YORK, NY 10018
EIN 13-2891505
Phone no. 212 819-8000

SCHEDULE A
(Form 990 or 990-EZ)

Organization Exempt Under Section 501(c)(3)

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

OMB No. 1545-0047

2005

Department of the Treasury
Internal Revenue Service

Supplementary Information - (See separate instructions.)
▶ **MUST be completed by the above organizations and attached to their Form 990 or 990-EZ**

Name of the organization

FRANKLIN FURNACE ARCHIVE INC.

Employer identification number

13-2879766

Part I Compensation of the Five Highest Paid Employees Other Than Officers, Directors, and Trustees
(See page 1 of the instructions. List each one. If there are none, enter "None.")

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

Total number of other employees paid over \$50,000 . . . ▶ NONE

Part II-A Compensation of the Five Highest Paid Independent Contractors for Professional Services
(See page 2 of the instructions. List each one (whether individuals or firms). If there are none, enter "None.")

(a) Name and address of each independent contractor paid more than \$50,000	(b) Type of service	(c) Compensation
NONE		

Total number of others receiving over \$50,000 for professional services . . . ▶ NONE

Part II-B Compensation of the Five Highest Paid Independent Contractors for Other Services
(List each contractor who performed services other than professional services, whether individuals or firms. If there are none, enter "None." See page 2 of the instructions.)

(a) Name and address of each independent contractor paid more than \$50,000	(b) Type of service	(c) Compensation
NONE		

Total number of other contractors receiving over \$50,000 for other services . . . ▶ NONE

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

Schedule A (Form 990 or 990-EZ) 2005

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

Table with 3 columns: Question, Yes, No. Rows include questions about lobbying activities, grants for scholarships, and credit counseling services.

Part IV Reason for Non-Private Foundation Status (See pages 3 through 6 of the instructions.)

The organization is not a private foundation because it is: (Please check only ONE applicable box.)

- 5 A church, convention of churches, or association of churches. Section 170(b)(1)(A)(i).
6 A school. Section 170(b)(1)(A)(ii). (Also complete Part V.)
7 A hospital or a cooperative hospital service organization. Section 170(b)(1)(A)(iii).
8 A Federal, state, or local government or governmental unit. Section 170(b)(1)(A)(v).
9 A medical research organization operated in conjunction with a hospital. Section 170(b)(1)(A)(iii). Enter the hospital's name, city, and state
10 An organization operated for the benefit of a college or university owned or operated by a governmental unit. Section 170(b)(1)(A)(iv). (Also complete the Support Schedule in Part IV-A.)
11a X 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 supports organizations described in: (1) lines 5 through 12 above; or (2) section 501(c)(4), (5), or (6), if they meet the test of section 509(a)(2). Check the box that describes the type of supporting organization: Type 1 Type 2 Type 3

Provide the following information about the supported organizations. (See page 6 of the instructions.)

Table with 2 columns: (a) Name(s) of supported organization(s), (b) Line number from above.

- 14 An organization organized and operated to test for public safety. Section 509(a)(4). (See page 6 of the instructions.)

Part IV-A Support Schedule (Complete if you checked a box on line 10, 11, or 12.) Cash method of accounting.

Note: You may use the worksheet in the instructions for converting from the accrual to the cash method of accounting.

Table with columns: Calendar year (or fiscal year beginning in), (a) 2004, (b) 2003, (c) 2002, (d) 2001, (e) Total. Rows include: 15 Gifts, grants, and contributions received; 16 Membership fees received; 17 Gross receipts from admissions, merchandise sold or services performed; 18 Gross income from interest, dividends, amounts received from payments on securities loans; 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; 22 Other income. Attach a schedule. Do not include gain or (loss) from sale of capital assets; 23 Total of lines 15 through 22; 24 Line 23 minus line 17; 25 Enter 1% of line 23; 26 Organizations described on lines 10 or 11: a Enter 2% of amount in column (e), line 24; b Prepare a list for your records to show the name of and amount contributed by each person; c Total support for section 509(a)(1) test; d Add: Amounts from column (e) for lines: 18, 19, 22; 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: (2004), (2003), (2002), (2001); b For any amount included in line 17 that was received from each person (other than "disqualified persons"), prepare a list for your records to show the name of, and amount received for each year, that was more than the larger of (1) the amount on line 25 for the year or (2) \$5,000. (Include in the list organizations described in lines 5 through 11, as well as individuals.) Do not file this list with your return. After computing the difference between the amount received and the larger amount described in (1) or (2), enter the sum of these differences (the excess amounts) for each year: (2004), (2003), (2002), (2001); c Add: Amounts from column (e) for lines: 15, 16, 17, 20; d Add: Line 27a total and line 27b total; e Public support (line 27c total minus line 27d total); f Total support for section 509(a)(2) test: Enter amount from line 23, column (e); g Public support percentage (line 27e (numerator) divided by line 27f (denominator)); h Investment income percentage (line 18, column (e) (numerator) divided by line 27f (denominator)); 28 Unusual Grants: For an organization described in line 10, 11, or 12 that received any unusual grants during 2001 through 2004, prepare a list for your records to show, for each year, the name of the contributor, the date and amount of the grant, and a brief description of the nature of the grant. Do not file this list with your return. Do not include these grants in line 15.

Part V Private School Questionnaire (See page 7 of the instructions.)

NOT APPLICABLE

(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?	29	
30 Does the organization include a statement of its racially nondiscriminatory policy toward students in all its brochures, catalogues, and other written communications with the public dealing with student admissions, programs, and scholarships?	30	
31 Has the organization publicized its racially nondiscriminatory policy through newspaper or broadcast media during the period of solicitation for students, or during the registration period if it has no solicitation program, in a way that makes the policy known to all parts of the general community it serves? If "Yes," please describe; if "No," please explain. (If you need more space, attach a separate statement.) ----- ----- -----	31	
32 Does the organization maintain the following:		
a Records indicating the racial composition of the student body, faculty, and administrative staff?	32a	
b Records documenting that scholarships and other financial assistance are awarded on a racially nondiscriminatory basis?	32b	
c Copies of all catalogues, brochures, announcements, and other written communications to the public dealing with student admissions, programs, and scholarships?	32c	
d Copies of all material used by the organization or on its behalf to solicit contributions?	32d	
If you answered "No" to any of the above, please explain. (If you need more space, attach a separate statement.) ----- -----		
33 Does the organization discriminate by race in any way with respect to:		
a Students' rights or privileges?	33a	
b Admissions policies?	33b	
c Employment of faculty or administrative staff?	33c	
d Scholarships or other financial assistance?	33d	
e Educational policies?	33e	
f Use of facilities?	33f	
g Athletic programs?	33g	
h Other extracurricular activities?	33h	
If you answered "Yes" to any of the above, please explain. (If you need more space, attach a separate statement.) ----- -----		
34 a Does the organization receive any financial aid or assistance from a governmental agency?	34a	
b Has the organization's right to such aid ever been revoked or suspended? If you answered "Yes" to either 34a or b, please explain using an attached statement.	34b	
35 Does the organization certify that it has complied with the applicable requirements of sections 4.01 through 4.05 of Rev. Proc. 75-50, 1975-2 C.B. 587, covering racial nondiscrimination? If "No," attach an explanation	35	

