

Form **990-PF**

**Return of Private Foundation
or Section 4947(a)(1) Nonexempt Charitable Trust
Treated as a Private Foundation**

OMB No 1545-0052

2005

Department of the Treasury
Internal Revenue Service

Note: The organization may be able to use a copy of this return to satisfy state reporting requirements

For calendar year 2005, or tax year beginning **7/01/05**, and ending **6/30/06**

G Check all that apply: Initial return Final return Amended return Address change Name change

Use the IRS label. Otherwise, print or type. See Specific Instructions.	Name of organization JOHN LOCKE FOUNDATION INC.		A Employer identification number 56-1656943
	Number and street (or P O box number if mail is not delivered to street address)	Room/suite	B Telephone number (see page 10 of the instructions)
	200 W. MORGAN STREET, STE. 200		C If exemption application is pending, check here <input type="checkbox"/>
	City or town, state, and ZIP code RALEIGH NC 27601		D 1. Foreign organizations, check here <input type="checkbox"/> 2. Foreign organizations meeting the 85% test, check here and attach computation <input type="checkbox"/>
H Check type of organization:	<input checked="" type="checkbox"/> Section 501(c)(3) exempt private foundation		
	<input type="checkbox"/> Section 4947(a)(1) nonexempt charitable trust <input type="checkbox"/> Other taxable private foundation		
I Fair market value of all assets at end of year (from Part II, col (c), line 16) ▶ \$	J Accounting method: <input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual <input type="checkbox"/> Other (specify)	E If private foundation status was terminated under section 507(b)(1)(A), check here <input type="checkbox"/>	
596,145 (Part I, column (d) must be on cash basis)		F If the foundation is in a 60-month termination under section 507(b)(1)(B), check here <input checked="" type="checkbox"/>	

Part I Analysis of Revenue and Expenses (The total of amounts in columns (b), (c), & (d) may not necessarily equal the amounts in column (a) (see page 11 of the instr.))

	(a) Revenue and expenses per books	(b) Net investment income	(c) Adjusted net income	(d) Disbursements for charitable purposes (cash basis only)
1 Contributions, gifts, grants, etc., received (attach schedule)	3,158,398			
2 Check <input type="checkbox"/> if the foundation is not required to attach Sch B				
3 Interest on savings and temporary cash investments	3,841	3,841	3,841	
4 Dividends and interest from securities				
5a Gross rents				
b Net rental income or (loss)				
6a Net gain/(loss) from sale of assets not on ln 10 Stmt 1	-2,927			
b Gross sales price for all assets on line 6a 950				
7 Capital gain net income (from Part IV, line 2)		0		
8 Net short-term capital gain			0	
9 Income modifications				
10a Gross sales less returns and allowances				
b Less. Cost of goods sold				
c Gross profit or (loss) (attach schedule)				
11 Other income (attach schedule) Stmt 2	117,801		117,801	
12 Total. Add lines 1 through 11	3,277,113	3,841	121,642	
13 Compensation of officers, directors, trustees, etc.	399,969		25,200	369,096
14 Other employee salaries and wages	935,378			908,125
15 Pension plans, employee benefits	270,595			259,462
16a Legal fees (attach schedule) See Stmt 3	4,245			4,245
b Accounting fees (attach schedule) Stmt 4	10,096			10,096
c Other professional fees (att. schedule) Stmt 5	275,845			266,814
17 Interest	1,316			1,185
18 Taxes (att schedule) (see pg 14 of the instr)				
19 Depreciation (att. schedule) & depletion Stmt 6	18,942			
20 Occupancy	162,419		12,000	149,391
21 Travel, conferences, and meetings	444,002		80,601	380,412
22 Printing and publications	333,130			301,481
23 Other exps (att sch) Stmt 7 Stmt 8	260,328	3,841	3,841	197,994
24 Total operating and administrative expenses. Add lines 13 through 23	3,116,265	3,841	121,642	2,848,301
25 Contributions, gifts, grants paid	0			0
26 Total expenses and disbursements. Add lines 24 and 25	3,116,265	3,841	121,642	2,848,301
27 Subtract line 26 from line 12:				
a Excess of revenue over expenses and disbursements	160,848			
b Net investment income (if negative, enter -0-)		0		
c Adjusted net income (if negative, enter -0-)			0	

