

Return of Organization Exempt From Income Tax

2005

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 2005 calendar year, or tax year beginning and ending

B Check if applicable

Address change
 Name change
 Initial return
 Final return
 Amended return
 Application pending

C Name of organization
FreedomWorks, Inc.

D Employer identification number
52-1349353

E Telephone number
202-783-3870

F Accounting method Cash Accrual
 Other (specify) _____

G Website: **www.freedomworks.org**

J Organization type (check only one) 501(c) (**4**) (insert no) 4947(a)(1) or 527

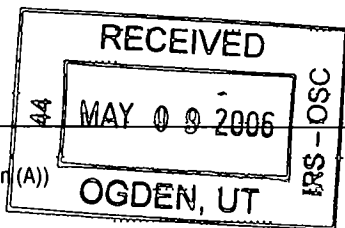
K Check here if the organization's gross receipts are normally not more than \$25,000. The organization need not file a return with the IRS; but if the organization chooses to file a return, be sure to file a complete return. Some states require a complete return.

L Gross receipts: Add lines 6b, 8b, 9b, and 10b to line 12 **4,925,691.**

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
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).

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

Revenue	1	Contributions, gifts, grants, and similar amounts received:			
	a	Direct public support	1a	4,556,366.	
	b	Indirect public support	1b		
	c	Government contributions (grants)	1c		
	d	Total (add lines 1a through 1c) (cash \$ <u>4,556,366.</u> noncash \$ _____)	1d	4,556,366.	
	2	Program service revenue including government fees and contracts (from Part VII, line 93)	2		
	3	Membership dues and assessments	3		
	4	Interest on savings and temporary cash investments	4	1,117.	
	5	Dividends and interest from securities	5		
	6a	Gross rents	6a	116,860.	
	b	Less: rental expenses	6b		
	c	Net rental income or (loss) (subtract line 6b from line 6a)	6c	116,860.	
7	Other investment income (describe _____)	7			
Expenses	8a	Gross amount from sales of assets other than inventory	(A) Securities	(B) Other	
	b	Less: cost or other basis and sales expenses	8a		
	c	Gain or (loss) (attach schedule)	8b		
	d	Net gain or (loss) (combine line 8c, columns (A) and (B))	8c		
	8d		8d		
	9	Special events and activities (attach schedule). If any amount is from gaming, check here <input type="checkbox"/>			
	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		
	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			
11	Other revenue (from Part VII, line 103)	11	251,348.		
12	Total revenue (add lines 1d, 2, 3, 4, 5, 6c, 7, 8d, 9c, 10c, and 11)	12	4,925,691.		
13	Program services (from line 44, column (B))	13	2,860,452.		
14	Management and general (from line 44, column (C))	14	319,585.		
15	Fundraising (from line 44, column (D))	15	468,585.		
16	Payments to affiliates (attach schedule)	16			
17	Total expenses (add lines 16 and 44, column (A))	17	3,648,622.		
Net Assets	18	Excess or (deficit) for the year (subtract line 17 from line 12)	18	1,277,069.	
	19	Net assets or fund balances at beginning of year (from line 73, column (A))	19	331,251.	
	20	Other changes in net assets or fund balances (attach explanation)	20	0.	
	21	Net assets or fund balances at end of year (combine lines 18, 19, and 20)	21	1,608,320.	



