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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)

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, and ending

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

Please use IRS label or print or type See Specific Instructions

C Name of organization ALLIANCE FOR QUALITY EDUCATION, INC.			D Employer identification number 22-3810450	
Number and street (or P O box if mail is not delivered to street address)		Room/suite	E Telephone number	
23 ELK STREET			518 432-5315	
City or town	State or country	ZIP + 4	F Accounting method: <input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual	
ALBANY	NY	12207	<input type="checkbox"/> Other (specify) ▶	

G Website: ▶ www.allianceforqualityeducation.org

J Organization type (check only one) ▶ 501(c) (4) ◀ (insert no) 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.

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 ▶

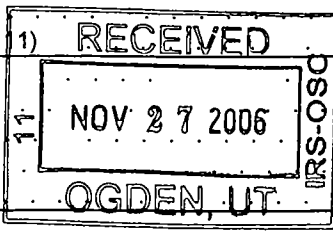
L Gross receipts: Add lines 6b, 8b, 9b, and 10b to line 12 ▶ 323,490

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

SCANNED DEC 20 2006

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

Revenue	1 Contributions, gifts, grants, and similar amounts received:				
	a Direct public support	1a	323,490		
	b Indirect public support	1b	0		
	c Government contributions (grants)	1c	0		
	d Total (add lines 1a through 1c) (cash \$ 323,490 noncash \$ 0)	1d		323,490	
	2 Program service revenue including government fees and contracts (from Part VII, line 93)	2		0	
	3 Membership dues and assessments	3		0	
	4 Interest on savings and temporary cash investments	4		0	
	5 Dividends and interest from securities	5		0	
	6a Gross rents	6a			
	b Less: rental expenses	6b			
	c Net rental income or (loss) (subtract line 6b from line 6a)	6c		0	
7 Other investment income (describe ▶)	7		0		
Expenses	8a Gross amount from sales of assets other than inventory	(A) Securities		(B) Other	
		0	8a	0	
	b Less cost or other basis and sales expenses	0	8b	0	
	c Gain or (loss) (attach schedule)	0	8c	0	
	d Net gain or (loss) (combine line 8c, columns (A) and (B))		8d	0	
	9 Special events and activities (attach schedule) If any amount is from gaming, check here <input type="checkbox"/>				
	a Gross revenue (not including \$ 0 of contributions reported on line 1a)	9a	0		
	b Less direct expenses other than fundraising expenses	9b	0		
	c Net income or (loss) from special events (subtract line 9b from line 9a)	9c		0	
	10a Gross sales of inventory, less returns and allowances	10a	0		
b Less cost of goods sold	10b	0			
c Gross profit or (loss) from sales of inventory (attach schedule) (subtract line 10b from line 10a)	10c		0		
11 Other revenue (from Part VII, line 103)	11		0		
12 Total revenue (add lines 1d, 2, 3, 4, 5, 6c, 7, 8d, 9c, 10c, and 11)	12		323,490		
Net Assets	13 Program services (from line 44, column (B))	13	306,771		
	14 Management and general (from line 44, column (C))	14	15,079		
	15 Fundraising (from line 44, column (D))	15	0		
	16 Payments to affiliates (attach schedule)	16	0		
	17 Total expenses (add lines 16 and 44, column (A))	17		321,850	
18 Excess or (deficit) for the year (subtract line 17 from line 12)	18		1,640		
19 Net assets or fund balances at beginning of year (from line 73, column (A))	19		-1,640		
20 Other changes in net assets or fund balances (attach explanation)	20		0		
21 Net assets or fund balances at end of year (combine lines 18, 19, and 20)	21		0		