SCANNED OCT 03 2005

Operating and Administrative Expenses

5

Part II	Balance Sheets	Attached schedules and amounts in the description column should be for end-of-year amounts only (See instructions)	Beginning of year	End of year	
			(a) Book Value	(b) Book Value	(c) Fair Market Value
Assets	1	Cash-non-interest-bearing	111,018	166,872	166,872
	2	Savings and temporary cash investments			
	3	Accounts receivable ▶ Less: allowance for doubtful accounts ▶			
	4	Pledges receivable ▶ Less: allowance for doubtful accounts ▶			
	5	Grants receivable			
	6	Receivables due from officers, directors, trustees, and other disqualified persons (attach schedule) (see page 15 of the instructions)			
	7	Other notes and loans receivable ▶ See Wrk 27,399 Less: allowance for doubtful accounts ▶	25,519	27,399	27,399
	8	Inventories for sale or use			
	9	Prepaid expenses and deferred charges	96,997	99,272	99,272
	10a	Investments-U.S. and state government obligations (attach schedule)			
	b	Investments-corporate stock (attach schedule)			
	c	Investments-corporate bonds (attach schedule)			
	11	Investments-land, buildings, and equipment: basis ▶ Less: accumulated depreciation ▶			
	12	Investments-mortgage loans			
	13	Investments-other (attach schedule)			
	14	Land, buildings, and equipment: basis ▶ 302,602 Less: accumulated depreciation ▶ Stmt 9 157,979	111,216	144,623	302,602
15	Other assets (describe ▶)				
16	Total assets (to be completed by all filers-see page 16 of the instructions. Also, see page 1, item I)	344,750	438,166	596,145	
Liabilities	17	Accounts payable and accrued expenses	108,640	38,279	
	18	Grants payable			
	19	Deferred revenue			
	20	Loans from officers, directors, trustees, and other disqualified persons			
	21	Mortgages and other notes payable (att schedule)			
22	Other liabilities (describe ▶ See Statement 10)	15,392	18,321		
23	Total liabilities (add lines 17 through 22)	124,032	56,600		
Net Assets or Fund Balances	Organizations that follow SFAS 117, check here <input checked="" type="checkbox"/> and complete lines 24 through 26 and lines 30 and 31.				
	24	Unrestricted	220,718	262,114	
	25	Temporarily restricted		119,452	
	26	Permanently restricted			
	Organizations that do not follow SFAS 117, check here <input type="checkbox"/> and complete lines 27 through 31.				
	27	Capital stock, trust principal, or current funds			
	28	Paid-in or capital surplus, or land, bldg., and equipment fund			
29	Retained earnings, accumulated income, endowment, or other funds				
30	Total net assets or fund balances (see page 17 of the instructions)	220,718	381,566		
31	Total liabilities and net assets/fund balances (see page 17 of the instructions)	344,750	438,166		

Part III Analysis of Changes in Net Assets or Fund Balances

1	Total net assets or fund balances at beginning of year-Part II, column (a), line 30 (must agree with end-of-year figure reported on prior year's return)	1	220,718
2	Enter amount from Part I, line 27a	2	160,848
3	Other increases not included in line 2 (itemize) ▶	3	
4	Add lines 1, 2, and 3	4	381,566
5	Decreases not included in line 2 (itemize) ▶	5	
6	Total net assets or fund balances at end of year (line 4 minus line 5)-Part II, column (b), line 30	6	381,566

Part IV Capital Gains and Losses for Tax on Investment Income

(a) List and describe the kind(s) of property sold (e.g., real estate, 2-story brick warehouse, or common stock, 200 shs MLC Co)	(b) How acquired P-Purchase D-Donation	(c) Date acquired (mo., day, yr.)	(d) Date sold (mo., day, yr.)
1a N/A			
b			
c			
d			
e			

(e) Gross sales price	(f) Depreciation allowed (or allowable)	(g) Cost or other basis plus expense of sale	(h) Gain or (loss) (e) plus (f) minus (g)
a			
b			
c			
d			
e			

Complete only for assets showing gain in column (h) and owned by the foundation on 12/31/69

(i) FMV as of 12/31/69	(j) Adjusted basis as of 12/31/69	(k) Excess of col (i) over col (j), if any	(l) Gains (Col (h) gain minus col (k), but not less than -0-) or Losses (from col (h))
a			
b			
c			
d			
e			

2 Capital gain net income or (net capital loss)	{ If gain, also enter in Part I, line 7 If (loss), enter -0- in Part I, line 7 }	2	
3 Net short-term capital gain or (loss) as defined in sections 1222(5) and (6). If gain, also enter in Part I, line 8, column (c) (see pages 13 and 17 of the instructions). If (loss), enter -0- in Part I, line 8		3	

Part V Qualification Under Section 4940(e) for Reduced Tax on Net Investment Income

(For optional use by domestic private foundations subject to the section 4940(a) tax on net investment income.)