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 (attach schedule) (cash \$ <u>0</u> noncash \$ <u>0</u>) If this amount includes foreign grants, check here <input type="checkbox"/>				
23 Specific assistance to individuals (attach schedule)				
24 Benefits paid to or for members (attach schedule)				
25 Compensation of officers, directors, etc. **	293,412.	169,265.	59,023.	65,124.
26 Other salaries and wages	484,073.	366,923.	75,730.	41,420.
27 Pension plan contributions				
28 Other employee benefits	51,856.	33,090.	10,412.	8,354.
29 Payroll taxes	47,283.	30,874.	9,160.	7,249.
30 Professional fundraising fees	171,200.			171,200.
31 Accounting fees	62,571.	4,428.	58,143.	
32 Legal fees	5,515.	5,515.		
33 Supplies	9,363.	3,745.	5,115.	503.
34 Telephone	37,315.	26,575.	6,577.	4,163.
35 Postage and shipping	19,601.	12,315.	1,049.	6,237.
36 Occupancy	236,971.	155,098.	45,427.	36,446.
37 Equipment rental and maintenance	21,910.	14,396.	4,169.	3,345.
38 Printing and publications	44,303.	30,025.	27.	14,251.
39 Travel	190,922.	179,443.	601.	10,878.
40 Conferences, conventions, and meetings	30,179.	27,613.		2,566.
41 Interest				
42 Depreciation, depletion, etc (attach schedule)	24,889.	16,290.	4,771.	3,828.
43 Other expenses not covered above (itemize).				
a _____	43a			
b _____	43b			
c _____	43c			
d _____	43d			
e _____	43e			
f _____	43f			
g See Statement 2	43g	1,917,259.	1,784,857.	39,381.
44 Total functional expenses. Add lines 22 through 43. (Organizations completing columns (B)-(D), carry these totals to lines 13-15)	44	3,648,622.	2,860,452.	319,585.
				468,585.

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

** See Statement 3

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? ▶ <u>See Statement 4</u>	Program Service Expenses (Required for 501(c)(3) and (4) orgs., and 4947(a)(1) trusts; but optional for others.)
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.)	
a <u>Federal and State Campaigns: Advocacy, research and education on reforming Federal and state policies in areas such as taxation, social security, spending policy, litigation reform, and other related issues.</u>	
(Grants and allocations \$) If this amount includes foreign grants, check here ▶ <input type="checkbox"/>	2,739,839.
b <u>Public Affairs: Advocacy, research and education on how reducing Federal regulations will improve the economy by disseminating information through print, broadcast media, and on-line education.</u>	
(Grants and allocations \$) If this amount includes foreign grants, check here ▶ <input type="checkbox"/>	56,530.
c <u>Other Programs: Various programs aimed at promoting consumer-focused economic policies through education and research in both domestic and international economic markets.</u>	
(Grants and allocations \$) If this amount includes foreign grants, check here ▶ <input type="checkbox"/>	64,083.
d	
(Grants and allocations \$) If this amount includes foreign grants, check here ▶ <input type="checkbox"/>	
e Other program services (attach schedule)	
(Grants and allocations \$) If this amount includes foreign grants, check here ▶ <input type="checkbox"/>	
f <u>Total of Program Service Expenses (should equal line 44, column (B), Program services)</u> ▶	2,860,452.

Form 990 (2005)

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	269,436.	45	766,128.	
	46 Savings and temporary cash investments		46		
	47 a Accounts receivable	47a 473,488.			
	b Less: allowance for doubtful accounts	47b	47c 72,072.	473,488.	
	48 a Pledges receivable	48a			
	b Less: allowance for doubtful accounts	48b	48c		
	49 Grants receivable		49		
	50 Receivables from officers, directors, trustees, and key employees		50		
	51 a Other notes and loans receivable	51a			
	b Less: allowance for doubtful accounts	51b	51c		
	52 Inventories for sale or use		52		
	53 Prepaid expenses and deferred charges		53 97,051.	154,169.	
	54 Investments - securities Stmt 5 <input type="checkbox"/> Cost <input checked="" type="checkbox"/> FMV		54 16,784.	549,879.	
	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 551,287.				
b Less: accumulated depreciation Stmt 6	57b 466,894.	57c 148,178.	84,393.		
58 Other assets (describe Due from related parties)		58 756,082.	135,938.		
59 Total assets (must equal line 74). Add lines 45 through 58		1,359,603.	59	2,163,995.	
Liabilities	60 Accounts payable and accrued expenses	872,536.	60	447,259.	
	61 Grants payable		61		
	62 Deferred revenue		62		
	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 See Statement 7)		65 155,816.	108,416.	
66 Total liabilities. Add lines 60 through 65)		1,028,352.	66	555,675.	
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	324,823.	67	1,158,320.	
	68 Temporarily restricted	6,428.	68	450,000.	
	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)		331,251.	73	1,608,320.
	74 Total liabilities and net assets/fund balances. Add lines 66 and 73		1,359,603.	74	2,163,995.