Part VI-A Lobbying Expenditures by Electing Public Charities (See page 9 of the instructions.)
 (To be completed **ONLY** by an eligible organization that filed Form 5768) **NOT APPLICABLE**

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

Limits on Lobbying Expenditures		(a) Affiliated group totals	(b) To be completed for ALL electing organizations
(The term "expenditures" means amounts paid or incurred.)			
36	Total lobbying expenditures to influence public opinion (grassroots lobbying)	36	
37	Total lobbying expenditures to influence a legislative body (direct lobbying)	37	
38	Total lobbying expenditures (add lines 36 and 37)	38	
39	Other exempt purpose expenditures	39	
40	Total exempt purpose expenditures (add lines 38 and 39)	40	
41	Lobbying nontaxable amount. Enter the amount from the following table - If the amount on line 40 is - The lobbying nontaxable amount is - Not over \$500,000 20% of the amount on line 40 Over \$500,000 but not over \$1,000,000 \$100,000 plus 15% of the excess over \$500,000 Over \$1,000,000 but not over \$1,500,000 \$175,000 plus 10% of the excess over \$1,000,000 Over \$1,500,000 but not over \$17,000,000 \$225,000 plus 5% of the excess over \$1,500,000 Over \$17,000,000 \$1,000,000	41	
42	Grassroots nontaxable amount (enter 25% of line 41)	42	
43	Subtract line 42 from line 36. Enter -0- if line 42 is more than line 36	43	
44	Subtract line 41 from line 38. Enter -0- if line 41 is more than line 38	44	

Caution: If there is an amount on either line 43 or line 44, you must file Form 4720.

4-Year Averaging Period Under Section 501(h)

(Some organizations that made a section 501(h) election do not have to complete all of the five columns below.
 See the instructions for lines 45 through 50 on page 11 of the instructions.)

Lobbying Expenditures During 4-Year Averaging Period					
Calendar year (or fiscal year beginning in) ▶	(a) 2005	(b) 2004	(c) 2003	(d) 2002	(e) Total
45 Lobbying nontaxable amount					
46 Lobbying ceiling amount (150% of line 45(e))					
47 Total lobbying expenditures					
48 Grassroots nontaxable 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 page 11 of the instructions.)

During the year, did the organization attempt to influence national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of:	Yes	No	Amount
a Volunteers	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
b Paid staff or management (Include compensation in expenses reported on lines c through h.)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
c Media advertisements	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
d Mailings to members, legislators, or the public	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
e Publications, or published or broadcast statements	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
f Grants to other organizations for lobbying purposes	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
g Direct contact with legislators, their staffs, government officials, or a legislative body	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
h Rallies, demonstrations, seminars, conventions, speeches, lectures, or any other means	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
i Total lobbying expenditures (Add lines c through h.)			None

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 page 12 of the 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:

Table with columns Yes, No and rows 51a(i), a(ii), b(i), b(ii), b(iii), b(iv), b(v), b(vi), c

- (i) Cash
(ii) Other assets
b 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:

Table with 4 columns: (a) Line no., (b) Amount involved, (c) Name of noncharitable exempt organization, (d) Description of transfers, transactions, and sharing arrangements

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:

Table with 3 columns: (a) Name of organization, (b) Type of organization, (c) Description of relationship

Schedule of Contributors

2005

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

Name of organization

FRANKLIN FURNACE ARCHIVE INC.

Employer identification number

13-2879766

Organization type (check one):

Filers of:

Section:

Form 990 or 990-EZ

501(c)(3) (enter number) organization

4947(a)(1) nonexempt charitable trust not treated as a private foundation

527 political organization

Form 990-PF

501(c)(3) exempt private foundation

4947(a)(1) nonexempt charitable trust treated as a private foundation

501(c)(3) taxable private foundation

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

General Rule -

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

Special Rules -

For a section 501(c)(3) organization filing Form 990, or Form 990-EZ, that met the 33 1/3% support test under Regulations sections 1.509(a)-3/1.170A-9(e) and received from any one contributor, during the year, a contribution of the greater of \$5,000 or 2% of the amount on line 1 of these forms. (Complete Parts I and II.)

For a section 501(c)(7), (8), or (10) organization filing Form 990, or Form 990-EZ, that received from any one contributor, during the year, aggregate contributions or bequests of more than \$1,000 for use *exclusively* for religious, charitable, scientific, literary, or educational purposes, or the prevention of cruelty to children or animals. (Complete Parts I, II, and III.)

For a section 501(c)(7), (8), or (10) organization filing Form 990, or Form 990-EZ, that received from any one contributor, during the year, some contributions for use *exclusively* for religious, charitable, etc., purposes, but these contributions did not aggregate to more than \$1,000. (If this box is checked, enter here the total contributions that were received during the year for an *exclusively* religious, charitable, etc., purpose. Do not complete any of the Parts unless the **General Rule** applies to this organization because it received nonexclusively religious, charitable, etc., contributions of \$5,000 or more during the year.) ▶ \$ _____

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

Name of organization **FRANKLIN FURNACE ARCHIVE INC.** Employer identification number **13-2879766**

Part I Contributors (See Specific Instructions.)

(a) No.	(b) Name, address, and ZIP + 4	(c) Aggregate contributions	(d) Type of contribution
1	JEROME FOUNDATION 400 SIBLEY ST., SUITE 125 SAINT PAUL, MN 55101	36,000.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
2	THE J.P. MORGAN CHASE FOUNDATION 270 PARK AVENUE -46TH FLOOR NEW YORK, NY 10017	15,000.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
3	NYS COUNCIL ON THE ARTS 175 VARICK ST., 3RD FLR NEW YORK, NY 10014	43,700.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
4	A G FOUNDATION 765 PARK AVENUE #14B NEW YORK, NY 10021	15,000.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
5	LEF FOUNDATION 1095 LODI LANE ST. HELENA, CA 94574	15,000.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
6	ELENOR & HENRY HITCHCOCK CHARITABLE FNDD PO BOX 4389 ASPEN, CO 81612	11,000.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)

FEDERAL FOOTNOTES

=====

FORM 990 IS BEING AMENDED BECAUSE THE ORIGINAL RETURN WAS PREPARED PRIOR TO THE AUDIT OF THE FINANCIAL STATEMENTS WHICH ADJUSTED THE PRESENTATION OF VARIOUS AMOUNTS OF REVENUE, EXPENSES AND FINANCIAL POSITION OF THE ORGANIZATION.