69-10 6

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 \$ 0 noncash \$ 0) If this amount includes foreign grants, check here <input type="checkbox"/>	0	0		
23	Specific assistance to individuals (attach schedule)	0	0		
24	Benefits paid to or for members (attach schedule)	0			
25	Compensation of officers, directors, etc	0			
26	Other salaries and wages	45,898	45,898		
27	Pension plan contributions	1,443	1,443		
28	Other employee benefits	7,804	7,804		
29	Payroll taxes	4,908	4,908		
30	Professional fundraising fees	0			
31	Accounting fees	2,000		2,000	
32	Legal fees	0			
33	Supplies	3,366	3,366		
34	Telephone	22,984	22,984		
35	Postage and shipping	399	399		
36	Occupancy	6,192	6,192		
37	Equipment rental and maintenance	2,582	2,582		
38	Printing and publications	7,134	7,134		
39	Travel	9,749	9,749		
40	Conferences, conventions, and meetings	5,982	5,982		
41	Interest	0			
42	Depreciation, depletion, etc. (attach schedule)	532	532	0	0
43	Other expenses not covered above (itemize):				
a	Web site	40,104	40,104	0	0
b	Program awareness	708	708	0	0
c	Fees	141	0	141	0
d	Other costs	850	850	0	0
e	Program and management consultants	159,074	146,136	12,938	0
f		0	0	0	0
g		0	0	0	0
44	Total functional expenses. Add lines 22 through 43 (Organizations completing columns (B)-(D), carry these totals to lines 13-15)	321,850	306,771	15,079	0

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

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

If "Yes," enter (i) the aggregate amount of these joint costs \$ 0; (ii) the amount allocated to Program services \$; (iii) the amount allocated to Management and general \$, and (iv) the amount allocated to Fundraising \$

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	9,789	45	92,791
	46 Savings and temporary cash investments		46	
	47 a Accounts receivable	47a 0		
	b Less allowance for doubtful accounts	47b 0	0	47c 0
	48 a Pledges receivable	48a 0		
	b Less allowance for doubtful accounts	48b 0	0	48c 0
	49 Grants receivable	75,000	49	0
	50 Receivables from officers, directors, trustees, and key employees (attach schedule)	0	50	0
	51 a Other notes and loans receivable (attach schedule)	51a 0		
	b Less allowance for doubtful accounts	51b 0	0	51c 0
	52 Inventories for sale or use		52	
	53 Prepaid expenses and deferred charges		53	
	54 Investments—securities (attach schedule)	<input type="checkbox"/> Cost <input type="checkbox"/> FMV	0	54 0
	55 a Investments—land, buildings, and equipment: basis	55a 0		
	b Less: accumulated depreciation (attach schedule)	55b 0	0	55c 0
56 Investments—other (attach schedule)		0	56 0	
57 a Land, buildings, and equipment basis	57a 2,662			
b Less: accumulated depreciation (attach schedule)	57b 1,863	1,331	57c 799	
58 Other assets (describe)		0	58 0	
59 Total assets (must equal line 74). Add lines 45 through 58		86,120	59	93,590
Liabilities	60 Accounts payable and accrued expenses	12,760	60	29,214
	61 Grants payable		61	
	62 Deferred revenue	75,000	62	64,376
	63 Loans from officers, directors, trustees, and key employees (attach schedule)	0	63	0
	64 a Tax-exempt bond liabilities (attach schedule)	0	64a	0
	b Mortgages and other notes payable (attach schedule)	0	64b	0
	65 Other liabilities (describe)		0	65 0
66 Total liabilities. Add lines 60 through 65		87,760	66	93,590
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	-1,640	67	0
	68 Temporarily restricted		68	
	69 Permanently restricted		69	
	Organizations that do not follow SFAS 117, check here <input type="checkbox"/> and complete lines 70 through 74			
	70 Capital stock, trust principal, or current funds		70	
	71 Paid-in or capital surplus, or land, building, and equipment fund		71	
	72 Retained earnings, endowment, accumulated income, or other funds		72	
	73 Total net assets or fund balances (add lines 67 through 69 or lines 70 through 72; column (A) must equal line 19; column (B) must equal line 21)	-1,640	73	0
	74 Total liabilities and net assets/fund balances. Add lines 66 and 73.	86,120	74	93,590

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	323,490
b	Amounts included on line a but not on Part I, line 12:			
1	Net unrealized gains on investments	b1		
2	Donated services and use of facilities	b2		
3	Recoveries of prior year grants	b3		
4	Other (specify):	b4	0	
	Add lines b1 through b4		b	0
c	Subtract line b from line a		c	323,490
d	Amounts included on Part I, line 12, but not on line a:			
1	Investment expenses not included on Part I, line 6b	d1		
2	Other (specify):	d2	0	
	Add lines d1 and d2		d	0
e	Total revenue (Part I, line 12). Add lines c and d		e	323,490

