

Return of Organization Exempt from Income Tax

2004

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

Open to Public Inspection

Department of the Treasury Internal Revenue Service

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

For the 2004 calendar year, or tax year beginning Mar 10, 2004, and ending Dec 31, 2004

Section B: Check if applicable: Address change, Name change, Initial return, Final return, Amended return, Application pending. Section C: Name of organization: Americans for Prosperity, 1726 M Street, NW, Tenth Floor, Washington DC 20036. Section D: Employer Identification Number: 75-3148958. Section E: Telephone number: (703) 349-5880. Section F: Accounting method: Accrual.

Section H: H (a) Is this a group return for affiliates? No. H (b) If 'Yes,' enter number of affiliates. H (c) Are all affiliates included? No. H (d) Is this a separate return filed by an organization covered by a group ruling? No.

Section G: Web site: N/A

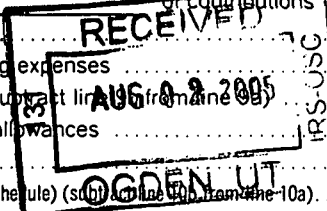
Section J: Organization type: 501(c) 4

Section K: Check here if the organization's gross receipts are normally not more than \$25,000. Section L: Gross receipts: Add lines 6b, 8b, 9b, and 10b to line 12: 869,730.

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

Table with 21 rows and 4 columns. Rows include: 1 Contributions, gifts, grants, and similar amounts received; 2 Program service revenue; 3 Membership dues and assessments; 4 Interest on savings and temporary cash investments; 5 Dividends and interest from securities; 6a Gross rents; 6b Less: rental expenses; 6c Net rental income; 7 Other investment income; 8a Gross amount from sales of assets other than inventory; 8b Less: cost or other basis and sales expenses; 8c Gain or (loss); 8d Net gain or (loss); 9 Special events and activities; 9a Gross revenue; 9b Less: direct expenses; 9c Net income; 10a Gross sales of inventory; 10b Less: cost of goods sold; 10c Gross profit or (loss); 11 Other revenue; 12 Total revenue; 13 Program services; 14 Management and general; 15 Fundraising; 16 Payments to affiliates; 17 Total expenses; 18 Excess or (deficit); 19 Net assets or fund balances at beginning of year; 20 Other changes in net assets or fund balances; 21 Net assets or fund balances at end of year.

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Handwritten numbers 67 and 27.

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
22 Grants and allocations (att sch) (cash \$ _____ non-cash \$ _____)	22			
23 Specific assistance to individuals (att sch)	23			
24 Benefits paid to or for members (att sch)	24			
25 Compensation of officers, directors, etc	25	30,303.	16,776.	7,360.
26 Other salaries and wages	26	58,485.	50,291.	3,154.
27 Pension plan contributions	27			
28 Other employee benefits	28			
29 Payroll taxes	29	4,306.	3,253.	510.
30 Professional fundraising fees	30			
31 Accounting fees	31			
32 Legal fees	32	33,273.	8,991.	0.
33 Supplies	33	1,800.	128.	0.
34 Telephone	34	1,793.	1,793.	0.
35 Postage and shipping	35	15,164.	0.	15,147.
36 Occupancy	36	455.	0.	0.
37 Equipment rental and maintenance	37			
38 Printing and publications	38	1,651.	0.	473.
39 Travel	39	878.	601.	0.
40 Conferences, conventions, and meetings	40	167.	0.	0.
41 Interest	41			
42 Depreciation, depletion, etc (attach schedule)	42			
43 Other expenses not covered above (itemize):				
a <u>Media services</u>	43a	257,774.	245,056.	12,718.
b <u>Professional fees, ads</u>	43b	500,166.	480,731.	12,880.
c <u>Insurance</u>	43c	2,726.	0.	1,684.
d <u>Dues and subscriptions</u>	43d	1,855.	0.	1,830.
e <u>Taxes and licenses</u>	43e	1,695.	1,695.	0.
44 Total functional expenses (add lines 22-43). Organizations completing columns (B) - (D), carry these totals to lines 13 - 15	44	912,491.	809,315.	55,756.

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

Are any joint costs from a combined educational campaign and fundraising solicitation reported in (B) Program services? Yes No
 If 'Yes,' enter (i) the aggregate amount of these joint costs \$ _____; (ii) the amount allocated to Program services \$ _____; (iii) the amount allocated to Management and general \$ _____; and (iv) the amount allocated to Fundraising \$ _____.

Part III Statement of Program Service Accomplishments

What is the organization's primary exempt purpose? Educate and mobilize to achieve growth, opportunity and prosperity
 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) & (4) organizations and 4947(a)(1) nonexempt charitable trusts must also enter the amount of grants & allocations to others.)

