

# Return of Organization Exempt From Income Tax

**2001**

Department of the Treasury  
Internal Revenue Service

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**

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

**A** For the **2001** calendar year, OR tax year beginning **10/1/2001**, and ending **9/30/2002**

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

**C** Name of organization: **Competitive Enterprise Institute**  
 Number and street (or P O box if mail is not delivered to street address): **1001 Connecticut Ave, NW**  
 Room/suite: **1250**  
 City or town: **Washington** State or country: **DC** ZIP + 4: **20036**

**D** Employer identification number: **52-1351785**

**E** Telephone number: **202/331-1010**

**F** Accounting method:  Cash  Accrual  
 Other (specify)

**G** Web site: **www.cei.org**

**J** Organization type (check only one):  501(c) ( **3** ) (insert no)  4947(a)(1) or  527

**K** Check here  if the organization's gross receipts are normally not more than \$25,000. The organization need not file a return with the IRS, but if the organization received a Form 990 Package in the mail, it should file a return without financial data. Some states require a complete return.

**L** Gross receipts. Add lines 6b, 8b, 9b, and 10b to line 12: **2,982,612**

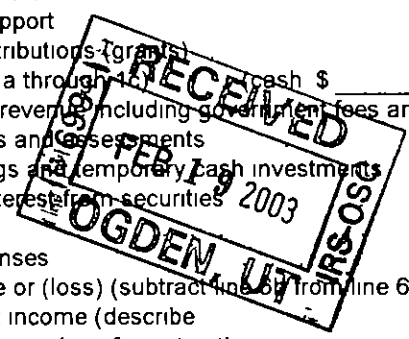
**H** and **I** are not applicable to section 527 organizations.  
**H(a)** Is this a group return for affiliates?  Yes  No  
**H(b)** If "Yes" enter number of affiliates: \_\_\_\_\_  
**H(c)** Are all affiliates included?  Yes  No (If "No" attach a list. See instructions.)  
**H(d)** Is this a separate return filed by an organization covered by a group ruling?  Yes  No  
**I** Enter 4-digit GEN: \_\_\_\_\_

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

**Part I Revenue, Expenses, and Changes in Net Assets or Fund Balances** (See Specific Instructions on page 16)

R e v e n u e	1	Contributions, gifts, grants, and similar amounts received				
	a	Direct public support	1a	2,935,335		
	b	Indirect public support	1b			
	c	Government contributions (grants)	1c			
	d	Total (add lines 1a through 1c) cash \$ <b>2,919,553</b> noncash \$ <b>15,782</b>	1d		2,935,335	
	2	Program service revenue (including government fees and contracts (from Part VII, line 93))	2		347	
	3	Membership dues and assessments	3			
	4	Interest on savings and temporary cash investments	4		17,451	
	5	Dividends and interest from securities	5			
	6a	Gross rents	6a	10,024		
	b	Less rental expenses	6b	15,312		
	c	Net rental income or (loss) (subtract line 6b from line 6a)	6c		-5,288	
n e t g a i n (l o s s)	7	Other investment income (describe _____)	7			
	8a	Gross amount from sales of assets other than inventory	(A) Securities	8a	0	
	b	Less cost or other basis and sales expenses	8b	2,369		
	c	Gain or (loss) (attach schedule) Schedule 1	8c	-2,369		
d	Net gain or (loss) (combine line 8c, columns (A) and (B))	8d		-2,328		
s p e c i a l e v e n t s a n d a c t i v i t i e s	9	Special events and activities (attach schedule)				
	a	Gross revenue (not including \$ _____ of contributions reported on line 1a)	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		0		
g r o s s s a l e s o f i n v e n t o r y	10a	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		0	
11	Other revenue (from Part VII, line 103)	11		10,882		
12	Total revenue (add lines 1d, 2, 3, 4, 5, 6c, 7, 8d, 9c, 10c, and 11)	12		2,956,399		
E x p e n s e s	13	Program services (from line 44, column (B))	13		2,154,657	
	14	Management and general (from line 44, column (C))	14		81,271	
	15	Fundraising (from line 44, column (D))	15		349,332	
	16	Payments to affiliates (attach schedule)	16			
	17	Total expenses (add lines 16 and 44, column (A))	17		2,585,260	
N e t A s s e t s	18	Excess or (deficit) for the year (subtract line 17 from line 12)	18		371,139	
	19	Net assets or fund balances at beginning of year (from line 73, column (A))	19		936,217	
	20	Other changes in net assets or fund balances (attach explanation) Schedule 5	20		-9,322	
	21	Net assets or fund balances at end of year (combine lines 18, 19, and 20)	21		1,298,034	

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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. (See Specific Instructions on page 21.)