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

a	Total expenses and losses per audited financial statements		a	321,850
b	Amounts included on line a but not on Part I, line 17:			
1	Donated services and use of facilities	b1		
2	Prior year adjustments reported on Part I, line 20	b2		
3	Losses reported on Part I, line 20	b3		
4	Other (specify):	b4	0	
	Add lines b1 through b4		b	0
c	Subtract line b from line a		c	321,850
d	Amounts included on Part I, line 17, but not on line a:			
1	Investment expenses not included on Part I, line 6b	d1		
2	Other (specify):	d2	0	
	Add lines d1 and d2		d	0
e	Total expenses (Part I, line 17). Add lines c and d		e	321,850

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

(A) Name and address	(B) Title and average hours per week devoted to position	(C) Compensation (If not paid, enter -0-.)	(D) Contributions to employee benefit plans & deferred compensation plans	(E) Expense account and other allowances
Name Regina Eaton Str City Albany ST NY ZIP	Title Exec Dir Hr/WK (Former)	15,629	848	0
Name William Easton Str City Albany ST NY ZIP	Title Exec Dir Hr/WK	16,362	0	0
Name ALL VOLUNTEER Str BOARD ATTACHE City ST ZIP	Title Hr/WK	0	0	0
Name City ST ZIP	Title Hr/WK			
Name City ST ZIP	Title Hr/WK			
Name City ST ZIP	Title Hr/WK			
Name City ST ZIP	Title Hr/WK			
Name City ST ZIP	Title Hr/WK			
Name City ST ZIP	Title Hr/WK			
Name City ST ZIP	Title Hr/WK			

Part V-A Current Officers, Directors, Trustees, and Key Employees (continued)		Yes	No
75 a	Enter the total number of officers, directors, and trustees permitted to vote on organization business at board meetings 21		
b	Are any officers, directors, trustees, or key employees listed in Form 990, Part V-A, or highest compensated employees listed in Schedule A, Part I, or highest compensated professional and other independent contractors listed in Schedule A, Part II-A or II-B, related to each other through family or business relationships? If "Yes," attach a statement that identifies the individuals and explains the relationship(s)	75b	X
c	Do any officers, directors, trustees, or key employees listed in Form 990, Part V-A, or highest compensated employees listed in Schedule A, Part I, or highest compensated professional and other independent contractors listed in Schedule A, Part II-A or II-B, receive compensation from any other organizations, whether tax exempt or taxable, that are related to this organization through common supervision or common control? Note. Related organizations include section 509(a)(3) supporting organizations. If "Yes," attach a statement that identifies the individuals, explains the relationship between this organization and the other organization(s), and describes the compensation arrangements, including amounts paid to each individual by each related organization.	75c	X
d	Does the organization have a written conflict of interest policy?	75d	X

Part V-B Former Officers, Directors, Trustees, and Key Employees That Received Compensation or Other Benefits (If any former officer, director, trustee, or key employee received compensation or other benefits (described below) during the year, list that person below and enter the amount of compensation or other benefits in the appropriate column. See the instructions.)

(A) Name and address	(B) Loans and Advances	(C) Compensation	(D) Contributions to employee benefit plans & deferred compensation plans	(E) Expense account and other allowances
Name <u>NONE</u> Str City ST ZIP		0	0	0
Name _____ Str City ST ZIP				
Name _____ Str City ST ZIP				
Name _____ Str City ST ZIP				
Name _____ Str City ST ZIP				
Name _____ Str City ST ZIP				
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Name _____ Str City ST ZIP				
Name _____ Str City ST ZIP				

Part VI Other Information (See the instructions.)		Yes	No
76	Did the organization engage in any activity not previously reported to the IRS? If "Yes," attach a detailed description of each activity	76	X
77	Were any changes made in the organizing or governing documents but not reported to the IRS? If "Yes," attach a conformed copy of the changes.	77	X
78 a	Did the organization have unrelated business gross income of \$1,000 or more during the year covered by this return?	78a	X
b	If "Yes," has it filed a tax return on Form 990-T for this year?	78b	N/A
79	Was there a liquidation, dissolution, termination, or substantial contraction during the year? If "Yes," attach a statement	79	X
80 a	Is the organization related (other than by association with a statewide or nationwide organization) through common membership, governing bodies, trustees, officers, etc., to any other exempt or nonexempt organization?	80a	X
b	If "Yes," enter the name of the organization ► _____ _____ and check whether it is <input type="checkbox"/> exempt or <input type="checkbox"/> nonexempt		
81 a	Enter direct and indirect political expenditures (See line 81 instructions.) 81a 0		
b	Did the organization file Form 1120-POL for this year?	81b	X