STATEMENT *A*

Name of organization **FRANKLIN FURNACE ARCHIVE INC.**

Employer identification number

13-2879766

Part I Contributors (See Specific Instructions.)

(a) No.	(b) Name, address, and ZIP + 4	(c) Aggregate contributions	(d) Type of contribution
7	GREENWALL FOUNDATION 420 LEXINGTON AVENUE NEW YORK, NY 10170	10,000.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
8	NYC DEPT OF CULTURAL AFFAIRS 330 WEST 42ND ST NEW YORK, NY 10036	9,200.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
9	PAUL GULIELMETTI C/O LARRY MOSS 41 BLEEKER ST NEW YORK, NY 10038	20,000.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input checked="" type="checkbox"/> (Complete Part II if there is a noncash contribution.)
			Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
			Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
			Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)

Name of organization **FRANKLIN FURNACE ARCHIVE INC.**

Employer identification number
13-2879766

Part II Noncash Property (See Specific Instructions.)

(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (see instructions)	(d) Date received
9	"DITCH PLAINS" PAINTING BY DENISE GREEN	\$ 20,000.	07/31/2006

FORM 990, PART I - OTHER INCREASES IN FUND BALANCES
=====

DESCRIPTION

AMOUNT

UNREALIZED GAIN ON SECURITIES

735.

TOTAL

735.
=====

FORM 990, PART II - OTHER EXPENSES

DESCRIPTION	TOTAL	PROGRAM SERVICES	MANAGEMENT AND GENERAL	FUNDRAISING
CONSULTING	31,082.			31,082.
PUBLIC RELATIONS AND ADVERTISI	4,065.	1,748.		2,317.
UTILITIES	3,878.		3,878.	
PROFESSIONAL FEES	10,681.		10,681.	
INSURANCE	3,509.	1,754.	1,755.	
FUNDRAISING BENEFIT	2,550.			2,550.
STORAGE	4,300.	3,655.	645.	
MISCELLANEOUS	4,872.		4,872.	
TOTALS	64,937.	7,157.	21,831.	35,949.

FORM 990, PART III - ORGANIZATION'S PRIMARY EXEMPT PURPOSE
=====

TAXPAYER PROVIDES A PUBLIC ARCHIVE OF BOOKS PRODUCED BY ARTISTS AS
ARTWORKS AND MAINTAINS AN EXHIBITION SPACE FOR SUCH WORKS.

FORM 990, PART IV - INVESTMENTS - SECURITIES
=====

DESCRIPTION -----	ENDING BOOK VALUE -----	COST OR FMV -----
FOREIGN BONDS	76,384.	FMV
MUTUAL FUNDS	152,472.	FMV

TOTALS	228,856.	
	=====	

FORM 990, PART IV - OTHER ASSETS

=====

DESCRIPTION	BEGINNING BOOK VALUE	ENDING BOOK VALUE
-----	-----	-----
SECURITY DEPOSITS	5,164.	5,164.
TOTALS	----- 5,164.	----- 5,164.
	=====	=====

FORM 990, PART IV - OTHER LIABILITIES
=====

DESCRIPTION -----	BEGINNING BOOK VALUE -----	ENDING BOOK VALUE -----
PAYROLL TAXES PAYABLE	11,368.	18,327.
TOTALS	----- 11,368. =====	----- 18,327. =====

FORM 990, PART V-A - CURRENT OFFICERS, DIRECTORS, AND TRUSTEES

NAME AND ADDRESS	TITLE AND TIME DEVOTED TO POSITION	COMPENSATION	CONTRIBUTIONS TO EMPLOYEE BENEFIT PLANS	EXPENSE ACCT AND OTHER ALLOWANCES
SUSAN WIDERMAN BLOG 2 EAGLE HILL CT. HUNTINGTON, NY 11743	TREASURER 1	NONE	NONE	NONE
JON HENDRICKS 488 GREENWICH ST. NEW YORK, NY 10013	DIRECTOR 1	NONE	NONE	NONE
DAVID S. PERLMUTTER 37 LUDLOW DR. CHAPPAQUA, NY 10514	DIRECTOR 1	NONE	NONE	NONE
MARTHA WILSON 432 DEAN ST. BROOKLYN, NY 11217	DIRECTOR 35	50,000.	NONE	NONE
ADAM M. COHEN 1130 AVE. OF THE AMERICAS NEW YORK, NY 10019	SECRETARY 1	NONE	NONE	NONE
HARLEY SPILLER 501 E. 78TH STREET APT 2E NEW YORK, NY 10021	ASST SECRE 35	11,123.	NONE	NONE
COCO FUSCO 54 MONROE STREET BROOKLYN, NY 11238	DIRECTOR 1	NONE	NONE	NONE
JESSICA HANLON 152 ICELAND DRIVE	DIRECTOR 1	NONE	NONE	NONE

FORM 990, PART V-A - CURRENT OFFICERS, DIRECTORS, AND TRUSTEES

NAME AND ADDRESS	TITLE AND TIME DEVOTED TO POSITION	COMPENSATION	CONTRIBUTIONS TO EMPLOYEE BENEFIT PLANS	EXPENSE ACCT AND OTHER ALLOWANCES
HUNTINGTON STATION, NY 11746				
RUTH HARDINGER 20 N MOORE STREET NEW YORK, NY 10013	DIRECTOR 1	NONE	NONE	NONE
RUSSET LEDERMAN 161 WEST 75TH STREET NEW YORK, NY 10023	DIRECTOR 1	NONE	NONE	NC
CHRIS DAZE ELLIS 1575 LEXINGTON AVE NEW YORK, NY 10029	DIRECTOR 1	NONE	NONE	NONE
RICARDO MIRANDA ZUNIGA 1717 TROUTMAN ST #313 RIDGEWOOD, NY 11385	DIRECTOR 1	NONE	NONE	NONE
	GRAND TOTALS	61,123.	NONE	NONE

SCHEDULE A, PART III - EXPLANATION FOR LINE 3A

=====

THE FRANKLIN FURNACE FUND FOR PERFORMANCE ART AWARDS GRANTS TO EMERGING PERFORMING ARTISTS TO ENABLE THEM TO PRODUCE MAJOR WORK FOR THE FIRST TIME AT ANY VENUE IN THE STATE OF NEW YORK. EACH YEAR, FRANKLIN FURNACE SELECTS A PANEL OF ARTISTS WHO REVIEW PROPOSALS RECEIVED FROM ALL PARTS OF THE WORLD.