Do not include amounts reported on line 6b, 8b, 9b, 10b, or 16 of Part I	(A) Total	(B) Program services	(C) Management and general	(D) Fundraising
22 Grants and allocations (attach schedule) (cash \$ _____ noncash \$ _____)	0			
23 Specific assistance to individuals (attach schedule)	0			
24 Benefits paid to or for members (attach schedule)	0			
25 Compensation of officers, directors, etc	222,961	172,507	1,941	48,513
26 Other salaries and wages	1,198,318	1,032,423	29,824	136,071
27 Pension plan contributions	0			
28 Other employee benefits	147,480	135,031	1,199	11,250
29 Payroll taxes	112,452	95,161	3,075	14,216
30 Professional fundraising fees	1,175			1,175
31 Accounting fees	1,654		1,654	
32 Legal fees	41,456	39,938	870	648
33 Supplies	18,475	13,635	2,124	2,716
34 Telephone	13,609	10,389	1,695	1,525
35 Postage and shipping	33,385	25,148	-893	9,130
36 Occupancy	165,341	135,382	10,641	19,318
37 Equipment rental and maintenance	24,704	18,395	3,617	2,692
38 Printing and publications	94,100	83,305	399	10,396
39 Travel	20,697	14,480	33	6,184
40 Conferences, conventions, and meetings	96,701	30,005	1,022	65,674
41 Interest	0			
42 Depreciation, depletion, etc Schedule 2	66,097	40,147	14,877	11,073
43 Other expenses not covered above (itemize) a Consulting	228,883	221,982	2,907	3,994
b Books & Subscriptions	38,300	33,873	2,532	1,895
c Issue Marketing & News Releases	26,348	26,348		
d Insurance	16,426	12,231	2,405	1,790
e Miscellaneous	5,475	4,372	593	510
f Computer Services	11,223	9,905	756	562
44 Total functional expenses (add lines 22 through 43) Organizations completing columns (B) - (D), carry these totals to lines 13 - 15	2,585,260	2,154,657	81,271	349,332

Joint Costs Check  if you are following SOP 98-2

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

**Part III Statement of Program Service Accomplishments**

(See Specific Instructions on page 24.)

What is the organization's primary exempt purpose? Schedule 3	Program Service Expenses
All organizations must describe their exempt purpose achievements in a clear and concise manner. State the number of clients served, publications issued, etc. Discuss achievements that are not measurable (Section 501(c)(3) and (4) organizations and 4947(a)(1) nonexempt charitable trusts must also enter the amount of grants and allocations to others.)	(Required for 501(c)(3) and (4) orgs and 4947(a)(1) trusts but optional for others.)
a Environmental Studies Program seeks to analyze and promote property-based approaches to environmental protection as well as exploring methods of preserving both individual liberty and the environment (Grants and allocations \$ 0 )	758,464
b Publications Publications disseminate information on topics of a free society to better educate the general public (Grants and allocations \$ 0 )	352,567
c Regulatory Reform Program seeks to analyze and promote free-market regulatory policies in areas ranging from technology to health & safety (Grants and allocations \$ 0 )	346,892
d Free-Market Legal Litigation Program seeks to develop new tools for challenging government regulations and to use these in administrative and court actions to better balance the public policy debate and to restore property and contract rights (Grants and allocations \$ 0 )	387,109
e Other program services (attach schedule) (Grants and allocations \$ 0 )	309,624
f Total of Program Service Expenses (should equal line 44, column (B), Program services)	2,154,656

