Form **990**

Department of the Treasury
Internal Revenue Service

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)

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

OMB No 1545-0047

2006

Open to Public Inspection

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

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

Please use IRS label or print or type See Specific Instructions

C Name of organization
THE CHARACTER EDUCATION PARTNERSHIP, INC

Number and street (or P.O. box if mail is not delivered to street address) Room/suite
1025 CONNECTICUT AVENUE NW 1011

City or town, state or country, and ZIP + 4
WASHINGTON, DC 20036

D Employer identification number
54-1657505

E Telephone number
(202)296-7743

F Accounting method ☐ Cash ☒ Accrual ☐ Other (specify) ▶

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

H and I are not applicable to section 527 organizations.

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

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

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

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

G Website: ▶WWW.CHARACTER.ORG

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

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

I Group Exemption Number ▶ N/A

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

L Gross receipts: Add lines 6b, 8b, 9b, and 10b to line 12 ▶ 2,642,916.

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

Revenue	1	Contributions, gifts, grants, and similar amounts received:			
	a	Contributions to donor advised funds	1a		
	b	Direct public support (not included on line 1a)	1b	2,164,845.	
	c	Indirect public support (not included on line 1a)	1c		
	d	Government contributions (grants) (not included on line 1a)	1d		
	e	**Total** (add lines 1a through 1d) (cash $ 2,164,845. noncash $)			1e 2,164,845.
	2	Program service revenue including government fees and contracts (from Part VII, line 93)			2 359,733.
	3	Membership dues and assessments			3 34,830.
	4	Interest on savings and temporary cash investments			4 26,824.
	5	Dividends and interest from securities			5 23,488.
	6 a	Gross rents	6a		
	b	Less: rental expenses	6b		
	c	Net rental income or (loss). Subtract line 6b from line 6a			6c
	7	Other investment income (describe ▶)			7
	8 a	Gross amount from sales of assets other than inventory — (A) Securities: 30,958.	8a	(B) Other:	
	b	Less: cost or other basis and sales expenses: 31,769.	8b		
	c	Gain or (loss) (attach schedule): -811.	8c		
	d	Net gain or (loss). Combine line 8c, columns (A) and (B) STMT 1			8d -811.
	9	Special events and activities (attach schedule). If any amount is from gaming, check here ▶ ☐			
	a	Gross revenue (not including $ of contributions reported on line 1b)	9a		
	b	Less: direct expenses other than fundraising expenses	9b		
	c	Net income or (loss) from special events. Subtract line 9b from line 9a			9c
	10 a	Gross sales of inventory, less returns and allowances	10a		
	b	Less: cost of goods sold	10b		
	c	Gross profit or (loss) from sales of inventory (attach schedule). Subtract line 10b from line 10a			10c
	11	Other revenue (from Part VII, line 103)			11 2,238.
	12	**Total revenue.** Add lines 1e, 2, 3, 4, 5, 6c, 7, 8d, 9c, 10c, and 11			12 2,611,147.
Expenses	13	Program services (from line 44, column (B))			13 1,481,842.
	14	Management and general (from line 44, column (C))			14 186,211.
	15	Fundraising (from line 44, column (D))			15 182,752.
	16	Payments to affiliates (attach schedule)			16
	17	**Total expenses.** Add lines 16 and 44, column (A)			17 1,850,805.
Net Assets	18	Excess or (deficit) for the year. Subtract line 17 from line 12			18 760,342.
	19	Net assets or fund balances at beginning of year (from line 73, column (A))			19 2,269,856.
	20	Other changes in net assets or fund balances (attach explanation) SEE STATEMENT 2			20 -282.
	21	Net assets or fund balances at end of year. Combine lines 18, 19, and 20			21 3,029,916.

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623001 01-18-07 LHA **For Privacy Act and Paperwork Reduction Act Notice, see the separate instructions.** Form **990** (2006)

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

Do not include amounts reported on line 6b, 8b, 9b, 10b, or 16 of Part I		(A) Total	(B) Program services	(C) Management and general	(D) Fundraising
22a Grants paid from donor advised funds (attach schedule) (cash $ 0. noncash $ 0.) If this amount includes foreign grants, check here ▶ ☐	22a				
22b Other grants and allocations (attach schedule) (cash $ 20,000. noncash $ 0.) If this amount includes foreign grants, check here ▶ ☐	22b	20,000.	20,000.	STATEMENT 4	
23 Specific assistance to individuals (attach schedule)	23				
24 Benefits paid to or for members (attach schedule)	24				
25a Compensation of current officers, directors, key employees, etc. listed in Part V-A	25a	123,734.	87,856.	18,048.	17,830.
b Compensation of former officers, directors, key employees, etc. listed in Part V-B	25b	0.	0.	0.	0.
c Compensation and other distributions, not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)	25c				
26 Salaries and wages of employees not included on lines 25a, b, and c	26	425,166.	301,883.	62,016.	61,267.
27 Pension plan contributions not included on lines 25a, b, and c	27	34,298.	23,819.	5,501.	4,978.
28 Employee benefits not included on lines 25a - 27	28	172,118.	120,231.	26,953.	24,934.
29 Payroll taxes	29	51,030.	35,646.	7,992.	7,392.
30 Professional fundraising fees	30				
31 Accounting fees	31	17,887.		17,887.	
32 Legal fees	32				
33 Supplies	33	15,315.	8,239.	7,045.	31.
34 Telephone	34	15,757.	479.	15,278.	
35 Postage and shipping	35	35,976.	33,992.	1,164.	820.
36 Occupancy	36	112,578.		112,578.	
37 Equipment rental and maintenance	37	60,429.	6,481.	53,948.	
38 Printing and publications	38	42,263.	40,136.	2,108.	19.
39 Travel	39	124,179.	109,584.	8,422.	6,173.
40 Conferences, conventions, and meetings	40	127,385.	122,658.	4,727.	
41 Interest	41				
42 Depreciation, depletion, etc (attach schedule)	42	46,295.		46,295.	
43 Other expenses not covered above (itemize)					
a	43a				
b	43b				
c	43c				
d	43d				
e	43e				
f	43f				
g SEE STATEMENT 3	43g	426,395.	570,838.	-203,751.	59,308.
44 **Total functional expenses.** Add lines 22a through 43g. (Organizations completing columns (B)-(D), carry these totals to lines 13-15)	44	1,850,805.	1,481,842.	186,211.	182,752.

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

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

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

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 6

All organizations must describe their exempt purpose achievements in a clear and concise manner State the number of clients served, publications issued, etc Discuss achievements that are not measurable (Section 501(c)(3) and (4) organizations and 4947(a)(1) nonexempt charitable trusts must also enter the amount of grants and allocations to others)

	Program Service Expenses (Required for 501(c)(3) and (4) orgs., and 4947(a)(1) trusts; but optional for others.)
a NATIONAL SCHOOLS OF CHARACTER: AN AWARDS PROGRAM THAT RECOGNIZED SCHOOLS AND DISTRICTS THAT EXEMPLIFY THE GOALS OF EFFECTIVE CHARACTER EDUCATION. THIS PROGRAM ALSO IMPLEMENTED ADDITIONAL CHARACTER DEVELOPMENT PROGRAMS WITHIN COMMUNITIES.	
(Grants and allocations $ 20,000.) If this amount includes foreign grants, check here ▶ ☐	490,696.
b ANNUAL FORUM: PLANNED, PROMOTED AND CONDUCTED CEP'S NATIONAL ANNUAL CONFERENCE BRINGING TOGETHER EXPERTS AND CONCERNED INDIVIDUALS TO EXCHANGE INFORMATION AND FURTHER DEVELOP EFFECTIVE CHARACTER AND CIVIC EDUCATION PROGRAMS.	
(Grants and allocations $) If this amount includes foreign grants, check here ▶ ☐	332,332.
c PRINCIPLES SOURCEBOOK TRAINING: PROVIDES RESEARCH-BASED EXAMPLES OF IMPLEMENTATION STRATEGIES,WEBSITES AND PUBLISHED MATERIALS CRITICAL FOR DESIGNING AND SUSTAINING CHARACTER EDUCATION INITIATIVES.	
(Grants and allocations $) If this amount includes foreign grants, check here ▶ ☐	389,250.
d SEE STATEMENT 5	
(Grants and allocations $) If this amount includes foreign grants, check here ▶ ☐	91,548.
e Other program services (attach schedule) SEE STATEMENT 7	
(Grants and allocations $) If this amount includes foreign grants, check here ▶ ☐	178,016.
f **Total of Program Service Expenses** (should equal line 44, column (B), Program services) ▶	1,481,842.