Description	Date Acquired	Date Sold	Gross Sales Price	Depreciation Allowed or Allowable	Cost or Other Basis	Gain or (Loss) for entire year
ARTWORK-P.H. RAMIREZ	12/09/2005	12/09/2005	3,000.			3,000.
ARTWORK-JAMES SIENA	03/14/2006	03/14/2006	1,800.			1,800.
ARTWORK-J.K. BROWN	04/11/2006	04/11/2006	6,800.			6,800.
ARTWORK-R.D. MCCRARY	04/25/2006	04/25/2006	4,271.			4,271.
Totals						15,871.

Description of Property
GENERAL DEPRECIATION

DEPRECIATION

Asset description	Date placed in service	Unadjusted Cost or basis	Bus. %	179 exp. reduction in basis	Basis Reduction	Basis for depreciation	Beginning Accumulated depreciation	Ending Accumulated depreciation	Method	Conv.	Life	ACRS class	MA CRS class	Current-year 179 expense	Current-year depreciation	
FURNITURE & FIXTUR	08/01/1987	18,427.	100.000			18,427.	18,426.	18,426.	SL		7.000					
OFFICE EQUIPMENT	08/01/1987	491.	100.000			491.	491.	491.	SL		5.000					
COMPUTER	08/01/1989	2,111.	100.000			2,111.	2,111.	2,111.	SL		5.000					
COMPUTER	02/01/1991	6,320.	100.000			6,320.	6,320.	6,320.	SL		5.000					
OFFICE EQUIPMENT	08/01/1990	855.	100.000			855.	855.	855.	SL		5.000					
FIXTURE - STEEL SH	08/01/1991	2,026.	100.000			2,026.	2,026.	2,026.	DB		7.000					
EQUIPMENT	12/20/1993	5,884.	100.000			5,884.	5,325.	5,325.	DDB		5.000					
OFFICE EQUIPMENT	03/01/1998	3,605.	100.000			3,605.	3,184.	3,184.	SL		5.000					
COMPUTER EQUIPMENT	02/01/1998	6,884.	100.000			6,884.	6,884.	6,884.	SL		5.000					
COMPUTER EQUIPMENT	02/07/1999	2,828.	100.000			2,828.	2,828.	2,828.	SL		5.000					
COMPUTER EQUIPMENT	06/08/2000	1,627.	100.000			1,627.	1,626.	1,626.	SL	MQ	5.000	5				
DIGITAL VID CAMERA	05/30/2002	2,296.	100.000			2,296.	1,901.	2,166.	200DE	MQ		5			265.	
TAPE RESOURCE	12/01/2002	952.	100.000			952.	678.	788.	200DE	HY		5			110.	
SONY LAPTOP	02/11/2004	1,850.	100.000			1,850.	962.	1,317.	200DE	HY		5			355.	
SHELVINGS	09/10/2004	307.	100.000			307.	307.	307.	200DE	HY		7			526.	
COMPUTER	02/15/2005	10,361.	100.000			10,361.	2,072.	5,388.	200DE	HY		5			3,316.	
BLINDS	08/09/2005	614.	100.000			614.		88.	200DE	HY		7			88.	
COPIER- STAPLES	07/05/2005	600.	100.000			600.		120.	200DE	HY		5			120.	
Less: Retired Assets																
Subtotals		68,038.				68,038.	55,996.	60,250.								4,780.

Listed Property

Asset description	Date placed in service	Cost or basis	Accumulated amortization	Ending accumulated amortization	Code	Life	Current-year amortization
Less: Retired Assets							
Subtotals		68,038.	55,996.	60,250.			4,780.

AMORTIZATION

Asset description	Date placed in service	Cost or basis	Accumulated amortization	Ending accumulated amortization	Code	Life	Current-year amortization
Less: Retired Assets							
Subtotals		68,038.	55,996.	60,250.			4,780.

*Assets Retired
JSA
6X9024 1.000

STATEMENT 11

Franklin Furnace Archive, Inc.
FORM 990
STATEMENT OF PROGRAM SERVICE ACCOMPLISHMENTS
PART III
JULY 31, 2006

Mission Statement

Franklin Furnace Archive, Inc., on a mission to make the world safe for avant-garde art.

Franklin Furnace's mission is to present, preserve, interpret, proselytize and advocate on behalf of avant-garde art, especially forms that may be vulnerable due to institutional neglect, their ephemeral nature, or politically unpopular content. Franklin Furnace is dedicated to serving artists by providing both physical and virtual venues for the presentation of time-based visual art, including but not limited to artists' books and periodicals, installation art, performance art, "live art on the Internet"; and to undertake other activities related to these purposes. Franklin Furnace is committed to serving emerging artists; to assuming an aggressive pedagogical stance with regard to the value of avant-garde art to cultural life; and to fostering artists' zeal to broadcast ideas.

Programs 2005-2006

The Future of the Present continues Franklin Furnace's pioneering exploration of the Internet as an art medium. Inaugurated in 1998 as a series of performance art netcasts for worldwide audiences, The Future of the Present has evolved into a sophisticated examination of issues raised by the Internet as an artistic medium and public venue. Franklin Furnace produces works of "live art on the Internet" in collaboration with an array of venues in New York such as Parsons School of Design, the Kitchen, DCTV, Eyebeam Atelier, Location One, Rhizome.org, Hunter College and Rensselaer Polytechnic Institute, as well as internationally in such places as Split, Croatia; Managua, Nicaragua; and Tokyo, Japan. In 2005, three proposals, by artists Alex Killough, Hiroko Tanahashi and the collaboration Wooloo Productions were selected from among 300 received to receive \$4,000 awards.

The Franklin Furnace Fund for Performance Art: Since 1985, Franklin Furnace has annually awarded grants to artists selected by peer panel review to enable them to prepare major performance art works for presentation in New York. In 2005 Franklin Furnace made six \$4,000 grants to individual artists/collaborations Catherine Bay, Paco Cao, Hannah Wilke/Donald Goddard, Yoko Inoue, Benoit Maubrey/Die Audio Gruppe, and Simba Yangala. The selection panel for both the Franklin Furnace Fund for Performance Art and The Future of the Present proposals consisted of Gary Corbin, Nicolas Dumit Estevez, G.H. Hovagimyan, and Joshua Kinberg. Franklin Furnace has no curator; each year a new panel of artists reviews all proposals. We believe that this peer panel system allows artists from all over the world an equal shot at presenting their work. Every year the panel changes, as the definitions of "emerging artist," the notion of "live art on the Internet," and "performance art" itself also change.

f 1073

STATEMENT 12

The Fund has consistently identified emerging talent in advance of wider artworld recognition: Karen Finley and Holly Hughes received support before the “culture wars” made their names household words; artists of color such as Papo Colo, Tanya Barfield and Patty Chang received support at crucial, early points in their careers, facilitating access to commercial venues. We believe this success is due to the composition of Franklin Furnace's peer panels, representing a diverse range of practice, ethnic and cultural background, sexual preference, age and physical ability, as well as familiarity with new technology.