**Part IV Balance Sheets**

(See Specific Instructions on page 24)

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
<b>Assets</b>			
45	Cash - non-interest-bearing		45
46	Savings and temporary cash investments	905,106	46 1,227,576
47a	Accounts receivable	47a 5,061	
b	Less allowance for doubtful accounts	47b	47c 5,061
48a	Pledges receivable	48a 53,000	
b	Less allowance for doubtful accounts	48b	48c 53,000
49	Grants receivable		49
50	Receivables from officers, directors, trustees, and key employees (attach schedule)		50
51a	Other notes and loans receivable (attach schedule)	51a	
b	Less allowance for doubtful accounts	51b	51c 0
52	Inventories for sale or use		52
53	Prepaid expenses and deferred charges	14,178	53 32,022
54	Investments - securities (attach schedule) <input type="checkbox"/> Cost <input type="checkbox"/> FMV		54
55a	Investments - land, buildings, and equipment basis	55a	
b	Less accumulated depreciation (attach schedule)	55b	55c 0
56	Investments - other (attach schedule)	0	56 0
57a	Land, buildings, and equipment basis	57a 688,009	
b	Less accumulated depreciation Schedule 2	57b 550,866	57c 137,143
58	Other assets Deposits )	9,817	58 12,015
59	<b>Total assets (add lines 45 through 58) (must equal line 74)</b>	1,136,902	59 1,466,817
<b>Liabilities</b>			
60	Accounts payable and accrued expenses	185,882	60 128,418
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 Capital Lease & Deferred Construction )	14,803	65 40,789
66	<b>Total liabilities (add lines 60 through 65)</b>	200,685	66 169,207
<b>Net Assets or Fund Balances</b>			
Organizations that follow SFAS 117, check here <input checked="" type="checkbox"/> and complete lines 67 through 69 and lines 73 and 74			
67	Unrestricted	779,097	67 1,030,080
68	Temporarily restricted	157,120	68 267,530
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	<b>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)</b>	936,217	73 1,297,610
74	<b>Total liabilities and net assets/fund balances (add lines 66 and 73)</b>	1,136,902	74 1,466,817

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.

**Part IV-A Reconciliation of Revenue per Audited Financial Statements with Revenue per Return** (See Specific Instructions, page 26 )

a	Total revenue, gains, and other support per audited financial statements	a	2,971,286
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) <u>Rental Expenses</u> \$ 15,312		
	Add amounts on lines (1) thru (4)	b	15,312
c	Line a minus line b	c	2,955,974
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) <u>Unrealized Loss</u> \$ 425		
	Add amounts on lines (1) and (2)	d	425
e	Total revenue per line 12, Form 990 (line c plus line d)	e	2,956,399

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

a	Total expenses and losses per audited financial statements	a	2,600,571
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) <u>Rental Expenses</u> \$ 15,312		
	Add amounts on lines (1) thru (4)	b	15,312
c	Line a minus line b	c	2,585,259
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	0
e	Total expenses per line 17, Form 990 (line c plus line d)	e	2,585,259

**Part V List of Officers, Directors, Trustees, and Key Employees** (List each one even if not compensated, see Specific Instructions on page 26 )

(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	(E) Expense account and other allowances
Fred L. Smith Jr Washington, DC	President 40 Hours	150,000	20,145	
William Dunn Stuart, FL	Director 1 Hour	0		
Scott Fallon Redmond, WA	Director 1Hour	0		
Dr. Thomas G Moore Palo Alto, CA	Director 1Hour	0		
William O'Keefe Washington, DC	Treasurer/Secretary 2 Hours	0		
Frances B Smith Washington, DC	Director 1Hour	0		
Dr. Leonard Liggio Fairfax, VA	Director 1Hour	0		
Michael Greve Washington, DC	Director 2 Hours	0		
Jody M. Clarke Washington, DC	Vice President 40 Hours	72,961	20,489	
Thom Golab Washington, DC	Vice President 40 Hours	83,095	6,357	
Martha Hutto Washington, DC	CFO/Controller 40 Hours	61,114	9,371	

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 Specific Instructions on page 27