Form **990** (2006)

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Part IV Balance Sheets *(See the instructions)*

Note: *Where required, attached schedules and amounts within the description column should be for end-of-year amounts only.*				(A) Beginning of year		(B) End of year
Assets	45	Cash non-interest-bearing		64,185.	45	
	46	Savings and temporary cash investments		971,643.	46	956,323.
	47 a	Accounts receivable	47a 13,280.			
	b	Less allowance for doubtful accounts	47b	22,724.	47c	13,280.
	48 a	Pledges receivable	48a			
	b	Less allowance for doubtful accounts	48b		48c	
	49	Grants receivable		911,736.	49	1,686,830.
	50 a	Receivables from current and former officers, directors, trustees, and key employees			50a	
	b	Receivables from other disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)			50b	
	51 a	Other notes and loans receivable	51a			
	b	Less: allowance for doubtful accounts	51b		51c	
	52	Inventories for sale or use			52	82,223.
	53	Prepaid expenses and deferred charges		13,193.	53	11,019.
	54 a	Investments - publicly-traded securities STMT 9 ▶ ☐ Cost ☒ FMV		234,349.	54a	176,494.
	b	Investments - other securities STMT 8 ▶ ☐ Cost ☒ FMV		93,455.	54b	156,154.
	55 a	Investments - land, buildings, and equipment basis	55a			
	b	Less accumulated depreciation	55b		55c	
	56	Investments - other			56	
	57 a	Land, buildings, and equipment basis	57a 192,232.			
	b	Less accumulated depreciation	57b 168,384.	54,046.	57c	23,848.
	58	Other assets, including program-related investments (describe ▶ DEPOSITS)		40,841.	58	46,114.
	59	**Total assets** (must equal line 74) Add lines 45 through 58		2,406,172.	59	3,152,285.
Liabilities	60	Accounts payable and accrued expenses		136,316.	60	115,299.
	61	Grants payable			61	
	62	Deferred revenue			62	7,070.
	63	Loans from officers, directors, trustees, and key employees			63	
	64 a	Tax-exempt bond liabilities			64a	
	b	Mortgages and other notes payable			64b	
	65	Other liabilities (describe ▶)			65	
	66	**Total liabilities.** Add lines 60 through 65		136,316.	66	122,369.
Net Assets or Fund Balances		**Organizations that follow SFAS 117, check here** ▶ ☒ and complete lines 67 through 69 and lines 73 and 74				
	67	Unrestricted		1,201,976.	67	1,370,838.
	68	Temporarily restricted		1,066,677.	68	1,657,875.
	69	Permanently restricted		1,203.	69	1,203.
		Organizations that do not follow SFAS 117, check here ▶ ☐ and complete lines 70 through 74				
	70	Capital stock, trust principal, or current funds			70	
	71	Paid-in or capital surplus, or land, building, and equipment fund			71	
	72	Retained earnings, endowment, accumulated income, or other funds			72	
	73	**Total net assets or fund balances.** Add lines 67 through 69 **or** lines 70 through 72. (Column (A) **must** equal line 19 and column (B) **must** equal line 21)		2,269,856.	73	3,029,916.
	74	**Total liabilities and net assets/fund balances.** Add lines 66 and 73		2,406,172.	74	3,152,285.

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	2,610,865.
b	Amounts included on line a but not on Part I, line 12				
1	Net unrealized gains on investments	b1	-282.		
2	Donated services and use of facilities	b2			
3	Recoveries of prior year grants	b3			
4	Other (specify) _____	b4			
	Add lines b1 through b4			b	-282.
c	Subtract line b from line a			c	2,611,147.
d	Amounts included on Part I, line 12, but not on line a:				
1	Investment expenses not included on Part I, line 6b	d1			
2	Other (specify) _____	d2			
	Add lines d1 and d2			d	0.
e	**Total revenue** (Part I, line 12) Add lines c and d		▶	e	2,611,147.

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

a	Total expenses and losses per audited financial statements			a	1,850,805.
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			
	Add lines b1 through b4			b	0.
c	Subtract line b from line a			c	1,850,805.
d	Amounts included on Part I, line 17, but not on line a:				
1	Investment expenses not included on Part I, line 6b	d1			
2	Other (specify) _____	d2			
	Add lines d1 and d2			d	0.
e	**Total expenses** (Part I, line 17) Add lines c and d		▶	e	1,850,805.

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

(A) Name and address	(B) Title and average hours per week devoted to position	(C) Compensation (If not paid, enter -0-)	(D) Contributions to employee benefit plans & deferred compensation plans	(E) Expense account and other allowances
SEE STATEMENT 10		103,669.	20,065.	0.

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 ▶ 17		
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 the organization? See the instructions for the definition of "related organization " — 75c		X
	If "Yes," attach a statement that includes the information described in the instructions.		
d	Does the organization have a written conflict of interest policy? — 75d		X

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

(A) Name and address	(B) Loans and Advances	(C) Compensation (If not paid, enter -0-)	(D) Contributions to employee benefit plans & deferred compensation plans	(E) Expense account and other allowances
NONE				

Part VI Other Information *(See the instructions.)*

		Yes	No
76	Did the organization make a change in its activities or methods of conducting activities? If "Yes," attach a detailed statement of each change — 76		X
77	Were any changes made in the organizing or governing documents but not reported to the IRS? — 77	X	
	If "Yes," attach a conformed copy of the changes		
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? N/A — 78b		
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 ▶ N/A and check whether it is ☐ exempt or ☐ nonexempt		
81 a	Enter direct or indirect political expenditures. (See line 81 instructions) — 81a 0.		
b	Did the organization file **Form 1120-POL** for this year? — 81b		X

Form **990** (2006)

623161/01-18-07

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?		82a		X
b	If "Yes," you may indicate the value of these items here Do not include this amount as revenue in Part I or as an expense in Part II (See instructions in Part III)	82b N/A			
83 a	Did the organization comply with the public inspection requirements for returns and exemption applications?		83a	X	
b	Did the organization comply with the disclosure requirements relating to quid pro quo contributions?		83b	X	
84 a	Did the organization solicit any contributions or gifts that were not tax deductible? N/A		84a		
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible? N/A		84b		
85	*501(c)(4), (5), or (6) organizations* a Were substantially all dues nondeductible by members? N/A		85a		
b	Did the organization make only in-house lobbying expenditures of $2,000 or less? N/A		85b		
	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? 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) organizations.* Enter: a Initiation fees and capital contributions included on line 12	86a N/A			
b	Gross receipts, included on line 12, for public use of club facilities	86b N/A			
87	*501(c)(12) organizations* Enter: a Gross income from members or shareholders	87a N/A			
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)	87b N/A			
88 a	At any time during the year, did the organization own a 50% or greater interest in a taxable corporation or partnership, or an entity disregarded as separate from the organization under Regulations sections 301 7701-2 and 301 7701-3? If "Yes," complete Part IX		88a		X
b	At any time during the year, did the organization, directly or indirectly, own a controlled entity within the meaning of section 512(b)(13)? If "Yes," complete Part XI ▶		88b		X
89 a	*501(c)(3) organizations* Enter: Amount of tax imposed on the organization during the year under: section 4911 ▶ 0. ; section 4912 ▶ 0. ; section 4955 ▶ 0.				
b	*501(c)(3) and 501(c)(4) organizations* Did the organization engage in any section 4958 excess benefit transaction during the year or did it become aware of an excess benefit transaction from a prior year? If "Yes," attach a statement explaining each transaction		89b		X
c	Enter. Amount of tax imposed on the organization managers or disqualified persons during the year under sections 4912, 4955, and 4958 ▶ 0.				
d	Enter: Amount of tax on line 89c, above, reimbursed by the organization ▶ 0.				
e	*All organizations* At any time during the tax year, was the organization a party to a prohibited tax shelter transaction?		89e		X
f	*All organizations* Did the organization acquire a direct or indirect interest in any applicable insurance contract?		89f		X
g	*For supporting organizations and sponsoring organizations maintaining donor advised funds* Did the supporting organization, or a fund maintained by a sponsoring organization, have excess business holdings at any time during the year? N/A		89g		