If section 4940(d)(2) applies, leave this part blank.

Was the organization liable for the section 4942 tax on the distributable amount of any year in the base period? Yes No

If "Yes," the organization does not qualify under section 4940(e). Do not complete this part.

1 Enter the appropriate amount in each column for each year; see page 18 of the instructions before making any entries.

(a) Base period years Calendar year (or tax year beginning in)	(b) Adjusted qualifying distributions	(c) Net value of noncharitable-use assets	(d) Distribution ratio (col (b) divided by col (c))
2004	1,787,544	127,296	14.042421
2003	1,379,758	130,856	10.544094
2002	1,359,358	54,818	24.797658
2001	1,336,567	27,753	48.159370
2000	1,273,812	67,181	18.960897

2 Total of line 1, column (d)	2	116.504440
3 Average distribution ratio for the 5-year base period-divide the total on line 2 by 5, or by the number of years the foundation has been in existence if less than 5 years	3	23.300888
4 Enter the net value of noncharitable-use assets for 2005 from Part X, line 5	4	171,030
5 Multiply line 4 by line 3	5	3,985,151
6 Enter 1% of net investment income (1% of Part I, line 27b)	6	
7 Add lines 5 and 6	7	3,985,151
8 Enter qualifying distributions from Part XII, line 4 If line 8 is equal to or greater than line 7, check the box in Part VI, line 1b, and complete that part using a 1% tax rate. See the Part VI instructions on page 18	8	2,848,301

Part VI Excise Tax Based on Investment Income (Section 4940(a), 4940(b), 4940(e), or 4948-see page 18 of the instructions)

1a	Exempt operating foundations described in section 4940(d)(2), check here <input type="checkbox"/> and enter "N/A" on line 1 Date of ruling letter. (attach copy of ruling letter if necessary-see instructions)		
b	Domestic organizations that meet the section 4940(e) requirements in Part V, check here <input type="checkbox"/> and enter 1% of Part I, line 27b	1	
c	All other domestic organizations enter 2% of line 27b. Exempt foreign organizations enter 4% of Part I, line 12, col (b)		
2	Tax under section 511 (domestic section 4947(a)(1) trusts and taxable foundations only. Others enter -0-)	2	0
3	Add lines 1 and 2	3	
4	Subtitle A (income) tax (domestic section 4947(a)(1) trusts and taxable foundations only. Others enter -0-)	4	0
5	Tax based on investment income. Subtract line 4 from line 3. If zero or less, enter -0-	5	0
6	Credits/Payments		
a	2005 estimated tax payments and 2004 overpayment credited to 2005	6a	
b	Exempt foreign organizations-tax withheld at source	6b	
c	Tax paid with application for extension of time to file (Form 8868)	6c	
d	Backup withholding erroneously withheld	6d	
7	Total credits and payments. Add lines 6a through 6d	7	
8	Enter any penalty for underpayment of estimated tax. Check here <input type="checkbox"/> if Form 2220 is attached	8	
9	Tax due. If the total of lines 5 and 8 is more than line 7, enter amount owed	9	
10	Overpayment. If line 7 is more than the total of lines 5 and 8, enter the amount overpaid	10	
11	Enter the amount of line 10 to be: Credited to 2006 estimated tax <input type="checkbox"/> Refunded <input type="checkbox"/>	11	