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?	X	
85	501(c)(4), (5), or (6) organizations a Were substantially all dues nondeductible by members?	X	
b	Did the organization make only in-house lobbying expenditures of \$2,000 or less? If "Yes" was answered to either 85a or 85b, do not complete 85c through 85h below unless the organization received a waiver for proxy tax owed for the prior year.	X	
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?	N/A	
85g			
h	If section 6033(e)(1)(A) dues notices were sent, does the organization agree to add the amount on line 85f to its reasonable estimate of dues allocable to nondeductible lobbying and political expenditures for the following tax year?	N/A	
85h			
86	501(c)(7) orgs Enter: a Initiation fees and capital contributions included on line 12		
	86a		
b	Gross receipts, included on line 12, for public use of club facilities		
	86b		
87	501(c)(12) orgs Enter: a Gross income from members or shareholders		
	87a		
b	Gross income from other sources. (Do not net amounts due or paid to other sources against amounts due or received from them)		
	87b		
88	At any time during the year, did the organization own a 50% or greater interest in a taxable corporation or partnership, or an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? If "Yes," complete Part IX		X
88			
89 a	501(c)(3) organizations Enter: Amount of tax imposed on the organization during the year under: section 4911 \blacktriangleright 0 ; section 4912 \blacktriangleright 0 ; section 4955 \blacktriangleright 0		
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		X
89b			
c	Enter: Amount of tax imposed on the organization managers or disqualified persons during the year under sections 4912, 4955, and 4958 \blacktriangleright 0		
d	Enter: Amount of tax on line 89c, above, reimbursed by the organization \blacktriangleright 0		
90 a	List the states with which a copy of this return is filed \blacktriangleright NY		
b	Number of employees employed in the pay period that includes March 12, 2005 (See instructions)		
	90b		
91 a	The books are in care of \blacktriangleright Name Nexus Management Corp Telephone no. \blacktriangleright 518 465-4600 Located at \blacktriangleright 94 Central Avenue City Albany ST NY ZIP + 4 \blacktriangleright 12206		
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 \blacktriangleright See the instructions for exceptions and filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts		X
91b			
c	At any time during the calendar year, did the organization maintain an office outside of the United States? If "Yes," enter the name of the foreign country \blacktriangleright		X
91c			
92	Section 4947(a)(1) nonexempt charitable trusts filing Form 990 in lieu of Form 1041— Check here \blacktriangleright <input type="checkbox"/> and enter the amount of tax-exempt interest received or accrued during the tax year \blacktriangleright 92 N/A		

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

Note: Enter gross amounts unless otherwise indicated.

	Unrelated business income		Excluded by section 512, 513, or 514		(E) Related or exempt function income
	(A) Business code	(B) Amount	(C) Exclusion code	(D) Amount	
93 Program service revenue					
a _____					
b _____					
c _____					
d _____					
e _____					
f Medicare/Medicaid payments					
g Fees and contracts from government agencies					
94 Membership dues and assessments					
95 Interest on savings and temporary cash investments					
96 Dividends and interest from securities					
97 Net rental income or (loss) from real estate					
a debt-financed property					
b not debt-financed property					
98 Net rental income or (loss) from personal property					
99 Other investment income					
100 Gain or (loss) from sales of assets other than inventory					
101 Net income or (loss) from special events					
102 Gross profit or (loss) from sales of inventory					
103 Other revenue					
a _____					
b _____					
c _____					
d _____					
e _____					
104 Subtotal (add columns (B), (D), and (E))		0		0	0
105 Total (add line 104, columns (B), (D), and (E))					0

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

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

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

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

(A) Name, address, and EIN of corporation, partnership, or disregarded entity	(B) Percentage of ownership interest	(C) Nature of activities	(D) Total income	(E) End-of-year assets
N/A	%		0	0
	%		0	0
	%		0	0
	%		0	0

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: William C Easton Date: 11/15/06

Type or print name and title: William C Easton, Executive Director

Paid Preparer's Use Only

Preparer's signature: George R. Kaminski Date: 10/30/2006 Check if self-employed: Preparer's SSN or PTIN (See Gen Inst W): P00488115