90 a List the states with which a copy of this return is filed ▶ DC

b Number of employees employed in the pay period that includes March 12, 2006 | 90b | 10

91 a The books are in care of ▶ THE ORGANIZATION Telephone no. ▶ (202)296-7743

Located at ▶ 1025 CONNECTICUT AVENUE NW, WASHINGTON, DC ZIP + 4 ▶ 20036

			Yes	No
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 ▶ N/A See the instructions for exceptions and filing requirements for **Form TD F 90-22.1,** Report of Foreign Bank and Financial Accounts.	91b		X

Part VI Other Information *(continued)*

		Yes	No
c	At any time during the calendar year, did the organization maintain an office outside of the United States? If "Yes," enter the name of the foreign country ▶ N/A	91c	X
92	*Section 4947(a)(1) nonexempt charitable trusts filing Form 990 in lieu of* **Form 1041**- Check here ▶ ☐ and enter the amount of tax-exempt interest received or accrued during the tax year ▶ 92	N/A	

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

Note: *Enter gross amounts unless otherwise indicated*	Unrelated business income (A) Business code	Unrelated business income (B) Amount	Excluded by section 512, 513, or 514 (C) Exclusion code	Excluded by section 512, 513, or 514 (D) Amount	(E) Related or exempt function income
93 Program service revenue					
a PUBLICATION INCOME					72,908.
b ANNUAL FORUM					242,135.
c TRAINING					44,690.
d					
e					
f Medicare/Medicaid payments					
g Fees and contracts from government agencies					
94 Membership dues and assessments					34,830.
95 Interest on savings and temporary cash investments			14	26,824.	
96 Dividends and interest from securities			14	23,488.	
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			18	-811.	
101 Net income or (loss) from special events					
102 Gross profit or (loss) from sales of inventory					
103 Other revenue					
a MISCELLANEOUS					2,238.
b					
c					
d					
e					
104 Subtotal (add columns (B), (D), and (E))		0.		49,501.	396,801.
105 **Total** (add line 104, columns (B), (D), and (E))				▶	446,302.

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

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

Line No ▼	Explain how each activity for which income is reported in column (E) of Part VII contributed importantly to the accomplishment of the organization's exempt purposes (other than by providing funds for such purposes).
	SEE STATEMENT 11

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	%			
	%			
	%			

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

(a)	Did the organization, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	☐ Yes	☒ No
(b)	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?	☐ Yes	☒ No

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

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

		Yes	No
106	Did the reporting organization **make** any transfers **to** a controlled entity as defined in section 512(b)(13) of the Code? If "Yes," complete the schedule below for each controlled entity		

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

		Yes	No
107	Did the reporting organization **receive** any transfers **from** a controlled entity as defined in section 512(b)(13) of the Code? If "Yes," complete the schedule below for each controlled entity		

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

		Yes	No
108	Did the organization have a binding written contract in effect on August 17, 2006, covering the interest, rents, royalties, and annuities described in question 107 above?		

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

Please Sign Here

Signature of officer — Date: 2/11/08

JOSEPH W. MAZZOLA / CEO & EXECUTIVE DIRECTOR

Type or print name and title

Paid Preparer's Use Only

Preparer's signature — Date: 2/8/08 — Check if self-employed ▶ ☐ — Preparer's SSN or PTIN (See Gen Inst X)

Firm's name (or yours if self-employed), address, and ZIP + 4 ▶ GELMAN, ROSENBERG & FREEDMAN
4550 MONTGOMERY AVE., SUITE 650 NORTH
BETHESDA, MARYLAND 20814-2930

EIN ▶

Phone no. ▶ (301) 951-9090

SCHEDULE A (Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Organization Exempt Under Section 501(c)(3)

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

Supplementary Information-(See separate instructions.)

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

OMB No 1545-0047

2006

Name of the organization: THE CHARACTER EDUCATION PARTNERSHIP, INC

Employer identification number: 54 1657505

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

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

(a) Name and address of each employee paid more than $50,000	(b) Title and average hours per week devoted to position	(c) Compensation	(d) Contributions to employee benefit plans & deferred compensation	(e) Expense account and other allowances
PAUL WEIMER ALL C/O THE ORGANIZATION	DIR. OF OPERATIONS 40.00	63,629.	6,645.	0.
MERLE SCHWARTZ	DIR. OF ED. & RSCH. 40.00	87,208.	18,818.	0.
JANICE STOODLEY	DIR. NAT'L. SCHOOLS 40.00	65,424.	10,314.	0.
LINDA SMALLS	ACCOUNT MANAGER 40.00	57,726.	10,219.	0.
Total number of other employees paid over $50,000 ▶	0			

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

(See 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 ▶ 0		

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

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

(a) Name and address of each independent contractor paid more than $50,000	(b) Type of service	(c) Compensation
NONE		
Total number of other contractors receiving over $50,000 for other services ▶ 0		

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

			Yes	No
1	During the year, has the organization attempted to influence national, state, or local legislation, including any attempt to influence public opinion on a legislative matter or referendum? If "Yes," enter the total expenses paid or incurred in connection with the lobbying activities ▶ $ _____ $ _____ (Must equal amounts on line 38, Part VI-A, or line i of Part VI-B.) Organizations that made an election under section 501(h) by filing Form 5768 must complete Part VI-A. Other organizations checking "Yes" must complete Part VI-B AND attach a statement giving a detailed description of the lobbying activities.	1		X
2	During the year, has the organization, either directly or indirectly, engaged in any of the following acts with any substantial contributors, trustees, directors, officers, creators, key employees, or members of their families, or with any taxable organization with which any such person is affiliated as an officer, director, trustee, majority owner, or principal beneficiary? *(If the answer to any question is "Yes," attach a detailed statement explaining the transactions.)*			
a	Sale, exchange, or leasing of property?	2a		X
b	Lending of money or other extension of credit?	2b		X
c	Furnishing of goods, services, or facilities? SEE STATEMENT 12	2c	X	
d	Payment of compensation (or payment or reimbursement of expenses if more than $1,000)? SEE PART V-A, FORM 990	2d	X	
e	Transfer of any part of its income or assets?	2e		X
3 a	Did the organization make grants for scholarships, fellowships, student loans, etc.? (If "Yes," attach an explanation of how the organization determines that recipients qualify to receive payments.) SEE STATEMENT 13	3a	X	
b	Did the organization have a section 403(b) annuity plan for its employees?	3b	X	
c	Did the organization receive or hold an easement for conservation purposes, including easements to preserve open space, the environment, historic land areas or historic structures? If "Yes," attach a detailed statement	3c		X
d	Did the organization provide credit counseling, debt management, credit repair, or debt negotiation services?	3d		X
4 a	Did the organization maintain any donor advised funds? If "Yes," complete lines 4b through 4g. If "No," complete lines 4f and 4g	4a		X
b	Did the organization make any taxable distributions under section 4966? N/A	4b		
c	Did the organization make a distribution to a donor, donor advisor, or related person? N/A	4c		
d	Enter the total number of donor advised funds owned at the end of the tax year ▶		N/A	
e	Enter the aggregate value of assets held in all donor advised funds owned at the end of the tax year ▶		N/A	
f	Enter the total number of separate funds or accounts owned at the end of the year (excluding donor advised funds included on line 4d) where donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts ▶		0.	
g	Enter the aggregate value of assets in all funds or accounts included on line 4f at the end of the tax year ▶		0.	