Part VII-A Statements Regarding Activities

	Yes	No
1a During the tax year, did the organization attempt to influence any national, state, or local legislation or did it participate or intervene in any political campaign?		X
b Did it spend more than \$100 during the year (either directly or indirectly) for political purposes (see page 19 of the instructions for definition)? If the answer is "Yes" to 1a or 1b, attach a detailed description of the activities and copies of any materials published or distributed by the organization in connection with the activities.		X
c Did the organization file Form 1120-POL for this year?		X
d Enter the amount (if any) of tax on political expenditures (section 4955) imposed during the year: (1) On the organization <input type="checkbox"/> \$ _____ (2) On organization managers. <input type="checkbox"/> \$ _____		
e Enter the reimbursement (if any) paid by the organization during the year for political expenditure tax imposed on organization managers <input type="checkbox"/> \$ _____		
2 Has the organization engaged in any activities that have not previously been reported to the IRS? If "Yes," attach a detailed description of the activities.	2	X
3 Has the organization made any changes, not previously reported to the IRS, in its governing instrument, articles of incorporation, or bylaws, or other similar instruments? If "Yes," attach a conformed copy of the changes	3	X
4a Did the organization have unrelated business gross income of \$1,000 or more during the year?	4a	X
b If "Yes," has it filed a tax return on Form 990-T for this year?	4b	N/A
5 Was there a liquidation, termination, dissolution, or substantial contraction during the year? If "Yes," attach the statement required by General Instruction T.	5	X
6 Are the requirements of section 508(e) (relating to sections 4941 through 4945) satisfied either: ● By language in the governing instrument, or ● By state legislation that effectively amends the governing instrument so that no mandatory directions that conflict with the state law remain in the governing instrument?	6	X
7 Did the organization have at least \$5,000 in assets at any time during the year? If "Yes," complete Part II, col (c), and Part XV	7	X
8a Enter the states to which the foundation reports or with which it is registered (see page 19 of the instructions) <input type="checkbox"/> NC		
b If the answer is "Yes" to line 7, has the organization furnished a copy of Form 990-PF to the Attorney General (or designate) of each state as required by General Instruction G? If "No," attach explanation	8b	X
9 Is the organization claiming status as a private operating foundation within the meaning of section 4942(j)(3) or 4942(j)(5) for calendar year 2005 or the taxable year beginning in 2005 (see instructions for Part XIV on page 26)? If "Yes," complete Part XIV	9	X
10 Did any persons become substantial contributors during the tax year? If "Yes," attach a schedule listing their names & addresses	10	X
11 Did the organization comply with the public inspection requirements for its annual returns and exemption application? Web site address <input type="checkbox"/> www.johnlocke.org	11	X
12 The books are in care of <input type="checkbox"/> PAGE COX Telephone no <input type="checkbox"/> 919-828-3876 200 W. MORGAN STREET Located at <input type="checkbox"/> RALEIGH, NC ZIP+4 <input type="checkbox"/> 27601		
13 Section 4947(a)(1) nonexempt charitable trusts filing Form 990-PF in lieu of Form 1041 -Check here <input type="checkbox"/> and enter the amount of tax-exempt interest received or accrued during the year <input type="checkbox"/> 13		

Part VII-B Statements Regarding Activities for Which Form 4720 May Be Required

File Form 4720 if any item is checked in the "Yes" column, unless an exception applies.

Table with columns for question text, Yes/No checkboxes, and Yes/No columns. Rows include questions 1a through 6a regarding disqualifying activities, disaster assistance, and business holdings.

Part VIII Information About Officers, Directors, Trustees, Foundation Managers, Highly Paid Employees, and Contractors

1 List all officers, directors, trustees, foundation managers and their compensation (see page 21 of the instructions).

(a) Name and address	(b) Title, and average hours per week devoted to position	(c) Compensation (If not paid, enter -0-)	(d) Contnb to employee benefit plans and deferred compensation	(e) Expense account, other allowances
See Statement 11				

2 Compensation of five highest-paid employees (other than those included on line 1-see page 21 of the instructions). If 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 and deferred compensation	(e) Expense account, other allowances
J. HAM RALEIGH NC	40	68,800	2,064	0
W. ADAMS RALEIGH NC	40	65,500	1,965	0
M. SANERA RALEIGH NC	40	63,103	1,008	0
R. WAGNER RALEIGH NC	40	63,847	0	0
L. KAKADELIS RALEIGH NC	40	58,851	1,766	0

Total number of other employees paid over \$50,000 ▶ 9

3 Five highest-paid independent contractors for professional services-(see page 21 of the instructions). If none, enter "NONE."

(a) Name and address of each person paid more than \$50,000	(b) Type of service	(c) Compensation
NONE		

Total number of others receiving over \$50,000 for professional services ▶

Part IX-A Summary of Direct Charitable Activities

List the foundation's four largest direct charitable activities during the tax year. Include relevant statistical information such as the number of organizations and other beneficiaries served, conferences convened, research papers produced, etc	Expenses
1 PUBLICATIONS AND HEADLINER LUNCHES; SEMINARS.	2,848,301
2	
3	
4	

Part IX-B Summary of Program-Related Investments (see page 22 of the instructions)

Describe the two largest program-related investments made by the foundation during the tax year on lines 1 and 2	Amount
1 N/A	
2	
All other program-related investments See page 22 of the instructions	
3	
Total. Add lines 1 through 3	

Part X Minimum Investment Return (All domestic foundations must complete this part. Foreign foundations, see page 22 of the instructions.)