Firm's name (or yours if self-employed), address, and ZIP + 4: George R. Kaminski CPA EIN: 14-1721118

5 Herbert Drive, Latham, NY 12110 Phone no: 518 482-2670

Line 1 (990) - Public Support and Contributions

	Cash	Non Cash
Line 1a - Direct public support		
1 Contributions	_____	1 _____
2 Membership dues and assessments (contributions from the public)	_____	2 _____
3 Commercial co-venture	_____	3 _____
4 Special events contributions (Line 9 - Special Events)	_____	4 _____
5 Grant-Foundations	238,624	5 _____
6 Grants and support-Organizations, Individuals	83,200	6 _____
7 Other program support	1,666	7 _____
8 _____	_____	8 _____
9 _____	_____	9 _____
10 Total	323,490	10 0
Line 1b - Indirect public support	_____	_____
Line 1c - Government contributions (grants)	_____	_____

ALLIANCE FOR QUALITY EDUCATION, INC.

Notes to Financial Statements

For the Fiscal Year Ended December 31, 2005

Note 1 - Nature of Organization and Significant Accounting Policies

The Alliance for Quality Education, Inc. (the Organization) is a not-for-profit organization dedicated to providing information to the general public, parents, school officials and community residents about educational policy and resources through community awareness and outreach activities, advocacy, research reports for public awareness and educational services including seminars, conferences, publications and professional assistance for the purpose of promoting awareness and improvement in the educational infrastructure in the State of New York.

Income Tax Status

The Organization was incorporated in 2001 under the New York State Not-For-Profit Corporation Law and is a tax-exempt corporation under Section 501(c) (4) of the Internal Revenue Code.

Significant accounting policies followed by the Organization in the preparation of its financial statements are presented below:

Basis of Accounting

The Organization's financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. All of the Organization's revenue is derived from direct public sources. Net assets and changes in net assets are classified based on donor and sponsor imposed restrictions.

Revenues and Expenses

All of the Organization's revenue is derived from foundations and direct public sources. Grants and contributions received and unconditional promises to give are measured at their fair values and are reported as an increase in net assets. The Organization reports grants as temporarily restricted support if they are received with donor stipulations that limit the use of the funds, or if they are designated as support for future periods. When applicable expenses are incurred, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activity as net assets released from restrictions.

The Organization reports gifts of goods and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used.

Expenses are recorded when incurred in accordance with the accrual basis of accounting.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash held in a demand deposit bank account.

(continued)

ALLIANCE FOR QUALITY EDUCATION, INC.
Notes to Financial Statements
For the Fiscal Year Ended December 31, 2005

Note 1 - Nature of Organization and Significant Accounting Policies - continued

Equipment

Equipment is acquired under restrictive grant funding provisions or as administrative acquisitions. All equipment acquired under grantor restrictions is primarily the property of the grantor and is retained by the Organization with the requirement that all equipment acquired be utilized in the performance of the project or related activity. The equipment is expensed when acquired under the grant provisions and no depreciation is recorded thereon. Administrative equipment acquired is stated at cost or, if donated, at the approximate fair market value at the date of contribution. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets of 5 years.

Unexpended Advances and Commitments

Committed reimbursable grants and contracts to fund expenditures to be made in a subsequent period are deferred, and revenues will be recognized during the period in which expenses are incurred.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Note 2 – Grants Receivable and Unexpended Program Advances

Grants receivable and unexpended program advances consisted of the following at December 31, 2005:

	<u>Grants Receivable</u>	<u>Unexpended Advances</u>
Schott Foundation for Public Education	\$ -0-	\$ 64,376

(continued)

ALLIANCE FOR QUALITY EDUCATION, INC.

Notes to Financial Statements

For the Fiscal Year Ended December 31, 2005

Note 3 – Program Office Space

The Alliance for Quality Education, Inc. leased program space in Albany, New York under a lease commitment that ended April 30, 2005. Subsequently in July 2005, program offices were relocated to office space under administration of Nexus Management Corporation, the administrative services provider. Allocated costs are charged in addition to administrative management fees.

Note 4 - Related Party Transactions

The Alliance for Quality Education, Inc. is related to Citizen Action of New York, Inc., a public advocacy tax exempt organization, through board membership and complimentary activities supporting education reform and improvement.

During the Fiscal Year Ended December 31, 2005, Citizen Action of New York, Inc. continued a grant agreement with the Alliance for Quality Education, Inc. to provide services related to organizing and delivery of programs in the educational arena.