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

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

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

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

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

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

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

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

11a ☒ An organization that normally receives a substantial part of its support from a governmental unit or from the general public. Section 170(b)(1)(A)(vi). (Also complete the **Support Schedule** in Part IV-A.)

11b ☐ A community trust. Section 170(b)(1)(A)(vi). (Also complete the **Support Schedule** in Part IV-A.)

12 ☐ An organization that normally receives: **(1) more than 33 1/3%** of its support from contributions, membership fees, and gross receipts from activities related to its charitable, etc., functions - subject to certain exceptions, and **(2) no more than 33 1/3%** of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975. See section 509(a)(2). (Also complete the **Support Schedule** in Part IV-A.)

13 ☐ An organization that is not controlled by any disqualified persons (other than foundation managers) and otherwise meets the requirements of section 509(a)(3). Check the box that describes the type of supporting organization:

☐ Type I ☐ Type II ☐ Type III-Functionally Integrated ☐ Type III-Other

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

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

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

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

Calendar year (or fiscal year beginning in) ▶	(a) 2005	(b) 2004	(c) 2003	(d) 2002	(e) Total
15 Gifts, grants, and contributions received. (Do not include unusual grants. See line 28.)	1,098,012.	114,483.	2,705,192.	1,122,419.	5,040,106.
16 Membership fees received	35,765.	24,935.	26,325.	27,480.	114,505.
17 Gross receipts from admissions, merchandise sold or services performed, or furnishing of facilities in any activity that is related to the organization's charitable, etc., purpose	499,282.	422,870.	358,813.	287,149.	1,568,114.
18 Gross income from interest, dividends, amounts received from payments on securities loans (section 512(a)(5)), rents, royalties, and unrelated business taxable income (less section 511 taxes) from businesses acquired by the organization after June 30, 1975	42,502.	36,555.	19,121.	23,571.	121,749.
19 Net income from unrelated business activities not included in line 18					
20 Tax revenues levied for the organization's benefit and either paid to it or expended on its behalf					
21 The value of services or facilities furnished to the organization by a governmental unit without charge. Do not include the value of services or facilities generally furnished to the public without charge					
22 Other income. Attach a schedule. Do not include gain or (loss) from sale of capital assets			SEE STATEMENT 14	-2,745.	-2,745.
23 Total of lines 15 through 22	1,675,561.	598,843.	3,109,451.	1,457,874.	6,841,729.
24 Line 23 minus line 17	1,176,279.	175,973.	2,750,638.	1,170,725.	5,273,615.
25 Enter 1% of line 23	16,756.	5,988.	31,095.	14,579.	

26 **Organizations described on lines 10 or 11.** a Enter 2% of amount in column (e), line 24 ▶ 26a 105,472.

b Prepare a list for your records to show the name of and amount contributed by each person (other than a governmental unit or publicly supported organization) whose total gifts for 2002 through 2005 exceeded the amount shown in line 26a. **Do not file this list with your return.** Enter the total of all these excess amounts ▶ 26b 3,238,441.

c Total support for section 509(a)(1) test: Enter line 24, column (e) ▶ 26c 5,273,615.

d Add: Amounts from column (e) for lines: 18 121,749. 19 _____ 22 -2,745. 26b 3,238,441. ▶ 26d 3,357,445.

e Public support (line 26c minus line 26d total) ▶ 26e 1,916,170.

f **Public support percentage (line 26e (numerator) divided by line 26c (denominator))** ▶ 26f 36.3350%

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: N/A

(2005) (2004) (2003) (2002)

b For any amount included in line 17 that was received from each person (other than "disqualified persons"), prepare a list for your records to show the name of, and amount received for each year, that was more than the **larger** of **(1)** the amount on line 25 for the year or **(2)** $5,000. (Include in the list organizations described in lines 5 through 11b, as well as individuals.) **Do not file this list with your return.** After computing the difference between the amount received and the larger amount described in **(1)** or **(2)**, enter the sum of these differences (the excess amounts) for each year: N/A

(2005) (2004) (2003) (2002)

c Add: Amounts from column (e) for lines: 15 _____ 16 _____ 17 _____ 20 _____ 21 _____ ▶ 27c N/A

d Add: Line 27a total _____ and line 27b total _____ ▶ 27d N/A

e Public support (line 27c total minus line 27d total) ▶ 27e N/A

f Total support for section 509(a)(2) test: Enter amount on line 23, column (e) ▶ 27f N/A

g **Public support percentage (line 27e (numerator) divided by line 27f (denominator))** ▶ 27g N/A %

h **Investment income percentage (line 18, column (e) (numerator) divided by line 27f (denominator))** ▶ 27h N/A %

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

NONE

Part V **Private School Questionnaire** (See page 9 of the instructions.) N/A

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

			Yes	No
29	Does the organization have a racially nondiscriminatory policy toward students by statement in its charter, bylaws, other governing instrument, or in a resolution of its governing body?	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?	31		
	If "Yes," please describe; if "No," please explain. (If you need more space, attach a separate statement.)			
32	Does the organization maintain the following:			
a	Records indicating the racial composition of the student body, faculty, and administrative staff?	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?	34b		
	If you answered "Yes" to either 34a or b, please explain using an attached statement.			
35	Does the organization certify that it has complied with the applicable requirements of sections 4.01 through 4.05 of Rev. Proc. 75-50, 1975-2 C.B. 587, covering racial nondiscrimination? If "No," attach an explanation	35		

Part VI-A **Lobbying Expenditures by Electing Public Charities** (See page 10 of the instructions.) N/A

(To be completed ONLY by an eligible organization that filed Form 5768)

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

Limits on Lobbying Expenditures (The term "expenditures" means amounts paid or incurred.)		(a) Affiliated group totals	(b) To be completed for all electing organizations
		N/A	
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	41		
Over $1,500,000 but not over $17,000,000 / $225,000 plus 5% of the excess over $1,500,000			
Over $17,000,000 / $1,000,000			
42 Grassroots nontaxable amount (enter 25% of line 41)	42		
43 Subtract line 42 from line 36. Enter -0- if line 42 is more than line 36	43		
44 Subtract line 41 from line 38. Enter -0- if line 41 is more than line 38	44		
Caution: *If there is an amount on either line 43 or line 44, you must file Form 4720*			

4-Year Averaging Period Under Section 501(h)

(Some organizations that made a section 501(h) election do not have to complete all of the five columns below See the instructions for lines 45 through 50 on page 13 of the instructions.)

	Lobbying Expenditures During 4-Year Averaging Period				N/A
Calendar year (or fiscal year beginning in) ▶	(a) 2006	(b) 2005	(c) 2004	(d) 2003	(e) Total
45 Lobbying nontaxable amount					0.
46 Lobbying ceiling amount (150% of line 45(e))					0.
47 Total lobbying expenditures					0.
48 Grassroots nontaxable amount					0.
49 Grassroots ceiling amount (150% of line 48(e))					0.
50 Grassroots lobbying expenditures					0.

Part VI-B **Lobbying Activity by Nonelecting Public Charities**

(For reporting only by organizations that did not complete Part VI-A) (See page 13 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		X	
b Paid staff or management (Include compensation in expenses reported on lines c through h.)		X	
c Media advertisements		X	
d Mailings to members, legislators, or the public		X	
e Publications, or published or broadcast statements		X	
f Grants to other organizations for lobbying purposes		X	
g Direct contact with legislators, their staffs, government officials, or a legislative body		X	
h Rallies, demonstrations, seminars, conventions, speeches, lectures, or any other means		X	
i Total lobbying expenditures (Add lines c through h.)			0.

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 13 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?