**Part VI Other Information**

(See Specific Instructions on page 27)

Yes or No

76	Did the organization engage in any activity not previously reported to the IRS? If "Yes," attach a detailed description of each activity	76	No
77	Were any changes made in the organizing or governing documents but not reported to the IRS? If "Yes," attach a conformed copy of the changes	77	No
78a	Did the organization have unrelated business gross income of \$1,000 or more during the year covered by this return?	78a	No
b	If "Yes," has it filed a tax return on Form 990-T for this year?	78b	N/A
79	Was there a liquidation, dissolution, termination, or substantial contraction during the year? If "Yes," attach a statement	79	No
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?	80a	No
b	If "Yes," enter the name of the organization _____ and check whether it is <input type="checkbox"/> exempt OR <input type="checkbox"/> nonexempt		
81a	Enter direct or indirect political expenditures See line 81 instructions	81a	
b	Did the organization file Form 1120-POL for this year?	81b	No
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?	82a	No
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?	83a	Yes
b	Did the organization comply with the disclosure requirements relating to quid pro quo contributions?	83b	Yes
84a	Did the organization solicit any contributions or gifts that were not tax deductible?	84a	No
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	84b	No
85	501(c)(4), (5), or (6) organizations a Were substantially all dues nondeductible by members?	85a	N/A
b	Did the organization make only in-house lobbying expenditures of \$2,000 or less? 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	85b	N/A
c	Dues, assessments, and similar amounts from members	85c	
d	Section 162(e) lobbying and political expenditures	85d	
e	Aggregate nondeductible amount of section 6033(e)(1)(A) dues notices	85e	
f	Taxable amount of lobbying and political expenditures (line 85d less 85e)	85f	0
g	Does the organization elect to pay the section 6033(e) tax on the amount on line 85f?	85g	N/A
h	If section 6033(e)(1)(A) dues notices were sent, does the organization agree to add the amount on line 85f to its reasonable estimate of dues allocable to nondeductible lobbying and political expenditures for the following tax year?	85h	N/A
86	501(c)(7) orgs Enter a Initiation fees and capital contributions included on line 12	86a	N/A
b	Gross receipts included on line 12, for public use of club facilities	86b	N/A
87	501(c)(12) orgs Enter a Gross income from members or shareholders	87a	N/A
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)	87b	N/A
88	At any time during the year did the organization own a 50% or greater interest in a taxable corporation or partnership or an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? If "Yes," complete Part IX	88	No
89a	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) orgs Did the organization engage in any section 4958 excess benefit transaction during the year or did it become aware of an excess benefit transaction from a prior year? If "Yes" attach a statement explaining each transaction	89b	No
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		N/A
90a	List the states with which a copy of this return is filed District of Columbia		
b	Number of employees employed in the pay period that includes March 12, 2001 (See instructions)	90b	38
91	The books are in care of Competitive Enterprise Institute Telephone no 202/331-1010 Located at 1001 Connecticut Avenue, NW, Suite 1250 Washington, DC ZIP + 4 20036		
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	<input type="checkbox"/>

**Part VII Analysis of Income-Producing Activities**

(See Specific Instructions on page 32)

Note	Enter gross amounts unless otherwise indicated	Unrelated business income		Excluded by section 512, 513, or 514		(E)
		(A) Business code	(B) Amount	(C) Exclusion code	(D) Amount	Related or exempt function income
93	Program service revenue					
a	Publications					347
b						
c						
d						
e						
f	Medicare/Medicaid payments					
g	Fees and contracts from government agencies					
94	Membership dues and assessments					
95	Interest on savings and temporary cash investments			14	17,451	
96	Dividends and interest from securities					
97	Net rental income or (loss) from real estate					
a	debt-financed property					
b	not debt-financed property					
98	Net rental income or (loss) from personal property			16	-5,288	
99	Other investment income					
100	Gain or (loss) from sales of assets other than inventory			18	-2,328	
101	Net income or (loss) from special events					
102	Gross profit or (loss) from sales of inventory					
103	Other revenue a Miscellaneous			15	10,882	
b						
c						
d						
e						
104	Subtotal (add cols (B), (D), and (E))		0		20,717	347
105	Total (add line 104, columns (B), (D), and (E))					21,064