1 Fair market value of assets not used (or held for use) directly in carrying out charitable, etc., purposes		
a Average monthly fair market value of securities	1a	0
b Average of monthly cash balances	1b	173,635
c Fair market value of all other assets (see page 23 of the instructions)	1c	0
d Total (add lines 1a, b, and c)	1d	173,635
e Reduction claimed for blockage or other factors reported on lines 1a and 1c (attach detailed explanation)	1e	0
2 Acquisition indebtedness applicable to line 1 assets	2	0
3 Subtract line 2 from line 1d	3	173,635
4 Cash deemed held for charitable activities Enter 1 1/2% of line 3 (for greater amount, see page 23 of the instructions)	4	2,605
5 Net value of noncharitable-use assets. Subtract line 4 from line 3 Enter here and on Part V, line 4	5	171,030
6 Minimum investment return. Enter 5% of line 5	6	8,552

Part XI Distributable Amount (see page 23 of the instructions) (Section 4942(j)(3) and (j)(5) private operating foundations and certain foreign organizations check here and do not complete this part.)

1 Minimum investment return from Part X, line 6	1	
2a Tax on investment income for 2005 from Part VI, line 5	2a	
b Income tax for 2005. (This does not include the tax from Part VI.)	2b	
c Add lines 2a and 2b	2c	
3 Distributable amount before adjustments Subtract line 2c from line 1	3	
4 Recoveries of amounts treated as qualifying distributions	4	
5 Add lines 3 and 4	5	
6 Deduction from distributable amount (see page 24 of the instructions)	6	
7 Distributable amount as adjusted Subtract line 6 from line 5. Enter here and on Part XIII, line 1	7	

Part XII Qualifying Distributions (see page 24 of the instructions)

1 Amounts paid (including administrative expenses) to accomplish charitable, etc., purposes:		
a Expenses, contributions, gifts, etc.-total from Part I, column (d), line 26	1a	2,848,301
b Program-related investments-total from Part IX-B	1b	
2 Amounts paid to acquire assets used (or held for use) directly in carrying out charitable, etc., purposes	2	
3 Amounts set aside for specific charitable projects that satisfy the:		
a Suitability test (prior IRS approval required)	3a	
b Cash distribution test (attach the required schedule)	3b	
4 Qualifying distributions. Add lines 1a through 3b Enter here and on Part V, line 8, and Part XIII, line 4	4	2,848,301
5 Organizations that qualify under section 4940(e) for the reduced rate of tax on net investment income Enter 1% of Part I, line 27b (see page 24 of the instructions)	5	0
6 Adjusted qualifying distributions. Subtract line 5 from line 4	6	2,848,301

Note: The amount on line 6 will be used in Part V, column (b), in subsequent years when calculating whether the foundation qualifies for the section 4940(e) reduction of tax in those years

Part XIII Undistributed Income (see page 24 of the instructions)

	(a) Corpus	(b) Years prior to 2004	(c) 2004	(d) 2005
1 Distributable amount for 2005 from Part XI, line 7				
2 Undistributed income, if any, as of the end of 2004				
a Enter amount for 2004 only				
b Total for prior years: 20____, 20____, 20____				
3 Excess distributions carryover, if any, to 2005.				
a From 2000				
b From 2001				
c From 2002				
d From 2003				
e From 2004				
f Total of lines 3a through e				
4 Qualifying distributions for 2005 from Part XII, line 4. ▶ \$ _____				
a Applied to 2004, but not more than line 2a				
b Applied to undistributed income of prior years (Election required-see page 25 of the instructions)				
c Treated as distributions out of corpus (Election required-see page 25 of the instructions)				
d Applied to 2005 distributable amount				
e Remaining amount distributed out of corpus				
5 Excess distributions carryover applied to 2005 (If an amount appears in column (d), the same amount must be shown in column (a).)				
6 Enter the net total of each column as indicated below:				
a Corpus. Add lines 3f, 4c, and 4e. Subtract line 5				
b Prior years' undistributed income. Subtract line 4b from line 2b				
c Enter the amount of prior years' undistributed income for which a notice of deficiency has been issued, or on which the section 4942(a) tax has been previously assessed				
d Subtract line 6c from line 6b. Taxable amount-see page 25 of the instructions				
e Undistributed income for 2004. Subtract line 4a from line 2a. Taxable amount-see page 25 of the instructions				
f Undistributed income for 2005. Subtract lines 4d and 5 from line 1. This amount must be distributed in 2006				
7 Amounts treated as distributions out of corpus to satisfy requirements imposed by section 170(b)(1)(E) or 4942(g)(3) (see page 25 of the instructions)				
8 Excess distributions carryover from 2000 not applied on line 5 or line 7 (see page 25 of the instructions)				
9 Excess distributions carryover to 2006. Subtract lines 7 and 8 from line 6a				
10 Analysis of line 9.				
a Excess from 2001				
b Excess from 2002				
c Excess from 2003				
d Excess from 2004				
e Excess from 2005				