		Yes	No
a	Transfers from the reporting organization to a noncharitable exempt organization of:		
	(i) Cash	51a(i)	X
	(ii) Other assets	a(ii)	X
b	Other transactions:		
	(i) Sales or exchanges of assets with a noncharitable exempt organization	b(i)	X
	(ii) Purchases of assets from a noncharitable exempt organization	b(ii)	X
	(iii) Rental of facilities, equipment, or other assets	b(iii)	X
	(iv) Reimbursement arrangements	b(iv)	X
	(v) Loans or loan guarantees	b(v)	X
	(vi) Performance of services or membership or fundraising solicitations	b(vi)	X
c	Sharing of facilities, equipment, mailing lists, other assets, or paid employees	c	X

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: N/A

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

52 a 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: N/A

(a) Name of organization	(b) Type of organization	(c) Description of relationship

FORM 990 PAGE 2 990

Asset No	Description	Date Acquired	Method	Life	Line No	Unadjusted Cost Or Basis	Bus % Excl	* Reduction In Basis	Basis For Depreciation	Accumulated Depreciation	Current Sec 179	Current Year Deduction
	MANAGEMENT AND GENERAL											
1	OFFICE EQUIPMENT	VARIES	SL	5.00	16	192,232.			192,232.	122,089.		46,295.
	* 990 PAGE 2 TOTAL MANAGEMENT AND GENERAL					192,232.		0.	192,232.	122,089.	0.	46,295.
	* GRAND TOTAL 990 PAGE 2 DEPR					192,232.		0.	192,232.	122,089.	0.	46,295.

FORM 990 GAIN (LOSS) FROM NON-PUBLICLY TRADED SECURITIES STATEMENT 1

DESCRIPTION	DATE ACQUIRED	DATE SOLD	METHOD ACQUIRED
SALES OF INVESTMENTS			PURCHASED

NAME OF BUYER	GROSS SALES PRICE	COST OR OTHER BASIS	EXPENSE OF SALE	NET GAIN OR (LOSS)
	30,958.	31,769.	0.	-811.
TOTAL TO FM 990, PART I, LN 8	30,958.	31,769.	0.	-811.

FORM 990 OTHER CHANGES IN NET ASSETS OR FUND BALANCES STATEMENT 2

DESCRIPTION	AMOUNT
UNREALIZED LOSS ON INVESTMENTS	-282.
TOTAL TO FORM 990, PART I, LINE 20	-282.

FORM 990 OTHER EXPENSES STATEMENT 3

DESCRIPTION	(A) TOTAL	(B) PROGRAM SERVICES	(C) MANAGEMENT AND GENERAL	(D) FUNDRAISING
PROFESSIONAL FEES	372,062.	335,166.	16,297.	20,599.
TEMPORARY HELP	7,431.	6,193.	1,061.	177.
DUES AND SUBSCRIPTIONS	5,836.	4,709.		1,127.
ADVERTISING	10,426.	10,426.		
LIST, VIDEO AND BOOKS PURCHASES	2,324.	2,172.	26.	126.
INSURANCE	4,542.		4,542.	
EXHIBIT AND REGISTRATION FEES	1,612.	1,318.		294.
MISCELLANEOUS	19,774.	5,721.	9,960.	4,093.
ALLOCATION OF MANAGEMENT AND GENERAL EXPENSES	0.	202,745.	-235,637.	32,892.
CONTRACTS	2,388.	2,388.		
TOTAL TO FM 990, LN 43	426,395.	570,838.	-203,751.	59,308.

FORM 990 CASH GRANTS AND ALLOCATIONS TO OTHERS STATEMENT 4

CLASS OF ACTIVITY/DONEE'S NAME AND ADDRESS	AMOUNT
AWARD CENTENNIAL ARTS ACADEMY 852 CENTURY PLACE GAINESVILLE, GA 30501	2,000.
AWARD ST. STEPHENS ELEMENTARY SCHOOL 684 30TH STREET, NE CONOVER, NC 29613	2,000.
AWARD ZANE NORTH ELEMENTARY SCHOOL 801 STOKES AVENUE COLLINGSWOOD, NJ 08108	2,000.
AWARD CROSS BAYOU ELEMENTARY SCHOOL 6886 102ND AVENUE, NORTH PINELLAS PARK, FL 33782	2,000.
AWARD HERRINGTON ELEMENTARY SCHOOL 541 BAY STREET PONTIAC, MI 48342	2,000.
AWARD MCKEE ROAD ELEMENTARY SCHOOL 4101 MCKEE ROAD CHARLOTTE, NC 28270	2,000.
AWARD MILLARD HAWK PRIMARY SCHOOL 74 SCHOOL DRIVE CENTRAL SQUARE, NY 13036	2,000.
AWARD RIDGEWOOD MIDDLE SCHOOL 1401 RIDGEWOOD SCHOOL ROAD ARNOLD, MO 63010	2,000.
AWARD ROCKWOOD SCHOOL DISTRICT 500 NORTH CENTRAL EUREKA, MO 63025	2,000.

AWARD 2,000.
SHADES CAHABA ELEMENTARY SCHOOL
3001 INDEPENDENCE DRIVE
HOMEWOOD, AL 35209

TOTAL INCLUDED ON FORM 990, PART II, LINE 22B 20,000.

FORM 990 STATEMENT OF PROGRAM SERVICE ACCOMPLISHMENTS STATEMENT 5

DESCRIPTION OF PROGRAM SERVICE FOUR

ASSESSMENTS AND RESEARCH: FOR ALL OF OUR PROFESSIONAL DEVELOPMENT AND TRAINING SEMINARS/WORKSHOPS, OUR ANNUAL CONFERENCE THAT INCLUDES AROUND 70 BREAKOUT SESSIONS, AND WITH RESPECT TO ADMINISTRATION OF OUR NATIONAL SCHOOLS OF CHARACTER PROGRAM, WE ASSESS WHETHER WE MEET EXPECTATIONS OF THOSE INVOLVED, AND DELIVER ON WHAT WAS PROMISED. ALSO, WE WORK WITH AND SPONSOR RESEARCH ON WHAT METHODS IN OUR FIELD ARE MOST EFFECTIVE. FOR EXAMPLE, WE CO-SPONSORED WITH DR. MARVIN BERKOWITZ A MAJOR REVIEW OF PROGRAMS OFFERED ACROSS THE NATION IN A REPORT CALLED "WHAT WORKS IN CHARACTER EDUCATION."

	GRANTS	EXPENSES
TO FORM 990, PART III, LINE D		91,548.

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

EXPLANATION

TO DEVELOP CIVIC VIRTUE AND MORAL CHARACTER IN YOUTH AS ONE MEANS OF CREATING A MORE COMPASSIONATE AND RESPONSIBLE SOCIETY.

FORM 990 OTHER PROGRAM SERVICES STATEMENT 7

DESCRIPTION OF OTHER PROGRAM SERVICES	GRANTS AND ALLOCATIONS	EXPENSES
TEACHER EDUCATION	0.	12,925.
PROGRAM DEVELOPMENT	0.	70,971.
PUBLIC EDUCATION	0.	31,095.
PUBLIC RELATIONS	0.	19,871.
RESOURCE CENTER	0.	12,172.
MEMBERSHIP	0.	30,982.
TOTAL TO FORM 990, PART III, LINE E		178,016.

FORM 990 OTHER SECURITIES STATEMENT 8

SECURITY DESCRIPTION	COST/FMV	OTHER SECURITIES
MONEY MARKET FUNDS	FMV	156,154.
TO FORM 990, LINE 54B, COL B		156,154.

FORM 990 NON-GOVERNMENT SECURITIES STATEMENT 9

SECURITY DESCRIPTION	COST/FMV	CORPORATE STOCKS	CORPORATE BONDS	OTHER PUBLICLY TRADED SECURITIES	TOTAL NON-GOV'T SECURITIES
SECURITIES	FMV	176,494.			176,494.
TO FORM 990, LINE 54A, COL B		176,494.			176,494.