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 Specific Instructions on page 32)

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)
93A	Sale of internally created publications is directly related to our exempt purpose

**Part IX Information Regarding Taxable Subsidiaries and Disregarded Entities**

(See Specific Instructions on page 33)

(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 Specific Instructions on page 33)

- (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**

*Fred L Smith Jr*  
Signature of officer

14 February 2003  
Date

Fred L Smith Jr President  
Type or print name and title

**Paid Preparer's Use Only**

Preparer's signature \_\_\_\_\_ Date \_\_\_\_\_ Check if self-employed

Firm's name (or yours if self-employed) address and ZIP + 4 \_\_\_\_\_ Preparer's SSN or PTIN (See Gen Inst W) \_\_\_\_\_ EIN \_\_\_\_\_ Phone no ( ) \_\_\_\_\_

**SCHEDULE A**  
**(Form 990 or 990-EZ)**

**Organization Exempt Under Section 501(c)(3)**

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

OMB No 1545-0047

**2001**

Supplementary Information - (See separate instructions)

Department of the Treasury  
Internal Revenue Service

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

Name of the organization Competitive Enterprise Institute	Employer identification number 52-1351785
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**Part I Compensation of the Five Highest Paid Employees Other Than Officers, Directors, and Trustees**

(See page 1 of the instructions List each one If there are none, enter "None ")

(a) Name and address of each employee paid more than \$50,000	(b) Title and average hours per week devoted to position	(c) Compensation	(d) Contributions to employee benefit plans & deferred compensation	(e) Expense account and other allowances
James Delong 1001 Connecticut Ave, NW Washington, DC 20036	Senior Fellow for Technology & Information Project 40 hours	85,812	11,261	
Sam Kazman 1001 Connecticut Ave, NW Washington, DC 20036	General Counsel 40 hours	80,019	20,647	
Myron Ebell 1001 Connecticut Ave, NW Washington, DC 20036	Senior Fellow for Climate Change Policy 40 hours	75,039	10,436	
Angela Logomasini 1001 Connecticut Ave, NW Washington, DC 20036	Director of Risk and Domestic Environment 40 hours	75,039	9,334	
Solveig Singleton 1001 Connecticut Ave, NW Washington, DC 20036	Senior Policy Analyst for Financial Privacy 40 hours	58,789	9,193	
Total number of other employees paid over \$50,000	2			

**Part II 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
Christopher Horner Alexandria, VA	Consultant Fees	60,000
Total number of others receiving over \$50,000 for professional services		

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

	Yes	No
<b>1</b> During the year, has the organization attempted to influence national, state, or local legislation, including any attempt to influence public opinion on a legislative matter or referendum? If "Yes," enter the total expenses paid or incurred in connection with the lobbying activities \$ <u>10,981</u> (Must equal amounts on line 38, Part VI-A or line 1 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.	X	
<b>2</b> 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.)		
<b>a</b> Sale, exchange, or leasing of property?		X
<b>b</b> Lending of money or other extension of credit?		X
<b>c</b> Furnishing of goods, services, or facilities?		X
<b>d</b> Payment of compensation (or payment or reimbursement of expenses if more than \$1,000)? See IRS Form 990 Part V	X	
<b>e</b> Transfer of any part of its income or assets?		X
<b>3</b> Does the organization make grants for scholarships, fellowships, student loans, etc? (See Note below.)		X
<b>4</b> Do you have a section 403(b) annuity plan for your employees?	X	
Note: Attach a statement to explain how the organization determines that individuals or organizations receiving grants or loans from it in furtherance of its charitable programs "qualify" to receive payments.		