Part VI Other Information (continued)

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?
82b 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.
83 a Did the organization comply with the public inspection requirements for returns and exemption applications?
83b Did the organization comply with the disclosure requirements relating to quid pro quo contributions?
84 a Did the organization solicit any contributions or gifts that were not tax deductible?
84b If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?
85 501(c)(4), (5), or (6) organizations a Were substantially all dues nondeductible by members?
85b Did the organization make only in-house lobbying expenditures of \$2,000 or less?
85c Dues, assessments, and similar amounts from members
85d Section 162(e) lobbying and political expenditures
85e Aggregate nondeductible amount of section 6033(e)(1)(A) dues notices
85f Taxable amount of lobbying and political expenditures (line 85d less 85e)
85g Does the organization elect to pay the section 6033(e) tax on the amount on line 85f?
85h 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?
86 501(c)(7) organizations. Enter: a Initiation fees and capital contributions included on line 12
86b Gross receipts, included on line 12, for public use of club facilities
87 501(c)(12) organizations. Enter: a Gross income from members or shareholders
87b Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them.)
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?
89 a 501(c)(3) organizations. Enter: Amount of tax imposed on the organization during the year under section 4911
89b 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?
90 a List the states with which a copy of this return is filed
90b Number of employees employed in the pay period that includes March 12, 2005
91 a The books are in care of
91b 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?
91c At any time during the calendar year, did the organization maintain an office outside of the United States?
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

Table with 3 columns: Question ID, Yes, No. Row 91b: Yes, No. Row 91c: Yes, No.

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

	Unrelated business income		Excluded by section 512, 513, or 514		(E) Related or exempt function income
	(A) Business code	(B) Amount	(C) Exclu- sion code	(D) Amount	
93 Program service revenue:					
a _____					
b _____					
c _____					
d _____					
e _____					
f Medicare/Medicaid payments					
g Fees and contracts from government agencies					
94 Membership dues and assessments					
95 Interest on savings and temporary cash investments			14	1,117.	
96 Dividends and interest from securities					
97 Net rental income or (loss) from real estate:					
a debt-financed property					
b not debt-financed property			16	116,860.	
98 Net rental income or (loss) from personal property					
99 Other investment income					
100 Gain or (loss) from sales of assets other than inventory					
101 Net income or (loss) from special events					
102 Gross profit or (loss) from sales of inventory					
103 Other revenue:					
a <u>List Rental</u>			15	71,737.	
b <u>Affinity Program</u>			15	174,177.	
c <u>Other Revenue</u>			16	5,434.	
d _____					
e _____					
104 Subtotal (add columns (B), (D), and (E))			0.	369,325.	0.
105 Total (add line 104, columns (B), (D), and (E))					369,325.

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

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

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

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

(A) Name, address, and EIN of corporation, partnership, or disregarded entity	(B) Percentage of ownership interest	(C) Nature of activities	(D) Total income	(E) End-of-year assets
See Statement 12	%			
	%			
	%			
	%			

Part X Information Regarding Transfers Associated with

- (a) Did the organization, during the year, receive any funds, directly or indirectly, to
 - (b) Did the organization, during the year, pay premiums, directly or indirectly, on a
- Note: If "Yes" to (b), file Form 8870 and Form 4720 (see instructions).