The Alliance for Quality Education, Inc. is related to Nexus Management Corporation through management. Nexus Management Corporation maintains the Organization's general ledger and performs various other management functions as well as paying for administrative expenses.

Note 5 - Contingencies

Substantially all foundation grants are subject to financial and compliance audits by the grantor. Disallowances, if any, as a result of these audits may become liabilities of the Organization. Management believes that no material disallowance will result from audits by grantors.

ALLIANCE FOR QUALITY EDUCATION**FYE 12-31-05****BOARD OF DIRECTORS-ALL VOLUNTEER, NO COMPENSATION**

Name	Address	Organization
Betty Holcomb	Eighth Ave, New York, NY	Child Care Inc
Bob Hughes	13th Satreet, New York, NY	New Visions for Schools
Carol Gersti	Broadway, New York, NY	UFT
Charmain Cohen	Hart St, Rochester, NY	
Don Shaffer	Broad St, New York, NY	NYCLU
Doug Williams	Barney St, Schenectady, NY	
Eileen Hamlin	Katalek Rd, Kirkwood, NY	
Greg Newton	Gregory Park, Rochester, NY	
Jessica Garcia	Madison Suite, New York, NY	CFE
Jim Anderson	Eggert Rd, Buffalo, NY	
Jon Kest	Nevins St, Brooklyn, NY	Acorn
Karen Scharff	Central Ave, Albany, NY	Citizen Action
Karen Schimke	State Street, Albany, NY	Pre-K Coalition
Kathleen Gomez	East 30th St, New York, NY	
Larry Wood	Columbus Ave, New York, NY	
Lisa Tyson	Penn. Ave, Masseurqua, NY	PIPC
Norm Fruchter	Washington Sq, New York, NY	NYU
Pam Howell	Woodlawn, Albany, NY	
Pamela Percival	Dewitt Rd, Syracuse, NY	
Paul Webster	Lark St, Albany, NY	NEA
Ron Jordan	E 196th St, Bronx, NY	MWBCCC

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

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

Type or print File by the extended due date for filing the return See instructions	Name of Exempt Organization ALLIANCE FOR QUALITY EDUCATION, INC	Employer identification number 22-3810450
	Number, street, and room or suite no. If a P.O. box, see instructions 23 ELK STREET	For IRS use only
	City, town or post office, state, and ZIP code For a foreign address, see instructions ALBANY, NY 12207	

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

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

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

- The books are in the care of **Nexus Management Corp**
Telephone No **518.465-4600** FAX No _____
- If the organization does **not** have an office or place of business in the United States, check this box
- If this is for a **Group Return**, enter the organization's four digit Group Exemption Number (GEN) _____ If this is for the **whole** group, check this box If it is for **part** of the group, check this box and attach a list with the names and EINs of all members the extension is for

4 I request an additional 3-month extension of time until 11/15/2006

5 For calendar year 2005, or other tax year beginning _____, and ending _____

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

7 State in detail why you need the extension More time is requested to acquire all information needed to complete and file an accurate return. Delays have been experienced in receiving data from third party organizations that is necessary to prepare a complete and accurate report.

8 a If this application is for Form 990-BL, 990-PF, 990-T, 4720, or 6069, enter the tentative tax, less any nonrefundable credits See instructions \$ 0

b If this application is for Form 990-PF, 990-T, 4720, or 6069, enter any refundable credits and estimated tax payments made. Include any nonrefundable credits allowed as a credit and any amount paid previously with Form 8868 \$ 0

c **Balance Due.** Subtract line 8b from line 8a. Include your payment with this form, or, if required, deposit with FTD coupon or, if required, by using EFTPS (Electronic Federal Tax Payment System) See instructions \$ 0

Signature and Verification

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

Signature George R. Kaminski Title CPA Date 8/11/2006

Notice to Applicant—To Be Completed by the IRS

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

Director _____ By _____ Date _____

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

Type or print	Name George R. Kaminski CPA
	Number and street (include suite, room, or apt. no.) or a P.O. box number 5 Herbert Drive
	City or town, province or state, and country (including postal or ZIP code) Latham, NY 12110

EXTENSION APPROVED
AUG 25 2006
FIELD DIRECTOR,
SUBMISSION PROCESSING, OGDEN