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

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

- 5**  A church, convention of churches, or association of churches Section 170(b)(1)(A)(i)
- 6**  A school Section 170(b)(1)(A)(ii) (Also complete Part V)
- 7**  A hospital or a cooperative hospital service organization Section 170(b)(1)(A)(iii)
- 8**  A Federal, state, or local government or governmental unit Section 170(b)(1)(A)(v)
- 9**  A medical research organization operated in conjunction with a hospital Section 170(b)(1)(A)(iii) Enter the hospital's name, city, and state \_\_\_\_\_
- 10**  An organization operated for the benefit of a college or university owned or operated by a governmental unit Section 170(b)(1)(A)(iv) (Also complete the Support Schedule in Part IV-A)
- 11a**  An organization that normally receives a substantial part of its support from a governmental unit or from the general public Section 170(b)(1)(A)(vi) (Also complete the Support Schedule in Part IV-A)
- 11b**  A community trust Section 170(b)(1)(A)(vi) (Also complete the Support Schedule in Part IV-A)
- 12**  An organization that normally receives (1) more than 33 1/3% of its support from contributions, membership fees, and gross receipts from activities related to its charitable, etc., functions- subject to certain exceptions, and (2) no more than 33 1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975 See section 509(a)(2) (Also complete the Support Schedule in Part IV-A)
- 13**  An organization that is not controlled by any disqualified persons (other than foundation managers) and supports organizations described in (1) lines 5 through 12 above, or (2) section 501(c)(4), (5), or (6), if they meet the test of section 509(a)(2) (See section 509(a)(3))

Provide the following information about the supported organizations (See page 5 of the instructions)

(a) Name(s) of supported organization(s)	(b) Line number from above

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



**Part IV-A Support Schedule** (Complete 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) 2000	(b) 1999	(c) 1998	(d) 1997	(e) Total
<b>15</b> Gifts, grants, and contributions received (Do not include unusual grants See line 28 )	3,109,944	2,656,633	2,814,705	1,350,060	9,931,342
<b>16</b> Membership fees received					0
<b>17</b> 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	77,492	59,021	85,337	12,671	234,521
<b>18</b> 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	48,361	57,442	58,254	60,577	224,634
<b>19</b> Net income from unrelated business activities not included in line 18					0
<b>20</b> Tax revenues levied for the organization's benefit and either paid to it or expended on its behalf					0
<b>21</b> The value of services or facilities furnished to the organization by a governmental unit without charge Do not include the value of services or facilities generally furnished to the public without charge					0
<b>22</b> Other income Attach a schedule Do not include gain or (loss) from sale of capital assets Schedule 4	15,201	34,689	20,321	2,500	72,711
<b>23</b> Total of lines 15 through 22	3,250,998	2,807,785	2,978,617	1,425,808	10,463,208
<b>24</b> Line 23 minus line 17	3,173,506	2,748,764	2,893,280	1,413,137	10,228,687
<b>25</b> Enter 1% of line 23	32,510	28,078	29,786	14,258	
<b>26 Organizations described on lines 10 or 11</b>	a Enter 2% of amount in column (e), line 24				<b>26a</b> 204,574
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 1997 through 2000 exceeded the amount shown in line 26a Do not file this list with your return Enter the total of all these excess amounts					<b>26b</b> 4,187,192
c Total support for section 509(a)(1) test Enter line 24, column (e)					<b>26c</b> 10,228,687
d Add Amounts from column (e) for lines 18 224,634 19 0					<b>26d</b> 4,484,537
e Public support (line 26c minus line 26d total)					<b>26e</b> 5,744,150
f Public support percentage (line 26e (numerator) divided by line 26c (denominator))					<b>26f</b> 56.16%
<b>27 Organizations described on line 12</b>	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				
	(2000)	(1999)	(1998)	(1997)	
b For any amount included in line 17 that was received from each person (other than "disqualified persons"), prepare a list for your records to show the name of, and amount received for each year, that was more than the larger of (1) the amount on line 25 for the year or (2) \$5,000 (Include in the list organizations described in lines 5 through 11, as well as individuals ) Do not file this list with your return After computing the difference between the amount received and the larger amount described in (1) or (2), enter the sum of these differences (the excess amounts) for each year	(2000)	(1999)	(1998)	(1997)	
c Add Amounts from column (e) for lines 15 0 16 0	17 0	20 0	21 0		<b>27c</b> 0
d Add Line 27a total 0 and line 27b total 0					<b>27d</b> 0
e Public support (line 27c total minus line 27d total)					<b>27e</b> 0
f Total support for section 509(a)(2) test Enter amount from line 23, column (e)					<b>27f</b> 0
g Public support percentage (line 27e (numerator) divided by line 27f (denominator))					<b>27g</b> 0.00%
h Investment income percentage (line 18, column (e) (numerator) divided by line 27f (denominator))					<b>27h</b> 0.00%