Sequential Art For Kids: Since 1985, Franklin Furnace has sponsored arts-in-education workshops in New York City public schools, led by professional artists including book- and paper-makers, performance artists, collectors, videographers, photographers and animators. SAK continues to be a literacy program taught in NYC public schools by artists who use sequential art media -- artists' books, performance art, photography, film and video -- to enhance literacy and cognitive development among children. Franklin Furnace started planning a collaboration with P.S. 52, Sheepshead Bay, Brooklyn in 1997, introducing video artists Ron Littke and Benita Abrams to an environment which had \$80,000 of new video equipment and no staff to exploit its potential. Since 1997, these artists have worked with the English as a Second Language teacher, Odette Lozada, to create videotapes in workshops which make use of the children's Russian, Chinese and Middle Eastern heritage, and clearly show the delight of the children in learning and understanding a new language in a new environment.

In the spring of 2006, Brooklyn, in 2005-06, Franklin Furnace mounted a new pilot partnership with P.S. 20, the Clinton Hill Elementary School, located on Adelphi Street near Franklin Furnace's new headquarters in 80 Arts—The James E. Davis Arts Building. An exhibition at 80 Arts from June 9th to 30th, 2006 of photographs from Miss Antonella Vitale's 5th grade class 5-319 at P.S. 20 presented the work of the fifteen children who participated in a ten-week SAK workshop which focused on photography. Entitled “Focus on Fort Greene,” the exhibition was organized by teaching artist Benita Abrams in collaboration with the classroom teacher. The confluence of Social Studies curriculum on the Civil War and neighborhood historical sites in Fort Greene provided a way for the children to “see history” come alive, while they also learned the vocabulary and technical demands of using a single-lens reflex camera.

The Unwritten History Project: Since its inception in 1976, Franklin Furnace has presented what has come to be known as “variable media” art work -- works that take on new dimensions in each iteration. These works challenge the bounds of genre, varying in the meanings they take on contextually as well as in their physical deployment. The Unwritten History Project is Franklin Furnace's plan to make all of its archival event records accessible online. On May 11, 2006, the organization received notification that its proposal to the National Endowment for the Humanities--to digitize and publish on its website --www.franklinfurnace.org--records of performances, installations, exhibits and other events produced by the organization during its first ten years—had been funded. This project will create electronic access to what are now the only remaining artifacts of these singular works of social, political and cultural expression.

P243

On July 7, 2006, ARTstor and Franklin Furnace announced a collaboration agreement, ARTstor's first with an "alternative space." ARTstor is an educational initiative launched by The Andrew W. Mellon Foundation; ARTstor became an independent non-profit in 2004. Its principal goal is to develop a digital archive of art images for non-commercial use in educational settings. ARTstor is now available at more than 600 art schools, colleges, museums, and universities (from large research universities to dozens of community colleges); more information may be found at www.artstor.org

Digital images are fast replacing slides and slide projectors in the teaching of art and art history. To respond to these changes, Franklin Furnace will work with ARTstor to digitize and distribute images and documentation of events presented and produced by Franklin Furnace, with the goal of embedding the value of ephemeral practice into art and cultural history.

Exhibitions, Performances and Publications

From March 9 to 13, 2006, Franklin Furnace participated in The Armory Show with a 30th anniversary Alumn Art Sale, selling works of art by artists who got their start at Franklin Furnace: Patty Chang, Dan Graham, Paul Henry Ramirez, and James Siena, netting over \$15,000 for Franklin Furnace's programs.

On June 17th, 2005, *The History of Disappearance*, an exhibition drawn from the archives of Franklin Furnace, opened at the Baltic Centre for Contemporary Art in Gateshead, UK. This major exhibition was presented Italy in the spring of 2006, from March 27 to April 14 at Galleria Neon>fdv in Milan. Chiara Tiberio coordinated on behalf of Neon>Campobase in Bologna, organizing a satellite exhibition in Trento, in conjunction with which Martha Wilson served on a panel on March 29th.

On April 29th, 2006, *The Future of the Present* artists **WOOLOO PRODUCTIONS: Martin Rosengaard & Sixten Kai Nielsen**'s "AsylumNYC" was the centerpiece of Franklin Furnace's 30th anniversary street fair and celebration at White Box in Chelsea. Based on the concept under exploration by Wooloo Productions in AsylumHOME.net which addresses the difficulties faced by asylum seekers in Europe, "AsylumNYC" targeted the challenge faced by artists interested in working in the United States.

After an online application process, White Box's (www.whiteboxny.org) gallery space became a creative asylum where successful applicants were invited to develop a work/project from April 24 to April 29, 2006. Projects were required to actively challenge regime(s) of exclusion in New York by including otherwise excluded individuals from cultural, economic or physical structures in the City. The winning artist, Dusanka Komnenic from Serbia and Montenegro, was provided a free lawyer so she could try to obtain an O-artist visa. If successful, she will be awarded the opportunity to stay in New York for three years.