Part XIV Private Operating Foundations (see page 26 of the instructions and Part VII-A, question 9)

1a If the foundation has received a ruling or determination letter that it is a private operating foundation, and the ruling is effective for 2005, enter the date of the ruling N/A

b Check box to indicate whether the organization is a private operating foundation described in section 4942(j)(3) or 4942(j)(5)

	Tax year				(e) Total
	(a) 2005	(b) 2004	(c) 2003	(d) 2002	
2a Enter the lesser of the adjusted net income from Part I or the minimum investment return from Part X for each year listed	0		2		2
b 85% of line 2a			2		2
c Qualifying distributions from Part XII, line 4 for each year listed	2,848,301	1,787,544	1,379,758	1,359,358	7,374,961
d Amounts included in line 2c not used directly for active conduct of exempt activities					
e Qualifying distributions made directly for active conduct of exempt activities Subtract line 2d from line 2c	2,848,301	1,787,544	1,379,758	1,359,358	7,374,961
3 Complete 3a, b, or c for the alternative test relied upon:					
a "Assets" alternative test-enter:					
(1) Value of all assets					
(2) Value of assets qualifying under section 4942(j)(3)(B)(i)					
b "Endowment" alternative test-enter 2/3 of minimum investment return shown in Part X, line 6 for each year listed	5,701	4,243	4,362	1,827	16,133
c "Support" alternative test-enter:					
(1) Total support other than gross investment income (interest, dividends, rents, payments on securities loans (section 512(a)(5)), or royalties)					
(2) Support from general public and 5 or more exempt organizations as provided in section 4942(j)(3)(B)(iii)					
(3) Largest amount of support from an exempt organization					
(4) Gross investment income					

Part XV Supplementary Information (Complete this part only if the organization had \$5,000 or more in assets at any time during the year-see page 26 of the instructions.)

1 Information Regarding Foundation Managers:

a List any managers of the foundation who have contributed more than 2% of the total contributions received by the foundation before the close of any tax year (but only if they have contributed more than \$5,000). (See section 507(d)(2))
N/A

b List any managers of the foundation who own 10% or more of the stock of a corporation (or an equally large portion of the ownership of a partnership or other entity) of which the foundation has a 10% or greater interest
N/A

2 Information Regarding Contribution, Grant, Gift, Loan, Scholarship, etc., Programs:
Check here if the organization only makes contributions to preselected charitable organizations and does not accept unsolicited requests for funds. If the organization makes gifts, grants, etc. (see page 26 of the instructions) to individuals or organizations under other conditions, complete items 2a, b, c, and d.

a The name, address, and telephone number of the person to whom applications should be addressed:
N/A

b The form in which applications should be submitted and information and materials they should include:
N/A

c Any submission deadlines
N/A

d Any restrictions or limitations on awards, such as by geographical areas, charitable fields, kinds of institutions, or other factors:
N/A

Part XV Supplementary Information (continued)

3 Grants and Contributions Paid During the Year or Approved for Future Payment

Recipient Name and address (home or business)	If recipient is an individual, show any relationship to any foundation manager or substantial contributor	Foundation status of recipient	Purpose of grant or contribution	Amount
a Paid during the year N/A				
Total			▶ 3a	
b Approved for future payment N/A				
Total			▶ 3b	