**28 Unusual Grants** For an organization described in line 10, 11, or 12 that received any unusual grants during 1997 through 2000, prepare a list for your records to show, for each year, the name of the contributor, the date and amount of the grant, and a brief description of the nature of the grant Do not file this list with your return Do not include these grants in line 15

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

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

Not Applicable

		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?		
30	Does the organization include a statement of its racially nondiscriminatory policy toward students in all its brochures, catalogues, and other written communications with the public dealing with student admissions, programs, and scholarships?		
31	Has the organization publicized its racially nondiscriminatory policy through newspaper or broadcast media during the period of solicitation for students, or during the registration period if it has no solicitation program, in a way that makes the policy known to all parts of the general community it serves? If "Yes," please describe, if "No," please explain (If you need more space, attach a separate statement )		
32	Does the organization maintain the following		
a	Records indicating the racial composition of the student body, faculty, and administrative staff?		
b	Records documenting that scholarships and other financial assistance are awarded on a racially nondiscriminatory basis?		
c	Copies of all catalogues, brochures, announcements, and other written communications to the public dealing with student admissions, programs, and scholarships?		
d	Copies of all material used by the organization or on its behalf to solicit contributions?		
	If you answered "No" to any of the above, please explain (If you need more space, attach a separate statement )		
33	Does the organization discriminate by race in any way with respect to		
a	Students' rights or privileges?		
b	Admissions policies?		
c	Employment of faculty or administrative staff?		
d	Scholarships or other financial assistance?		
e	Educational policies?		
f	Use of facilities?		
g	Athletic programs?		
h	Other extracurricular activities?		
	If you answered "Yes" to any of the above, please explain (If you need more space, attach a separate statement )		
34a	Does the organization receive any financial aid or assistance from a governmental agency?		
b	Has the organization's right to such aid ever been revoked or suspended? If you answered "Yes" to either 34a or b, please explain using an attached statement		
35	Does the organization certify that it has complied with the applicable requirements of sections 4 01 through 4 05 of Rev Proc 75-50, 1975-2 C B 587, covering racial nondiscrimination? If "No," attach an explanation		

**Part VI-A Lobbying Expenditures by Electing Public Charities** (See page 9 of the instructions)

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

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
36	Total lobbying expenditures to influence public opinion (grassroots lobbying)	36	
37	Total lobbying expenditures to influence a legislative body (direct lobbying)	37	10,981
38	Total lobbying expenditures (add lines 36 and 37)	38	0 10,981
39	Other exempt purpose expenditures	39	2,600,571
40	Total exempt purpose expenditures (add lines 38 and 39)	40	0 2,611,552
41	Lobbying nontaxable amount Enter the amount from the following table -		
	<b>If the amount on line 40 is -</b>		
	Not over \$500,000		
	Over \$500,000 but not over \$1,000,000		
	Over \$1,000,000 but not over \$1,500,000		
	Over \$1,500,000 but not over \$17,000,000		
	Over \$17,000,000		
	<b>The lobbying nontaxable amount is -</b>		
	20% of the amount on line 40		
	\$100,000 plus 15% of the excess over \$500,000		
	\$175,000 plus 10% of the excess over \$1,000,000		
	\$225,000 plus 5% of the excess over \$1,500,000		
	\$1,000,000		
41		41	0 280,578
42	Grassroots nontaxable amount (enter 25% of line 41)	42	0 70,145
43	Subtract line 42 from line 36 Enter -0- if line 42 is more than line 36	43	0 0
44	Subtract line 41 from line 38 Enter -0- if line 41 is more than line 38	44	0 0