FORM 990 PART V-A - LIST OF CURRENT OFFICERS, DIRECTORS, TRUSTEES AND KEY EMPLOYEES STATEMENT 10

NAME AND ADDRESS	TITLE AND AVRG HRS/WK	COMPEN-SATION	EMPLOYEE BEN PLAN CONTRIB	EXPENSE ACCOUNT
JOE MAZZOLA ALL C/O OF THE ORGANIZATION	EXECUTIVE DIRECTOR 40.00	103,669.	20,065.	0.
DAVID W. FISHER	CHAIRMAN 1.00	0.	0.	0.
SANFORD MCDONNELL	CHAIRMAN EMERITUS 1.00	0.	0.	0.
FRANK KEATING	VICE CHAIR 1.00	0.	0.	0.
KRISTIE FINK	DIRECTOR 1.00	0.	0.	0.
CHARLES BAKER	DIRECTOR 1.00	0.	0.	0.
DENNIS BAKKE	DIRECTOR 1.00	0.	0.	0.
MARVIN BERKOWITZ	DIRECTOR 1.00	0.	0.	0.
DIANE BERRETH	DIRECTOR 1.00	0.	0.	0.
JEFF CORDES	DIRECTOR 1.00	0.	0.	0.
ROBERT FRANKLIN	DIRECTOR 1.00	0.	0.	0.

JOHN CASEY	DIRECTOR 1.00	0.	0.	0.
CHARLES HAYNES	DIRECTOR 1.00	0.	0.	0.
MARYANNE LAVAN	DIRECTOR 1.00	0.	0.	0.
THOMAS LICKONE	DIRECTOR 1.00	0.	0.	0.
JOHN MCGILLICUDDY	DIRECTOR 1.00	0.	0.	0.
DICK PIEPER	DIRECTOR 1.00	0.	0.	0.
ROBERT WOODWORTH	DIRECTOR 1.00	0.	0.	0.
DERRELL LUZZO	DIRECTOR 1.00	0.	0.	0.
TOTALS INCLUDED ON FORM 990, PART V-A		103,669.	20,065.	0.

FORM 990 PART VIII - RELATIONSHIP OF ACTIVITIES TO ACCOMPLISHMENT OF EXEMPT PURPOSES STATEMENT 11

LINE	EXPLANATION OF RELATIONSHIP OF ACTIVITIES
93A	SALES OF PUBLICATIONS RELATED TO THE ORGANIZATION'S EXEMPT PURPOSE.
93B	ANNUAL MEETING AIMED AT DEVELOPING CIVIC VIRTUE AND MORAL CHARACTER IN YOUTH.
93C	TRAINING PROVIDED TO INDIVIDUAL AND ORGANIZATIONAL MEMBERS TO PROMOTE MORE COMPASSIONATE AND RESPONSIBLE SOCIETY TO OUR YOUTH.
94	MEMBER DUES RECEIVED IN EXCHANGE FOR MEMBER BENEFITS.
103A	MISCELLANEOUS REVENUE FROM ACTIVITIES RELATED TO THE ORGANIZATION'S EXEMPT PURPOSE.

SCHEDULE A EXPLANATION OF TRANSACTIONS STATEMENT 12
PART III, LINE 2C

BOARD MEMBER MARYANNE LAVAN HOSTED THE ORGANIZATION'S JUNE 2007 BOARD MEETING AND PROVIDED BREAKFAST, LUNCH, AND SNACKS.

SCHEDULE A EXPLANATION OF QUALIFICATIONS TO RECEIVE PAYMENTS STATEMENT 13
PART III, LINE 3A

A CHARACTER EDUCATION PARTNERSHIP SELECTION COMMITTEE REVIEWS SUBMISSIONS FROM VARIOUS SCHOOLS DESCRIBING EACH SCHOOL'S CHARACTER EDUCATION PROGRAM. THE COMMITTEE SELECTS FOR AWARDS THE SCHOOLS WHOSE PROGRAMS BEST EXEMPLIFY THE EXEMPT PURPOSES OF THE PARTNERSHIP AS STATED IN PART III, FORM 990.

SCHEDULE A OTHER INCOME STATEMENT 14

DESCRIPTION	2005 AMOUNT	2004 AMOUNT	2003 AMOUNT	2002 AMOUNT
MISCELLANEOUS	0.	0.	0.	-2,745.
TOTAL TO SCHEDULE A, LINE 22	0.	0.	0.	-2,745.

THE CHARACTER EDUCATION PARTNERSHIP, INC. EIN: 54-1657505
FORM 990 FOR THE YEAR ENDED, JUNE 30, 2007

PART IV, ITEM 77 - CHANGES TO GOVERNING DOCUMENTS

I certify that the attached document represents a complete and accurate copy of the BYLAWS of **THE CHARACTER EDUCATION PARTNERSHIP, INC.**, currently in effect, as amended from to time.

Signed: Josephine Mazzola

Title: CEO AND EXECUTIVE DIRECTOR

Date: 2/11/08

13.

BYLAWS OF

THE CHARACTER EDUCATION PARTNERSHIP, INC.

ARTICLE I. OFFICES

Section A. Principal Office. The principal office of the Character Education Partnership, Inc. (the "Partnership") shall be in Alexandria, Virginia. The Partnership may have such other offices, either within or outside the Commonwealth of Virginia, as the affairs of the Partnership may require and as the Board of Directors may from time to time determine.

Section B. Registered Office. The Partnership shall have and continuously maintain in the Commonwealth of Virginia a registered office and a registered agent as required by Chapter 10 of Title 13.1 of the Virginia Code. The address of the registered agent and the identity of the registered agent may be changed from time to time by the Board of Directors.

ARTICLE II. MEMBERSHIP

Section A. Classes of Membership. Membership in the Partnership shall be open to all individuals and organizations that share a commitment to the importance of developing moral character and civic virtue in youth. There shall initially be two classes of members: organizational and individual. Each class of members shall vote separately on matters submitted to a vote of the membership. Additional classes of members may be created by the Board of Directors from time to time as required by the Partnership's affairs.

Section B. Term of Membership. Membership shall be renewed annually upon the payment of dues to be established by the Board of Directors. The Board of Directors may establish more than one level of dues for each class of membership. Any member may resign at any time by mailing or delivering written notice to the Secretary of the Partnership, and any member may be removed at any time, with or without cause, by a vote of a majority of the Board of Directors then in office if in their judgment the best interests of the Partnership would be served thereby.

Section C. Annual Meeting. An annual meeting of members shall be held at a time and place to be determined by the Board of Directors. At the annual meeting, the Board of Directors shall present an Annual Report on the progress of the Partnership. Members shall elect directors prior to the annual meeting under the procedures established in Article III of these Bylaws. The members present at the annual meeting shall also have the right and responsibility to act on resolutions presented by the Board of Directors and sent to the members with the notice of the annual meeting. The members present at an annual meeting may also consider other resolutions, including amendments to these Bylaws, that are submitted by members, provided (a) that each resolution is

supported by at least five per cent of all members of the Partnership as indicated by their signatures on petition, (b) that such resolution and supporting petition have been submitted to the Secretary of the Partnership at least sixty days prior to the date of the annual meeting so that it may be sent to all members of the Partnership with the notice of the annual meeting, and (c) that consideration of such resolution receive a vote of one-third of the members present at an annual meeting. To be approved, a resolution, whether submitted by the Board of Directors or by a petition of members, must receive an affirmative vote of sixty percent of each class of members voting at an annual meeting in person or by proxy.

Section D. Special Meeting. Special meetings of the members may be called by or at the request of the Chair of the Board of Directors, the Vice Chair, the Secretary or any five directors. The persons authorized to call such meetings may fix a place within or outside the Commonwealth of Virginia as the place for holding any special meeting.

Section E. Notice of Meetings. Written or printed notice stating the place, date and hour of the meeting and, in the case of a special meeting, the purpose or purposes for which the meeting is called, shall be delivered to members not less than thirty or more than fifty days before the date of the meeting, either personally or by mail, telegraph or telecopy, by or at the direction of the Chair of the Board of Directors, the Vice Chair, the Secretary, or the directors calling the meeting, to each member entitled to vote at such meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail addressed to the member at the address appearing on the records of the Partnership, with postage thereon prepaid. If notice is given by telegram, such notice shall be deemed to be delivered when the telegram is delivered to the telegraph company. If notice is given by telecopy, such notice shall be deemed to be delivered when the telecopy is transmitted.