Please Sign Here

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

Signature of officer: [Signature] Date: 5/2

Paid Preparer's Use Only

Preparer's signature: [Signature]

Firm's name (or yours if self-employed), address, and ZIP + 4: Rogers & Company PLLC
8300 Boone Boulevard, Suite
Vienna, Virginia 22182

523183 02-03-08

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	Amount Of Depreciation
1	Various property and equipment	Varies	SL	.000	16	551,287.			551,287.	442,005.		24,889.
	* Total 990 Page 2 Depr					551,287.		0.	551,287.	442,005.	0.	24,889.

Form 990	Rental Income	Statement	1
Kind and Location of Property		Activity Number	Gross Rental Income
Subleasing of facilities		1	116,860.
Total to Form 990, Part I, line 6a			116,860.

Form 990	Other Expenses			Statement	2
Description	(A) Total	(B) Program Services	(C) Management and General	(D) Fundraising	
Professional fees	311,446.	185,830.	56,198.	69,418.	
Advertising	1,542,376.	1,541,678.	698.		
Insurance	20,460.	13,391.	3,922.	3,147.	
Noncapital expenses	13,026.	3,621.	8,045.	1,360.	
Rentals	44,336.	24,194.	2,222.	17,920.	
Miscellaneous	26,828.	<2,357.>	28,099.	1,086.	
Novelties	16,463.	16,463.			
Dues	775.	518.	167.	90.	
Photography	196.	196.			
Subscriptions	3,225.	1,323.	1,902.		
Reimbursed fees	<61,872.>		<61,872.>		
Total to Fm 990, ln 43	1,917,259.	1,784,857.	39,381.	93,021.	

Name of Officer, etc.	Compensation	Employee Ben. Plans	Expense Accounts	Totals of A, B & C
Honorable Richard K. Army	80,000.			
A. Program Services	80,000.			80,000.
B. Management and General				
C. Fundraising				
Total Program Services				169,265.
Total Management and General				59,023.
Total Fundraising				65,124.
Total Officer, etc., Compensation included on Line 25				293,412.

Form 990 Statement of Organization's Primary Exempt Purpose Statement 4
Part III

Explanation

Public policy, advocacy and educational organization that supports consumers freedom of choice in a market economy.

Form 990 Non-Government Securities Statement 5

Security Description	Cost/FMV	Corporate Stocks	Corporate Bonds	Other Publicly Traded Securities	Total Non-Gov't Securities
Money market funds	FMV			192,039.	192,039.
Stocks	FMV	357,840.			357,840.
To Form 990, line 54, Col B		357,840.		192,039.	549,879.

Form 990	Depreciation of Assets Not Held for Investment	Statement	6
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<u>Description</u>	<u>Cost or Other Basis</u>	<u>Accumulated Depreciation</u>	<u>Book Value</u>
Various property and equipment	551,287.	466,894.	84,393.
Total to Form 990, Part IV, ln 57	551,287.	466,894.	84,393.

Form 990	Other Liabilities	Statement	7
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<u>Description</u>	<u>Amount</u>
Deferred rent	73,791.
Capital lease obligations	34,625.
Total to Form 990, Part IV, line 65, Column B	108,416.

Form 990	Part V - List of Officers, Directors, Trustees and Key Employees	Statement	8
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<u>Name and Address</u>	<u>Title and Avrg Hrs/Wk</u>	<u>Compen- sation</u>	<u>Employee Ben Plan</u>	<u>Expense Contrib</u>	<u>Account</u>
Matt Kibbe 1775 Pennsylvania Ave., Ste. 1100 Washington, DC 20006	President 18.00	101,106.	0.	3,912.	
Judy Mulcahy 1775 Pennsylvania Ave., Ste. 1100 Washington, DC 20006	Vice President 18.00	48,521.	0.	0.	
Jaci Brown 1775 Pennsylvania Ave., Ste. 1100 Washington, DC 20006	Vice President 18.00	59,873.	0.	0.	
Honorable Richard K. Arney 1775 Pennsylvania Ave., Ste. 1100 Washington, DC 20006	Board Member 8.00	80,000.	0.	0.	
Honorable James H. Burnley, IV 1775 Pennsylvania Ave., Ste. 1100 Washington, DC 20006	Board Member 1.00	0.	0.	0.	