P3D3
STATEMENT 12

FRANKLIN FURNACE ARCHIVE, INC			
GRANTS PAID TO ARTISTS			
FYE 7/31/2006			
FORM 990 PART II LINE 22			
ARTISTS NAME	ADDRESS	AMOUNT	
Adrienne Wortzel	19 East 7th Street #5 New York 10003	8,000	
Ajay Naidu	10 St. Mark's Place #2C New York, NY 10003	10,411	
Alex Killough	2344 W Thomas St. #2R Chicago 60622	4,000	
Association du 41	41 rue du Fg St. Martin 75010 Paris FR	4,000	4,000
Benita Abrams	127 Stanton St., NY NY 10002	3,750	
Benoit Maubrey	Bahnhfstr 47 14806 Baitz Germany	4,000	
Bill Talen	PO Box 1556 Canal St. Station, NYC 10013	2,950	
Brooke Singer	75 Roebling St. #3A Brooklyn NY 11211	300	
Dan Graham	39 Spring Street New York 10012	4,000	
Dieu Donne Papermill	433 Broome Street NYC, NY 10013	50,000	
Donald Goddard	463 West St #C315 New York 10014	4,000	
Donna Henes	279 Sterling Pl Brooklyn NY 11238	352	
E-Flux	295 Greenwich St, No. 532 New York, NY 10007	700	
Filmlike	10 Rutgers St #6A New York NY 10002	4,750	
Harley Spiller	501 E 78 #2E New York 10021-1170	2,000	
Hiroko Tanahashi	Adalbertstrasse 92 10999 Berlin Germany	4,000	
James Hoff	583 Leonard Street, #4 Brooklyn, NY 11222	465	
James Siena	83 Canal #508 New York 10002	1,314	
Laura McGough	832 Wolcott Ave. Beacon NY 12508	300	
Linda Frye Burnham	PO Box 68 Saxapahaw NC 27340	250	
Lorraine O'Grady	155 Bank St #D348 New York 10014	300	
Mendi Lewis Obaadike	47 N Fullerton Ave #41 Montclair NJ 07042	100	
Dr. Miriam Basillo	240 Greene Street, #400, New York, NY 10003	200	
Nicholas D Estevez	756 Beck St Bronx NY 10455	100	
Paco Cao	75 South 3rd St Brooklyn NY 11211-5128	4,000	
Pat Oleszko	190 Duane St. New York, NY 10013	10,550	
Patty Chang	39 Woodhull St #3 Brooklyn NY 11231	2,000	
Paul Henry Ramirez	PO Box 220.227 Brooklyn NY 11222	1,408	
Perry Bard	313 Church St New York NY 10013	300	
Ricardo Miranda Zun	1717 Troutman St Ridgewood NY 11385	100	
Ron Athey	902 Sanborn Ave Los Angeles CA 90029	100	
Simba Yangala	39 W 129 St #3B New York NY 10027	4,000	
Steven Englander	ABC No Rio, 156 Rivington Street, New York, NY 10002	250	
Various Interns	c/o FF 80 Hanson Place Bklyn NY 11217	4,999	
William Pope	102 Nichols St Lewiston ME 04240	14,250	
		152,199	

1. General Information

a. For the fiscal year beginning (mm/dd/yyyy) <u>08/01/2005</u> and ending (mm/dd/yyyy) <u>07/31/2006</u>			
b. Check if applicable for NYS: <input type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial filing <input type="checkbox"/> Final filing <input type="checkbox"/> Amended filing <input type="checkbox"/> NY registration pending	c. Name of organization FRANKLIN FURNACE ARCHIVE INC.		d. Fed. employer ID no. (EIN) (##-####-####) 13-2879766
	e. NY State registration no. (##-##-##) 02-28-18		f. Telephone number (718) 398-7255
	Number and street (or P.O. box if mail not delivered to street address) Room /suite C/O HECHT AND CO., P.C. 111 W. 40		
City or town, state or country and zip + 4 NEW YORK, NY, 10018		g. Email	

2. Certification - Two Signatures Required

We certify under penalties for perjury that we reviewed this report, including all attachments, and to the best of our knowledge and belief, they are true, correct and complete in accordance with the laws of the State of New York applicable to this report.

a. President or Authorized Officer/Trustee	Signature	Printed Name	Title	Date
b. Chief Financial Officer or Treasurer	Signature	Printed Name	Title	Date

3. Annual Report Exemption Information

a. Article 7-A annual report exemption (Article 7-A registrants and dual registrants)
 Check if total contributions from NY State (including residents, foundations, corporations, government agencies, etc.) did not exceed \$25,000 and the organization did not use the services of a professional fund raiser (PFR) or fund raising counsel (FRC) to solicit contributions during this fiscal year.

NOTE: An organization may also check the box to claim this exemption if no PFR or FRC was used and either: 1) the organization received an allocation from a federated fund, United Way or incorporated community appeal and contributions from all other sources did not exceed \$25,000 or 2) it received all or substantially all of its contributions from a single government agency to which it submitted an annual financial report similar to that required by Article 7-A).

b. EPTL annual report exemption (EPTL registrants and dual registrants)
 Check if total gross receipts for this fiscal year did not exceed \$25,000 and the assets (market value) of the organization did not exceed \$25,000 at any time during this fiscal year.

For EPTL or Article 7-A registrants claiming the annual report exemption under the one law under which they are registered and for dual registrants claiming the annual report exemptions under both laws, simply complete part 1 (General Information), part 2 (Certification) and part 3 (Annual Report Exemption Information) above.
Do not submit a fee, do not complete the following schedules and do not submit any attachments to this form.

4. Article 7-A Schedules

If you did **not** check the Article 7-A annual report exemption above, complete the following for this fiscal year:

a. Did the organization use a professional fund raiser, fund raising counsel or commercial co-venturer for fund raising activity in NY State? . . . Yes* No
 * If "Yes", complete Schedule 4a.

b. Did the organization receive government contributions (grants)? . . . Yes* No
 * If "Yes", complete Schedule 4b.

5. Fee Submitted: See last page for summary of fee requirements.

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

6. Attachments: For organizations that are not claiming annual report exemptions under both laws, see last page for required attachments.

Schedule 4b: Government Contributions (Grants)

If you checked the box in question 4.b. on page 1, complete the following schedule for each government contribution (grant). Use additional copies of this page if necessary to list each government contribution (grant) separately.

Government Agency Name	Grant Amount
NATIONAL ENDOWMENT FOR THE HUMANITIES	\$ 5,168.
NEW YORK STATE COUNCIL ON THE ARTS	\$ 47,700.
NYC DEPT OF CULTURAL AFFAIRS	\$ 17,400.
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Total Government Contributions (Grants)	\$ 70,268.

5. Fee Instructions

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

Organization's Registration Type Fee Instructions

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

a) Article 7-A filing fee

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

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

b) EPTL filing fee

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

6. Attachments - Document Attachment Check-List

Check the boxes for the documents you are attaching.

For All Filers		
<u>Filing Fee</u>		
<input checked="" type="checkbox"/> Single check or money order payable to "NYS Department of Law"		
<u>Copies of Internal Revenue Service Forms</u>		
<input checked="" type="checkbox"/> IRS Form 990	<input type="checkbox"/> IRS Form 990-EZ	<input type="checkbox"/> IRS Form 990-PF
<input checked="" type="checkbox"/> Schedule A to IRS Form 990	<input type="checkbox"/> Schedule A to IRS Form 990-EZ	<input type="checkbox"/> Schedule B to IRS Form 990-PF
<input checked="" type="checkbox"/> Schedule B to IRS Form 990	<input type="checkbox"/> Schedule B to IRS Form 990-EZ	<input type="checkbox"/> IRS Form 990-T
<input type="checkbox"/> IRS Form 990-T	<input type="checkbox"/> IRS Form 990-T	

Additional Article 7-A Document Attachment Requirement
<u>Independent Accountant's Report</u>
<input checked="" type="checkbox"/> Audit Report (total support & revenue more than \$250,000)
<input type="checkbox"/> Review Report (total support & revenue \$100,001 to \$250,000)
<input type="checkbox"/> No Accountant's Report Required (total support & revenue not more than \$100,000)

FRANKLIN FURNACE ARCHIVE, INC.