Part XVI-A Analysis of Income-Producing Activities

Enter gross amounts unless otherwise indicated

	Unrelated business income		Excluded by sec 512, 513, or 514		(e) Related or exempt function income (See page 26 of the instructions)
	(a) Business code	(b) Amount	(c) Exclusion code	(d) Amount	
1 Program service revenue:					
a <u>LUNCHEONS, SEMINARS</u>					80,601
b					
c					
d					
e					
f					
g Fees and contracts from government agencies					
2 Membership dues and assessments					
3 Interest on savings and temporary cash investments			14	3,841	
4 Dividends and interest from securities					
5 Net rental income or (loss) from real estate:					
a Debt-financed property					
b Not debt-financed property					
6 Net rental income or (loss) from personal property					
7 Other investment income					
8 Gain or (loss) from sales of assets other than inventory					-2,927
9 Net income or (loss) from special events					
10 Gross profit or (loss) from sales of inventory					
11 Other revenue: a					
b <u>OFFICE EXPENSE REIMBURSEMENTS</u>					37,200
c					
d					
e					
12 Subtotal. Add columns (b), (d), and (e)			0	3,841	114,874
13 Total. Add line 12, columns (b), (d), and (e)				13	118,715

(See worksheet in line 13 instructions on page 27 to verify calculations.)

Part XVI-B Relationship of Activities to the Accomplishment of Exempt Purposes

Line No.	Explain below how each activity for which income is reported in column (e) of Part XVI-A contributed importantly to the accomplishment of the organization's exempt purposes (other than by providing funds for such purposes) (See page 27 of the instructions.)
1a	THE LUNCHEONS, SUBSCRIPTIONS, POLICY REPORTS, ETC. SERVE AS THE EDUCATIONAL OUTLET FOR THE FOUNDATION'S MAIN PURPOSE. AT THE LUNCHEONS, SPEAKERS DISCUSS THE NATIONAL, STATE AND LOCAL ISSUES THAT THE FOUNDATION WILL PRINT IN THE PUBLICATIONS FOR DISTRIBUTION.
8	BOOK VALUE OF CHARITABLE USE ASSETS ABANDONED

Part XVII Information Regarding Transfers To and Transactions and Relationships With Noncharitable Exempt Organizations

- 1 Did the organization directly or indirectly engage in any of the following with any other organization described in section 501(c) of the Code... a Transfers from the reporting organization to a noncharitable exempt organization of: (1) Cash, (2) Other assets, b Other transactions: (1) Sales of assets to a noncharitable exempt organization, (2) Purchases of assets from a noncharitable exempt organization, (3) Rental of facilities, equipment, or other assets, (4) Reimbursement arrangements, (5) Loans or loan guarantees, (6) 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...

Table with 3 columns: Question, Yes, No. Rows include 1a(1) Cash, 1a(2) Other assets, 1b(1) Sales of assets, 1b(2) Purchases of assets, 1b(3) Rental of facilities, 1b(4) Reimbursement arrangements, 1b(5) Loans or loan guarantees, 1b(6) Performance of services, and 1c Sharing of facilities.

Table with 4 columns: (a) Line no, (b) Amount involved, (c) Name of noncharitable exempt organization, (d) Description of transfers, transactions, and sharing arrangements. Row 1 contains 'N/A'.

2a 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 [X] No

b If "Yes," complete the following schedule.

Table with 3 columns: (a) Name of organization, (b) Type of organization, (c) Description of relationship. Row 1 contains 'N/A'.

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 taxpayer or filer)...

Signature of officer or trustee: [Handwritten Signature]

Sign Here

Paid Preparer's Use Only

Preparer's signature: [Handwritten Signature]

Firm's name (or yours if self-employed), address, and ZIP code: Hollingsworth, Ave 200 W. Millbrook R Raleigh, NC 27609

Schedule B
 (Form 990, 990-EZ,
 or 990-PF)
 Department of the Treasury
 Internal Revenue Service

Schedule of Contributors

OMB No. 1545-0047

Supplementary Information for
 line 1 of Form 990, 990-EZ, and 990-PF (see instructions)

2005

Name of organization

Employer identification number

JOHN LOCKE FOUNDATION INC.

56-1656943

Organization type (check one)

Filers of:

Section:

Form 990 or 990-EZ

501(c)() (enter number) organization

4947(a)(1) nonexempt charitable trust **not** treated as a private foundation

527 political organization

Form 990-PF

501(c)(3) exempt private foundation

4947(a)(1) nonexempt charitable trust treated as a private foundation

501(c)(3) taxable private foundation

Check if your organization is covered by the **General Rule** or a **Special Rule**. (Note: Only a section 501(c)(7), (8), or (10) organization can check boxes for both the General Rule and a Special Rule-see instructions)

General Rule-

For organizations filing Form 990, 990-EZ, or 990-PF that received, during the year, \$5,000 or more (in money or property) from any one contributor. (Complete Parts I and II.)