Thomas Knudsen 1775 Pennsylvania Ave., Ste. 1100 Washington, DC 20006	Board Member 1.00	0.	0.	0.
David H. Padden 1775 Pennsylvania Ave., Ste. 1100 Washington, DC 20006	Board Member 1.00	0.	0.	0.
Richard J. Stephensen 1775 Pennsylvania Ave., Ste. 1100 Washington, DC 20006	Board Member 1.00	0.	0.	0.
Honorable C. Boyden Gray 1775 Pennsylvania Ave., Ste. 1100 Washington, DC 20006	Board Member 5.00	0.	0.	0.
Totals Included on Form 990, Part V		289,500.	0.	3,912.

Form 990	Identification of Related Organizations Part VI, Line 80b	Statement	9
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Name of Organization	Exempt	NonExempt
FreedomWorks Foundation, Inc.	X	
FreedomWorks Political Action Committee	X	
Oregon CSE Political Action Committee	X	
Taxpayer Defense Fund	X	
Citizens for PERS Reform	X	
The FreedomWorks Fund	X	
League of Freedom Voters	X	
CSE FreedomWorks, Inc.	X	
Citizens for a Sound Economy, Inc.		X

Form 990

Part V-A Officer Compensation from
Related Organizations

Statement 10

<u>Officer's Name</u>	<u>Compensation</u>	<u>Employee Benefit Plan Contribution</u>	<u>Expense Account</u>
Matt Kibbe	126,866.		4,908.

<u>Name of Related Organization</u>	<u>Employer ID Number</u>
FreedomWorks Foundation, Inc.	52-1526916

Relationship Between Organizations

Historical relationship/common officers and board members

Compensation Description

Employee compensation

<u>Officer's Name</u>	<u>Compensation</u>	<u>Employee Benefit Plan Contribution</u>	<u>Expense Account</u>
Jaci Brown	75,128.		

<u>Name of Related Organization</u>	<u>Employer ID Number</u>
FreedomWorks Foundation, Inc.	52-1526916

Relationship Between Organizations

Historical relationship/common officers and board members

Compensation Description

Employee compensation

<u>Officer's Name</u>	<u>Compensation</u>	<u>Employee Benefit Plan Contribution</u>	<u>Expense Account</u>
Honorable Richard K. Armye	320,000.		

<u>Name of Related Organization</u>	<u>Employer ID Number</u>
FreedomWorks Foundation, Inc.	52-1526916

Relationship Between Organizations

Historical relationship/common officers and board members

Compensation Description

Non-employee compensation

<u>Officer's Name</u>	<u>Compensation</u>	<u>Employee Benefit Plan Contribution</u>	<u>Expense Account</u>
Judy Mulcahy	60,883.		

<u>Name of Related Organization</u>	<u>Employer ID Number</u>
FreedomWorks Foundation, Inc.	52-1526916

Relationship Between Organizations

Historical relationship/common officers and board members

Compensation Description

Employee compensation

Form 990

List of States Receiving Copy of Return
Part VI, Line 90

Statement 11

States

AL, AK, AR, AZ, CA, CO, CT, DE, FL, GA, HI, ID, IL, IN, IA, KS, KY, LA, ME, MD, MA, MI, MN, MS, MO
MT, NE, NV, NJ, NM, NY, NC, ND, OH, OK, OR, NH, PA, RI, SC, SD, TN, TX, UT, VT, VA, WA, WV, WI

Form 990

Part IX - Information Regarding Taxable
Subsidiaries and Disregarded Entities

Statement 12

Name of Corporation, Partnership or Disregarded Entity

Citizens for a Sound Economy, Inc.

Address

1775 Penn. Ave., NW #1100, Washington, DC 20006

Employer ID Number	Percent Owned	Nature of Activities	Total Income	End-of-Year Assets
20-2810833	100.00%	Dormant	0.	0.