FINANCIAL STATEMENTS

JULY 31, 2006

FRANKLIN FURNACE ARCHIVE, INC.
Table of Contents
July 31, 2006 and 2005

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HECHT AND COMPANY, P.C.

Certified Public Accountants

111 West 40th Street
New York, NY 10018
(212) 819-8000
Fax: (212) 302-0973

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Franklin Furnace Archive, Inc.

We have audited the accompanying statements of financial position of Franklin Furnace Archive, Inc. as of July 31, 2006 and 2005 and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of Franklin Furnace Archive, Inc.'s management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Franklin Furnace Archive, Inc. as of July 31, 2006 and 2005 and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

February 8, 2008

HECHT AND COMPANY P.C.

FRANKLIN FURNACE ARCHIVE, INC.
Statements of Financial Position
July 31, 2006 and 2005

	<u>2006</u>	<u>2005</u>
ASSETS		
Cash	\$ 75,219	\$ 145,995
Certificate of deposit (Note 6)	50,000	50,000
Grants receivable (Note 2)	170,313	12,500
Investment in securities (Note 3)	228,856	218,991
Prepaid expenses and other current assets (Note 4)	2,919	-
Works of art	43,800	23,800
Property and equipment, at cost, less accumulated depreciation (Note 5)	8,123	11,689
Security deposits	<u>5,164</u>	<u>5,164</u>
 Total assets	 <u>\$ 584,394</u>	 <u>\$ 468,139</u>
 LIABILITIES		
Note payable (Note 6)	\$ 35,667	\$ 48,464
Accounts payable and other liabilities	91,167	47,002
Payroll and payroll taxes payable	<u>18,327</u>	<u>11,368</u>
 Total liabilities	 <u>145,161</u>	 <u>106,834</u>
 Commitments and contingencies (Note 7)		
 NET ASSETS		
Unrestricted	243,371	320,305
Temporarily restricted	<u>195,862</u>	<u>41,000</u>
Total net assets	<u>439,233</u>	<u>361,305</u>
 Total liabilities and net assets	 <u>\$ 584,394</u>	 <u>\$ 468,139</u>

FRANKLIN FURNACE ARCHIVE, INC.
Statements of Activities
For the Years Ended July 31, 2006 and 2005

	<u>2006</u>	<u>2005</u>
Changes in unrestricted net assets		
Unrestricted revenues and gains		
Foundations and corporations	\$ 47,800	\$ 93,000
Government grants	71,268	83,600
Membership and individual	82,833	70,360
Art sale	15,871	120,725
Donated works of art	20,000	-
Interest, dividends and other income	16,625	11,428
Unrealized gain on securities	735	17,766
Total unrestricted revenues and gains	<u>255,132</u>	<u>396,879</u>
Net assets released from restrictions		
Satisfaction of program restrictions	41,000	52,500
Total unrestricted revenues and other support	<u>296,132</u>	<u>449,379</u>
Expenses		
Visual arts	237,477	229,449
Education	18,951	25,047
Management and general	79,403	83,390
Fund raising	37,235	81,827
Total expenses	<u>373,066</u>	<u>419,713</u>
Increase (decrease) in unrestricted net assets	<u>(76,934)</u>	<u>29,666</u>
Changes in temporarily restricted net assets		
Foundation and government grants	195,862	41,000
Net assets released from restrictions	<u>(41,000)</u>	<u>(52,500)</u>
Increase (decrease) in temporarily restricted net assets	<u>154,862</u>	<u>(11,500)</u>
Increase in net assets	77,928	18,166
Net assets - beginning	<u>361,305</u>	<u>343,139</u>
Net assets - end	<u>\$ 439,233</u>	<u>\$ 361,305</u>

FRANKLIN FURNACE ARCHIVE, INC.
Statements of Cash Flows
For the Years Ended July 31, 2006 and 2005

	<u>2006</u>	<u>2005</u>
Cash flows from operating activities		
Increase in net assets	\$ 77,928	\$ 18,166
Adjustments to reconcile increase in net assets to net cash provided by (used in) operating activities:		
Depreciation	4,780	3,514
Unrealized gain on securities	(735)	(17,766)
Changes in operating assets and liabilities:		
Decrease (increase) in grants receivable	(157,813)	40,000
Increase in prepaid expenses and other current assets	2,919	2,500
Decrease (increase) in works of art	20,000	(6,500)
Decrease in security deposits	-	3,193
Increase in accounts payable	44,165	21,494
Increase in payroll taxes payable	6,959	1,904
Total adjustments	<u>(125,563)</u>	<u>48,339</u>
Net cash provided by (used in) operating activities	<u>(47,635)</u>	<u>66,505</u>
Cash flows from investing activities		
Acquisition of property and equipment	(1,214)	(12,511)
Purchase of marketable securities	-	(6,375)
Proceeds from sale of marketable securities	(9,130)	25,000
Net cash provided by (used in) investing activities	<u>(10,344)</u>	<u>6,114</u>
Cash flows from financing activities		
Payment of note payable	(12,797)	(12,680)
Net cash used in financing activities	<u>(12,797)</u>	<u>(12,680)</u>
Net increase (decrease) in cash	(70,776)	59,939
Cash - beginning	<u>145,995</u>	<u>86,056</u>
Cash - end	<u>\$ 75,219</u>	<u>\$ 145,995</u>
Supplemental disclosures of cash flow information		
Interest paid	<u>\$ 1,801</u>	<u>\$ 702</u>

FRANKLIN FURNACE ARCHIVE, INC.
Notes to Financial Statements
July 31, 2006 and 2005

Note 1 - Summary of Significant Accounting Policies

Business

Franklin Furnace Archive, Inc. (the "Organization") is a non-profit corporation chartered by the State of New York. Franklin Furnace Archive, Inc. provides a public archive of books produced by artists as artworks, and maintains an exhibition space for such works; catalogs and preserves examples of artists' books; curates and rents traveling exhibits of artists' books; exhibits rare artists' books and collections seldom seen by the public; provides performance space for artist-writers; provides information and encourages exchange of information between the artistic community and the public. The Organization receives its funding primarily from government, foundation and corporate sponsors.

Fair Value of Financial Instruments

The carrying amount of cash, certificate of deposit, grants receivable and accounts payable and other liabilities reported in the statement of financial position approximates fair value due to the short-term maturity of these financial instruments. The carrying amount of note payable approximates fair value as it bears market interest rates.

Promises To Give

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

The Organization uses the allowance method to determine uncollectible promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made.