Program Service Expenses
 (Required for 501(c)(3) and (4) organizations and 4947(a)(1) trusts; but optional for others.)

a <u>North Carolina chapter - educate and mobilize citizens to achieve greater economic growth, opportunity, and prosperity through government restraint and private sector productivity and competition.</u> (Grants and allocations \$ 0.)	383,741.
b <u>Kansas chapter - educate and mobilize citizens to achieve greater economic growth, opportunity, and prosperity through government restraint and private sector productivity and competition.</u> (Grants and allocations \$ 0.)	366,452.
c <u>Texas chapter - educate and mobilize citizens to achieve greater economic growth, opportunity, and prosperity through government restraint and private sector productivity and competition.</u> (Grants and allocations \$ 0.)	59,122.
d _____ (Grants and allocations \$ _____)	
e Other program services (Grants and allocations \$ _____)	
f Total of Program Service Expenses (should equal line 44, column (B), Program services)	809,315.

Part IV Balance Sheets (See Instructions)

		(A) Beginning of year	(B) End of year
Note: Where required, attached schedules and amounts within the description column should be for end-of-year amounts only.			
ASSETS	45 Cash – non-interest-bearing		45 116,654.
	46 Savings and temporary cash investments		46
	47a Accounts receivable	47a	
	b Less: allowance for doubtful accounts	47b	47c
	48a Pledges receivable	48a	
	b Less: allowance for doubtful accounts	48b	48c
	49 Grants receivable		49
	50 Receivables from officers, directors, trustees, and key employees (attach schedule)		50
	51a Other notes & loans receivable (attach sch)	51a	
	b Less: allowance for doubtful accounts	51b	51c
	52 Inventories for sale or use		52
	53 Prepaid expenses and deferred charges		53 3,458.
	54 Investments – securities (attach schedule)	<input type="checkbox"/> Cost <input type="checkbox"/> FMV	54
	55a Investments – land, buildings, & equipment: basis	55a	
	b Less: accumulated depreciation (attach schedule)	55b	55c
56 Investments – other (attach schedule)		56	
57a Land, buildings, and equipment: basis	57a		
b Less: accumulated depreciation (attach schedule)	57b	57c	
58 Other assets (describe ▶		58	
59 Total assets (add lines 45 through 58) (must equal line 74)	0.	59 120,112.	
LIABILITIES	60 Accounts payable and accrued expenses		60 809.
	61 Grants payable		61
	62 Deferred revenue		62
	63 Loans from officers, directors, trustees, and key employees (attach schedule)		63
	64a Tax-exempt bond liabilities (attach schedule)		64a
	b Mortgages and other notes payable (attach schedule)		64b
	65 Other liabilities (describe ▶ See Line 65 Stmt		65 162,064.
66 Total liabilities (add lines 60 through 65)	0.	66 162,873.	
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		67 -43,104.
	68 Temporarily restricted		68 343.
	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)		73 -42,761.
	74 Total liabilities and net assets/fund balances (add lines 66 and 73)	0.	74 120,112.

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.

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

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

a	Total revenue, gains, and other support per audited financial statements	a	869,730.
b	Amounts included on line a but not on line 12, Form 990:		
(1)	Net unrealized gains on investments		
(2)	Donated services and use of facilities		
(3)	Recoveries of prior year grants		
(4)	Other (specify):		
	Add amounts on lines (1) through (4)	b	
c	Line a minus line b	c	869,730.
d	Amounts included on line 12, Form 990 but not on line a:		
(1)	Investment expenses not included on line 6b, Form 990		
(2)	Other (specify):		
	Add amounts on lines (1) and (2)	d	
e	Total revenue per line 12, Form 990 (line c plus line d)	e	869,730.

a	Total expenses and losses per audited financial statements	a	912,491.
b	Amounts included on line a but not on line 17, Form 990:		
(1)	Donated services and use of facilities		
(2)	Prior year adjustments reported on line 20, Form 990		
(3)	Losses reported on line 20, Form 990		
(4)	Other (specify):		
	Add amounts on lines (1) through (4)	b	
c	Line a minus line b	c	912,491.
d	Amounts included on line 17, Form 990 but not on line a:		
(1)	Investment expenses not included on line 6b, Form 990		
(2)	Other (specify):		
	Add amounts on lines (1) and (2)	d	
e	Total expenses per line 17, Form 990 (line c plus line d)	e	912,491.

Part V List of Officers, Directors, Trustees, and Key Employees (List each one even if not compensated; see 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 and deferred compensation	(E) Expense account and other allowances
Wayne Gable 1726 M St, NW Washington, DC	Director 5	0.	0.	0.
Art Pope 1726 M St, NW Washington, DC	Director 5	0.	0.	0.
James C. Miller, III 1726 M St, NW Washington, DC	Director 5	0.	0.	0.
Nancy M. Pfotenhauer 1726 M St, NW Washington, DC	President 5	6,992.	0.	0.
Arianne Massey 1726 M St, NW Washington, DC	Treasurer 5	3,561.	0.	0.
See List of Officers, Etc. Statement		19,750.	0.	0.

75 Did any officer, director, trustee, or key employee receive aggregate compensation of more than \$100,000 from your organization and all related organizations, of which more than \$10,000 was provided by the related organizations? Yes No
If 'Yes,' attach schedule - see instructions.