Section F. Quorum. The number of members present at any time during any annual or special meeting of members, shall constitute a quorum for the transaction of business.

Section G. Voting. Members shall have the right to vote for the election of directors and on resolutions submitted to an annual meeting of members. Voting for members of the Board of Directors shall be in accordance with the procedures set forth in Article III< C, 1 below. Voting on resolutions at an annual meeting of members shall be in accordance with the procedures set forth in Section C of this Article II.

Section H. Proxies. Except for election of directors which shall be conducted by mail, members may vote in person or by proxy executed in writing by the member or his or her duly authorized attorney-in-fact. No proxy shall be valid after 11 months from the date of its execution unless otherwise provided in the proxy. A proxy may be revoked at any time (1) by a writing stating that the proxy is revoked or duly executed proxy bearing a later date delivered to the Secretary of the Partnership prior to the vote with respect thereto, or (2) if the person executing the proxy attends the meeting and votes in person.

Section I. Partnership Positions To Be Adopted Only as Provided In These Bylaws

Positions of the Partnership may be adopted only as provided in the Bylaws. No member or group of members of the Partnership may adopt a position on behalf of or binding on the Partnership except as provided in these Bylaws.

ARTICLE III. BOARD OF DIRECTORS

Section A. General Powers. Consistent with the Partnership's Articles of Incorporation and Mission Statement and with any basic policies established by the Partnership's Board of Directors or by resolutions adopted by the Partnership's members, the Board of Directors shall set the policies of the Partnership, shall supervise, manage and control the affairs and activities of the Partnership, and may adopt positions on issues of substance related to the purposes of the Partnership.

Section B. Number. The Board of Directors shall consist of between ten and twenty-five directors. The number of directors may be changed from time to time by amendment of these Bylaws, but in no event shall the number of directors be less than three.

Section C. Election, Terms, Vacancies, and Removal.

1. Election. Except as otherwise provided by law or these Bylaws, directors shall be elected by a majority of the votes for each candidate nominated for election to the Board of Directors. The affirmative vote of the majority of the votes in the written ballots in each class of members shall be necessary for the elections of any directors.

2. Term of Office. Directors shall serve for three-year terms and until their successors are elected, except that prior to the first annual meeting of the members, directors shall be elected to serve the following terms: one-third of the directors shall be elected to serve three year terms, one-third to serve two-year terms, and one-third to serve one-year terms. Thereafter, all elections to the Board shall be for three-year terms. Directors may be elected to succeed themselves for one additional term. The Board of Directors, by majority vote, may make exceptions and extend members beyond this term limitation, when they feel that continued service is in the long-term best interest of the organization and furtherance of the CEP mission.[i]

3. Vacancies. Any vacancy occurring in the Board of Directors, including a vacancy resulting from an increase in the number of directors comprising the Board, shall be filled by affirmative vote of a majority of directors then in office, though less than a quorum of the Board. A director elected or appointed to fill vacancy other than a vacancy resulting from an increase in the number of directors elected or appointed to fill a vacancy other than a vacancy resulting from an increase in the number of directors shall be elected or appointed for the unexpired term of his or her predecessor in office. A

director elected or appointed to fill a vacancy resulting from an increase in the number of directors shall serve until the next annual meeting of members.

4. Resignation and Removal. Any director may resign at any time by notifying the Chair, Vice Chair or the Secretary in writing. Such resignation shall take effect at the time therein specified. Any director who is absent from three consecutive regular meetings of the Board shall be deemed to have resigned as of the date of the third meeting. Any director may be removed at any time, with or without cause, by a vote of a majority of the Board of Directors then in office if in their judgment the best interests of the Partnership would be served thereby.

Section D. Annual Meeting. An annual meeting of the Board of Directors shall be held immediately following the annual meeting of members or at any time determined by the Board of Directors, and at such place as the Board may determine.

Section E. Special Meetings. Special meetings of the Board of Directors may be called by or at the request of the Chair of the Board, the Vice Chair, or any five directors. The person or persons authorized to call such a special meeting may fix the place for holding such meeting.

Section F. Notice of Meeting. Notice of any meeting of the Board of Directors shall be given at least ten days prior thereto by written notice delivered personally or sent by mail, telegram or telecopy to each director at his or her address as shown on the records of the Partnership. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail in a sealed envelope with postage thereon prepaid. If notice is given by telegram, such notice shall be deemed to be delivered when the telecopy is transmitted. Any director may waive notice of any meeting. The attendance of any director at any meeting shall constitute a waiver of notice of such meeting, except where a director attends a meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board need be specified in the notice of such meeting unless specifically required by law.

Section G. Quorum. A majority of the number of directors presently serving shall constitute a quorum for the transaction of business at any meeting of the Board, but in no event shall a quorum consist of less than one-third of the minimum number of directors fixed in Article III, Section B of these Bylaws. If less than a quorum of directors is present at a meeting, a majority of directors present may adjourn the meeting without further notice.

Section H. Manner of Acting. The act of a majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors, except where otherwise provided by law, the Articles of Incorporation or these Bylaws. Any or all directors may participate in any meeting of the Board of Directors or any committee of the Board by means of telephone conference or by any means of communication by

which all persons participating in the meeting are able to hear one another, and such participation shall constitute presence in person at the meeting.

Section I. Committees. The Board of Directors, by resolution adopted by a majority of the directors in office, may designate and appoint one or more committees of the Board, including an Executive Committee. The Executive Committee shall consist of not less than five nor more than eight directors and shall include at least one officer of the Partnership. The Executive Committee shall, except as otherwise provided by law, have and exercise all the powers of the Board of Directors during intervals between meetings of the Board. Such powers shall keep records of its proceedings which shall from time to time be reported to the Board of Directors. Any committee appointed by the Board of Directors, other than the Executive Committee, may invite participation by Partnership members who are not directors. Duties and responsibilities of additional committees are enumerated in the committee charter and kept on file in the offices of the Partnership.

Section J. Resolutions for the Membership. The Board of Directors, or a committee appointed by the Board, shall review, edit for clarification, and consolidate all resolutions to be presented to the members of the Partnership at an annual meeting.

Section K. Compensation. Directors shall not receive any salary or fees for their services as directors, provided however, that to the extent permitted by law, nothing herein contained shall be construed to preclude any director from serving the Partnership in any other capacity and receiving compensation therefore or being reimbursed for ordinary and necessary expenses that he or she may incur in transacting business on behalf of the Partnership.

ARTICLE IV. OFFICERS

Section A. The Officers. The officers of the Partnership shall be Chair of the Board of Directors, Vice Chair, Executive Director, Vice President, Treasurer, Secretary and such other officers or assistant officers as may be deemed necessary or desirable, each of whom shall be elected or appointed in accordance with the provisions of this Article IV. Any two or more offices, except those of Executive Director and Treasurer, may be held by the same person. The Chairman Emeritus of CEP retains lifelong, voting membership on the Board of Directors.[ii]

Section B. Election and Term of Office. Except for the Executive Director, the officers shall be elected at the Annual Meeting of the Board of Directors and shall each serve for a term of the three years. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as convenient. Vacancies may be filled or new offices created and filled at any meeting of the Board of Directors. Each officer shall hold office until his or her successor shall have been duly elected and shall have qualified. Officers may serve for more than one term. Extending officers beyond the normal 3-year term limit requires a majority vote of the Board of Directors. [iii]

Section C. Resignation and Removal. Except for the Executive Director for whom resignation shall be governed by his or her employment agreement, any officer may resign at any time by giving written notice to the Chair of the Board of Directors, the Vice Chair or the Secretary. Any such resignation shall take effect on the date receipt of such notice or at any other time therein specified, and, unless otherwise specified, the acceptance of such resignation shall not be necessary to make it effective. Any officer elected or appointed by the Board of Directors may be removed at any time, with or without cause, by a vote of a majority of the Board of Directors then in office if in their judgment the best interests of the Partnership would be served thereby. Any such removal shall be without prejudice to any contract rights of the person so removed.