FRANKLIN FURNACE ARCHIVE, INC.
Notes to Financial Statements
July 31, 2006 and 2005

Note 1 - Summary of Significant Accounting Policies (continued)

Investment in Securities

Investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the statement of financial position. Unrealized gains or losses are included in the statement of activities.

Property and Equipment

Property and equipment are stated at cost. Depreciation is provided by the straight-line or accelerated method over the estimated useful lives of the assets.

Concentration of Credit Risk

Financial instruments that potentially subject the Organization to credit risk consist principally of cash in financial institutions, which from time to time, exceeds Federal deposit insurance limits.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Temporarily Restricted Net Assets

Temporarily restricted net assets include grants receivable and funds received which have not yet been spent on program services.

Income Taxes

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation.

FRANKLIN FURNACE ARCHIVE, INC.
Notes to Financial Statements
July 31, 2006 and 2005

Note 2 - Grants Receivable

Grants receivable consist of the following:

	<u>2006</u>	<u>2005</u>
National Endowment for the Humanities	\$ 84,030	\$ -
National Endowment for the Arts	-	7,500
Jerome Foundation	77,000	-
NYC Department of Cultural Affairs	9,200	-
The New York Times Company Foundation	-	5,000
Other	83	-
	<u>\$ 170,313</u>	<u>\$ 12,500</u>

Note 3 - Investment in Securities

As of July 31, 2006, investments are stated at fair value and consist of the following:

	<u>Cost</u>	<u>Fair Value</u>
International bonds	\$ 76,815	\$ 76,384
Mutual funds	136,939	152,472
	<u>\$ 213,754</u>	<u>\$ 228,856</u>

Note 4 - Prepaid Expenses and Other Current Assets

Prepaid expenses and other current assets consist of the following:

	<u>2006</u>	<u>2005</u>
Rent	\$ 1,509	\$ -
Insurance	1,010	-
Storage	400	-
	<u>\$ 2,919</u>	<u>\$ -</u>

FRANKLIN FURNACE ARCHIVE, INC.
Notes to Financial Statements
July 31, 2006 and 2005

Note 5 - Property and Equipment

Property and equipment consist of the following:

	<u>2006</u>	<u>2005</u>
Office equipment	\$ 8,451	\$ 7,851
Furniture and fixtures	23,217	22,603
Computer and video equipment	38,213	38,213
	<u>69,881</u>	<u>68,667</u>
Accumulated depreciation	61,758	56,978
	<u>\$ 8,123</u>	<u>\$ 11,689</u>

Note 6 - Note Payable

In May 2004, the Organization refinanced its existing obligation with the Nonprofit Finance Fund, which is payable in 60 monthly payments, through May 1, 2009, with interest at the rate of 1% per annum. The obligation is collateralized by a \$50,000 certificate of deposit.

Maturities of note payable for the next three years are as follows:

<u>Year ending July 31,</u>	<u>Amount</u>
2007	\$ 12,816
2008	13,021
2009	9,830
	<u>\$ 35,667</u>

FRANKLIN FURNACE ARCHIVE, INC.

Notes to Financial Statements

July 31, 2006 and 2005

Note 7 - Commitments and Contingencies

Leases

The Organization conducts its operations from facilities leased under operating leases expiring through September 2014. Future minimum annual payments required under the noncancelable operating leases having terms in excess of one year as of July 31, 2006 for each of the next five years and in the aggregate are:

<u>Year ended July 31,</u>	<u>Amount</u>
2007	\$ 21,200
2008	21,800
2009	22,500
2010	23,100
2011	23,800
Subsequent to 2011	80,200
Total minimum future rental payments	<u>\$ 192,600</u>

Rent expense for the years ended July 31, 2006 and 2005 amounted to \$20,562 and \$22,962, respectively.

Governmental Projects

Government supported projects are subject to audit by the applicable government granting agencies.

SUPPLEMENTARY INFORMATION

FRANKLIN FURNACE ARCHIVE, INC.
Schedule of Functional Expenses
For the Year Ended July 31, 2006

	Visual Arts	Education	Management and General	Fund Raising	Total
Salaries and payroll taxes	\$ 40,959	\$ 10,240	\$ 40,504	\$ 10,693	\$ 102,396
Honoraria	136,723	5,750	-	8,922	151,395
Consulting	26,544	-	4,538	-	31,082
Public relations and advertising	-	-	-	4,065	4,065
Utilities	1,883	-	919	1,076	3,878
Postage and printing	114	-	704	2,480	3,298
Supplies	3,879	-	5,846	4,473	14,198
Telephone	1,413	404	2,040	185	4,042
Professional fees	7,556	-	3,125	-	10,681
Insurance	1,789	-	1,581	139	3,509
Office expense and maintenance	7,758	2,087	8,352	2,673	20,870
Documentation	1,566	-	-	-	1,566
Travel	2,609	-	1,350	-	3,959
Storage	3,125	470	705	-	4,300
Interest, fees and bank charges	-	-	2,307	-	2,307
Miscellaneous	1,559	-	2,652	2,529	6,740
Expenses before depreciation	237,477	18,951	74,623	37,235	368,286
Depreciation	-	-	4,780	-	4,780
Total functional expenses	\$ 237,477	\$ 18,951	\$ 79,403	\$ 37,235	\$ 373,066

See Independent Auditor's Report

FRANKLIN FURNACE ARCHIVE, INC.
Schedule of Functional Expenses
For the Year Ended July 31, 2005

	Visual Arts	Education	Management and General	Fund Raising	Total
Salaries and payroll taxes	\$ 36,735	\$ 9,184	\$ 36,327	\$ 9,591	\$ 91,837
Honoraria	112,163	12,000	-	44,750	168,913
Consulting	33,097	-	5,659	-	38,756
Public relations and advertising	4,584	-	-	6,184	10,768
Utilities	1,262	-	1,627	721	3,610
Postage and printing	120	-	744	2,621	3,485
Supplies	7,041	-	10,610	8,119	25,770
Telephone	2,188	626	3,158	285	6,257
Professional fees	7,446	-	3,079	-	10,525
Insurance	1,940	-	1,714	151	3,805
Office expense and maintenance	11,058	2,877	11,513	3,322	28,770
Documentation	3,956	-	-	-	3,956
Travel	3,350	-	1,734	-	5,084
Storage	2,700	360	540	-	3,600
Shipping	569	-	-	4,072	4,641
Interest, fees and bank charges	-	-	1,188	-	1,188
Miscellaneous	1,240	-	1,983	2,011	5,234
Expenses before depreciation	229,449	25,047	79,876	81,827	416,199
Depreciation	-	-	3,514	-	3,514
Total functional expenses	\$ 229,449	\$ 25,047	\$ 83,390	\$ 81,827	\$ 419,713

See Independent Auditor's Report