Part VI Other Information (See 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		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.		X
78a	Did the organization have unrelated business gross income of \$1,000 or more during the year covered by this return?		X
78b	b If 'Yes,' has it filed a tax return on Form 990-T for this year?		
79	Was there a liquidation, dissolution, termination, or substantial contraction during the year? If 'Yes,' attach a statement		X
80a	Is the organization related (other than by association with a statewide or nationwide organization) through common membership, governing bodies, trustees, officers, etc. to any other exempt or nonexempt organization?	X	
80b	b If 'Yes,' enter the name of the organization Americans for Prosperity Foundation and check whether it is <input checked="" type="checkbox"/> exempt or <input type="checkbox"/> nonexempt.		
81a	Enter direct and indirect political expenditures. See line 81 instructions	81a	0.
81b	b Did the organization file Form 1120-POL for this year?		X
82a	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
82b	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	
83a	Did the organization comply with the public inspection requirements for returns and exemption applications?	X	
83b	b Did the organization comply with the disclosure requirements relating to quid pro quo contributions?	X	
84a	Did the organization solicit any contributions or gifts that were not tax deductible?	X	
84b	b If 'Yes,' did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	X	
85a	501(c)(4), (5), or (6) organizations. a Were substantially all dues nondeductible by members?	n/a	
85b	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.		
85c	c Dues, assessments, and similar amounts from members	85c	
85d	d Section 162(e) lobbying and political expenditures	85d	
85e	e Aggregate nondeductible amount of section 6033(e)(1)(A) dues notices	85e	
85f	f Taxable amount of lobbying and political expenditures (line 85d less 85e)	85f	
85g	g Does the organization elect to pay the section 6033(e) tax on the amount on line 85f?		
85h	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?		
86a	86 501(c)(7) organizations. Enter: a Initiation fees and capital contributions included on line 12	86a	
86b	b Gross receipts, included on line 12, for public use of club facilities	86b	
87a	87 501(c)(12) organizations. Enter: a Gross income from members or shareholders	87a	
87b	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	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
89a	89a 501(c)(3) organizations. Enter: Amount of tax imposed on the organization during the year under: section 4911 ; section 4912 ; section 4955		
89b	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.
90a	90a List the states with which a copy of this return is filed All except HI, ID, MT, TX, IN, VT, SD, NE, IA, WY		
90b	b Number of employees employed in the pay period that includes March 12, 2004 (See instructions.)	90b	0
91	91 The books are in care of The Organization Telephone number (202) 349-5880 Located at 1726 M Street, NW, 10th Floor, Washington, DC ZIP + 4 20036		
92	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	

Part VII Analysis of Income-Producing Activities (See 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 & contracts from government agencies ...					
94 Membership dues and assessments ..					
95 Interest on savings & temporary cash invmnts ..					
96 Dividends & interest from securities ..					
97 Net rental income or (loss) from real estate:					
a debt-financed property					
b not debt-financed property					
98 Net rental income or (loss) from pers prop					
99 Other investment income					
100 Gain or (loss) from sales of assets other than inventory					
101 Net income or (loss) from special events					
102 Gross profit or (loss) from sales of inventory					
103 Other revenue: a _____					
b _____					
c _____					
d _____					
e _____					
104 Subtotal (add columns (B), (D), and (E))					
105 Total (add line 104, columns (B), (D), and (E))					

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 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).
▼	N/A

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

N/A

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

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

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: Michelle L. Korsmo Date: 7/26/05

Type or print name and title: Michelle L. Korsmo, Executive Vice President

Paid Preparer's Use Only

Preparer's signature: [Signature] Date: 7/22/05 Check if self-employed:

Firm's name (or yours if self-employed), address, and ZIP + 4: Douglas Corey & Associates, PC
6601 Little River Trnprk, Suite 440
Alexandria VA 22312-1303

EIN: [Blank] Phone no.: (703) 354-2900

Preparer's SSN or PTIN (See General Instruction W): [Blank]

Form 990, Page 3, Part IV, Line 65

Other Liabilities Statement

Line 65 - Other Liabilities:	Beginning of Year	End of Year
Due to affiliate (net)		162,064.
Total		<u>162,064.</u>

Form 990, Page 4, Part V

List of Officers, Etc. Statement

(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 and deferred compensation	(E) Expense account and other allowances
Michelle Korsmo 1726 M St, NW Washington, DC	Executive VP 10	11,875.	0.	0.
Michael Berry 1726 M St, NW Washington, DC	Former Treasurer 5	7,875.	0.	0.
Total		<u>19,750.</u>	<u>0.</u>	<u>0.</u>

Americans for Prosperity

EIN: 75-3148958

Attachment to Form 990, Page 4, Line 75

Compensation > \$10,000 paid by related Organizations

<u>Name of officer</u>	<u>Americans for Prosperity Foundation</u>
Nancy M. Pfotenhauer	206,133
Arianne Massey	58,585
Michelle Korsmo	125,625
Michael Berry	70,875