Section D. Vacancies. A vacancy in any office because of death, resignation, removal, disqualification or otherwise, may be filled by majority vote of the Board of Directors for the unexpired portion of the term.

Section E. Chair of the Board of Directors. The Chair of the Board of Directors shall preside at meetings of the Board of Directors and the Executive Committee. In his or her absence, the Vice Chair of the Board of Directors, if any, shall preside at meetings of the Board of Directors and the Executive Committee.

Section F. Vice Chair. The Vice Chair shall represent the Partnership at appropriate meetings and occasions and shall perform such other duties as may be prescribed from time to time by the Board of Directors. In the absence of the Board Chair, the Vice Chair shall preside at meetings of the Board of Directors and its Executive Committee.

Section G. Executive Director. The Executive Director shall be selected by the Board of Directors to serve as the Partnership's chief executive officer and shall, subject to the direction of the Board of Directors and its Executive Committee, supervise and control the affairs and property of the Partnership. The Executive Director's title shall be (hereinafter the "Executive Director").[iv] The Executive Director shall perform all duties incident to his or her office and such other duties as may be required by law, the Articles of Incorporation, or these Bylaws, or which may be prescribed from time to time by the Board of Directors or its Executive Committee.[v] The Executive Director shall, in the name of the Partnership, execute such contracts, checks, or other instruments that may from time to time by duly authorized by the Board of Directors.[vi] The Executive Director will serve as a non-voting member of the Board.[vii] The Executive Director shall develop and coordinate programs and activities that are consistent with the purposes and mission of the Partnership and that have been authorized by the Board of Directors. The Executive Director shall appoint staff members, and the Executive Director may dismiss any such staff members.[viii] The Executive Director shall submit an annual written report to the Board of Directors prior to its annual meeting.

Section I. Treasurer. The Treasurer shall (1) have charge and custody of and be responsible for all funds and securities of the Partnership, (2) receive and give receipts for monies due and payable to the Partnership from any source whatsoever, (3) deposit all such monies in the name of the Partnership in such banks, trust companies or other depositories as shall be selected in accordance with Article V of these Bylaws, and, (4) in general, perform the duties incident to the office of Treasurer and such other duties as may be from time to time assigned by the Board of Directors.

Section J. Secretary. The Secretary shall (1) keep the minutes of meetings of the members, the Board of Directors, and any committees having the authority of the Board of Directors in one or more books provided for that purpose, (2) see that all notices are duly given in accordance with these Bylaws or as required by law, (3) ensure that all returns and reports are filed with appropriate federal, state and local authorities, (4) be custodian of the corporate records of the Partnership, and, (5) in general, perform all duties incident to the office of Secretary and such other duties as may be from time to time assigned by the Board of Directors.

ARTICLE V. EDUCATION ADVISORY COUNCIL[ix]

A. Appointment or Election. The Board of Directors may elect or appoint any person or persons to act in an advisory or honorary capacity with respect to the Partnership. All such persons serving as advisors at any time shall constitute the Partnership's Education Advisory Council.

B. Terms. Members of the Education Advisory Council shall serve for terms of three years from the date of their appointment or election and may succeed themselves for one additional term.

C. Resignation and Removal. Any member of the Education Advisory Council may resign at any time by notifying the Secretary in writing. Such resignation shall take effect at the time therein specified. Any member of the Advisory Council may be removed at any time, with or without cause, by the vote of a majority of the Board of Directors then in office if in their judgment the best interests of the Partnership would be served thereby.

ARTICLE VI. NATIONAL LEADERSHIP COUNCIL[x]

A. Terms of Membership. The members of the National Leadership Council (NLC) shall be appointed to and removed from membership by the Board of Directors or in the absence of a board meeting by the Executive Committee. Removal from the NLC roster will be based on the benefit to CEP of each individual member continuing to serve and not on length of service.

ARTICLE VII. MISCELLANEOUS PROVISIONS

Section A. Contacts and Other Documents. Except as otherwise required by law, the Articles of Incorporation, or these Bylaws, the Board of Directors or the Executive Committee may authorize any officer or agent of the Partnership to enter into any contract or execute and deliver any instrument or document in the name of and on behalf of the Partnership. Such authority may be general or confined to specific instances.

Section B. Checks, Drafts and Loans. All checks, drafts, loans, or other orders for the payment of money, notes or other evidence of indebtedness issued in the name of the Partnership shall be signed by such officers or agents of the Partnership and in such manner as shall from time to time be determined by the Board of Directors. In the absence of such a determination, such instruments shall be signed by the Vice Chair or the Treasurer.

Section C. Deposits. All funds of the Partnership shall be deposited to the credit of the Partnership in such bank, trust companies or other depositories as the Board of Directors may from time to time select. In the absence of such selection, such deposits shall be made in a depository designated by the Treasurer.

Section D. Waiver of Notice. Whenever any notice is required to be given to any member or director under any provision of the Articles of Incorporation, these Bylaws, or by Chapter 10 of Title 13.1 of the Code of Virginia, a waiver thereof signed the persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice. Presence at a meeting without objection also constitutes a waiver of notice.

Section E. Action by Written Consent. Any action required or permitted to be taken without a meeting if a consent in writing, setting forth the action to be taken, shall be signed by all of the members entitled to vote with respect to the subject matter thereof, or all of the directors, as the case may be. Such consent shall have the same force and effect as a unanimous vote.

Section F. Books and Records. The Partnership shall keep correct and complete books and records of account and minutes of the proceedings of its members, Board of Directors, and shall keep at its registered office a record giving the names and addresses of its members entitled to vote. All books and records of the Partnership may be inspected by any member having voting rights, or his agent or attorney, for any proper purposed at any reasonable time.

ARTICLE VIII. ANNUAL AUDIT

The Partnership shall provide for an annual audit of its financial books, records and accounts by a certified public accountant to be chosen by the Board of Directors.

ARTICLE IX. FISCAL YEAR

Effective January 1, 1994, the fiscal year of the Partnership shall begin on the first day of July and end on the last day of June unless otherwise determined by the Board of Directors.

ARTICLE X. INDEMNIFICATION

The Partnership shall indemnify any director or officer or former director or officer of the Partnership, or any person who may have served at its request as a director, trustee or other officer of another corporation or entity, whether for profit or not for profit, against judgments and fines (whether civil, criminal, administrative or investigative), amounts paid in settlement, costs and expenses (including reasonable attorney's fees) actually and necessarily incurred by him or her in connection with the defense of any threatened or pending action, suit or proceeding, in which he or she is or may be made a party by reason of having been such director or officer, if such director or officer acted in good faith, for a purpose which he or she reasonably believed to be in the best interests of the Partnership, and had no reasonable cause to believe that his or her conduct was unlawful.

ARTICLE XI. ARTICLES OF INCORPORATION AND BYLAWS

The Articles of Incorporation and these Bylaws may be altered, amended or repealed and new Articles or Bylaws may be adopted by a two-thirds majority vote of the Board of Directors present at any regular or special meeting at which a quorum is present.

I certify that the foregoing Bylaws of the Character Education Partnership, Inc. were approved and adopted by the Partnership's Board of Directors on September 12, 1993, as amended by Board of Directors or the Executive Committee acting on the Board's behalf, and that the foregoing Bylaws are currently in effect.

NOTE: These bylaws were updated in the Fall of 2006 and approved by the CEP Board of Directors at the October 26, 2006 board meeting.

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[i] Added September 18, 2006
[ii] Added September 18, 2006
[iii] Added September 18, 2006
[iv] Added November 22, 2004, edited June 20, 2006
[v] Edited November 22, 2004 and June 20, 2006
[vi] Edited June 20, 2006
[vii] Edited November 22, 2004 and June 20, 2006
[viii] Edited November 22, 2004
[ix] Edited October 23, 2006
[x] Added October 23, 2006