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

**4 - Year Averaging Period Under Section 501(h)**

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

Calendar year (or fiscal year beginning in)	Lobbying Expenditures During 4-Year Averaging Period					
	(a) 2001	(b) 2000	(c) 1999	(d) 1998	(e) Total	
45	Lobbying nontaxable amount	280,578	325,933	309,687	294,590	1,210,788
46	Lobbying ceiling amount (150% of line 45(e))					1,816,182
47	Total lobbying expenditures	10,981	3,468	4,833	4,258	23,540
48	Grassroots nontaxable amount	70,145	81,483	77,422	73,648	302,698
49	Grassroots ceiling amount (150% of line 48(e))					454,047
50	Grassroots lobbying expenditures	0	0	242	2,129	2,371

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

(For reporting only by organizations that did not complete Part VI-A) (See page 12 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 12 of the instructions)

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

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

(i) Cash

(ii) Other assets

b Other transactions

(i) Sales or exchanges of assets with a noncharitable exempt organization

(ii) Purchases of assets from a noncharitable exempt organization

(iii) Rental of facilities, equipment, or other assets

(iv) Reimbursement arrangements

(v) Loans or loan guarantees

(vi) Performance of services or membership or fundraising solicitations

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

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

Summary table with columns Yes, No and rows for categories 51a(i), a(ii), b(i), b(ii), b(iii), b(iv), b(v), b(vi), and c.

Main table for section 51(d) with columns (a) Line no, (b) Amount involved, (c) Name of noncharitable exempt organization, and (d) Description of transfers, transactions, and sharing arrangements.

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

Response boxes for Yes and No, with 'X' marked in the No box.

b If "Yes," complete the following schedule

Schedule table for section 52b with columns (a) Name of organization, (b) Type of organization, and (c) Description of relationship.

# Schedule 1

**Competitive Enterprise Insitute**  
**IRS Form 990 - Fiscal Year Ended 9/30/02**  
**Line 8a-d**

**(A) Securities**

Contributed Stock Gift (FMV date of gift)	8,532	
Proceeds from Stock Sale	<u>8,573</u>	
Gain (Loss) Stock Sale		41

**(B) Other**

Disposal of Furniture & Equipment (Net)	2,369	
	<u>-</u>	
Gain (Loss) on Asset		<u>(2,369)</u>
Net Gain(Loss)		(2,328)

## Schedule 2

Competitive Enterprise Insitute  
IRS Form 990 - Fiscal Year Ended 9/30/02  
Page 1, Part I, Line 20  
Page 2, Part II, Line 42

### Fixed Assets & Depreciation / Accumulated Depreciation

#### Fixed Assets & Depreciation

Beginning Fixed Assets	647,000
Purchases	50,007
Disposals	(8,998)
Ending Fixed Assets	688,009

#### Accumulated Depreciation

Beginning Accumulated Depreciation	440,657
Depreciation Expense	106,873
Disposals	(6,670)
Audit Adjustment to correct balance	10,005
Ending Accumulated Depreciation	550,865

## **Schedule 3**

**Competitive Enterprise Institute  
IRS Form 990 - Fiscal Year Ended 9/30/02  
Page 2, Part III**

### **Statement of Purpose**

The Competitive Enterprise Institute is a non-profit public policy organization dedicated to the principles of free enterprise and limited government. We believe that consumers are best helped not by government regulation but by being allowed to make their own choices in a free marketplace.

## Schedule 4

**Competitive Enterprise Insitute**  
**IRS Form 990 - Fiscal Year Ended 9/30/02**  
**Schedule A , Part IV-A, Line 22**

	2000	1999	1998	1997
	Other	Other	Other	Other
	Income	Income	Income	Income
Miscellaneous	8,047	18,379	20,321	2,500
Publications	7,154	16,310		
	<u>15,201</u>	<u>34,689</u>	<u>20,321</u>	<u>2,500</u>



## Schedule 5

Competitive Enterprise Insitute  
IRS Form 990 - Fiscal Year Ended 9/30/02  
Page 1, Part I, Line 20

### Audit Adjustment to Correct Accumulated Depreciation Balance

The correction of Accumulated Depreciation balance required an Adjustment of Prior Year's Retained Earnings of \$9,322