Special Rules-

For a section 501(c)(3) organization filing Form 990, or Form 990-EZ, that met the 33 1/3% support test under Regulations sections 1.509(a)-3/1.170A-9(e) and received from any one contributor, during the year, a contribution of the greater of \$5,000 or 2% of the amount on line 1 of these forms (Complete Parts I and II.)

For a section 501(c)(7), (8), or (10) organization filing Form 990, or Form 990-EZ, that received from any one contributor, during the year, aggregate contributions or bequests of more than \$1,000 for use exclusively for religious, charitable, scientific, literary, or educational purposes, or the prevention of cruelty to children or animals. (Complete Parts I, II, and III.)

For a section 501(c)(7), (8), or (10) organization filing Form 990, or Form 990-EZ, that received from any one contributor, during the year, some contributions for use exclusively for religious, charitable, etc., purposes, but these contributions did not aggregate to more than \$1,000. (If this box is checked, enter here the total contributions that were received during the year for an exclusively religious, charitable, etc., purpose Do not complete any of the Parts unless the **General Rule** applies to this organization because it received nonexclusively religious, charitable, etc., contributions of \$5,000 or more during the year.)

▶ \$ _____

Caution: Organizations that are not covered by the General Rule and/or the Special Rules do not file Schedule B (Form 990, 990-EZ, or 990-PF), but they **must** check the box in the heading of their Form 990, Form 990-EZ, or on line 2 of their Form 990-PF, to certify that they do not meet the filing requirements of Schedule B (Form 990, 990-EZ, or 990-PF).

For Paperwork Reduction Act Notice, see the Instructions for Form 990, Form 990-EZ, and Form 990-PF.

Schedule B (Form 990, 990-EZ, or 990-PF) (2005)

Name of organization JOHN LOCKE FOUNDATION INC.	Employer identification number 56-1656943
---	---

Part I Contributors (See Specific Instructions.)

(a) No.	(b) Name, address, and ZIP + 4	(c) Aggregate contributions	(d) Type of contribution
1	<u>ROE FOUNDATION</u> <u>415 BELMONT AVENUE</u> <u>GREENVILLE SC 29601</u>	\$ 25,000	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
2	<u>JOHN WILLIAM POPE FOUNDATION</u> <u>P. O. BOX 17800</u> <u>RALEIGH NC 27619</u>	\$ 2,625,807	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
3	<u>JACQUELIN HUME FOUNDATION</u> <u>600 MONTGOMERY ST., FL 28</u> <u>SAN FRANCISCO CA 94111-2702</u>	\$ 30,000	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
4	<u>EA MORRIS CHARITABLE FOUNDATION</u> <u>3802 SWARTHMORE ROAD</u> <u>DURHAM NC 27707-5438</u>	\$ 150,000	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
5	<u>CHASE FOUNDATION OF VIRGINIA</u> <u>300 PRESTON AVE., STE 403</u> <u>CHARLOTTE NC 22902</u>	\$ 10,000	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
6	<u>BB&T</u> <u>PO BOX 1290</u> <u>WINSTON-SALEM NC 27102</u>	\$ 15,000	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)

Name of organization JOHN LOCKE FOUNDATION INC.	Employer identification number 56-1656943
---	---

Part I Contributors (See Specific Instructions.)

(a) No.	(b) Name, address, and ZIP + 4	(c) Aggregate contributions	(d) Type of contribution
7	<u>BROYHILL FAMILY FOUNDATION</u> <u>P. O. BOX 500</u> <u>LENOIR</u> <u>NC 28645</u>	\$ <u>5,000</u>	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
8	<u>GLAXO SMITH KLINE</u> <u>P. O. BOX 13398</u> <u>RESEARCH TRIANGLE PARK NC 27709</u>	\$ <u>5,000</u>	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
9	<u>CENTER FOR CITIZENSHIP, ENTERPRISE</u> <u>P O BOX 670</u> <u>GREENSBORO</u> <u>NC 27402-0670</u>	\$ <u>39,744</u>	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
10	<u>FOUNDATION FOR THE CAROLINAS</u> <u>217 S. TRYON STREET</u> <u>CHARLOTTE, NC 28202</u>	\$ <u>7,000</u>	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
11	<u>JIM FULGHUM</u> <u>2701 Glenwood Gardens Ln.</u> <u>Raleigh</u> <u>NC 27608</u>	\$ <u>7,500</u>	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
12	<u>G EUGENE BOYCE</u> <u>P. O. Box 1990</u> <u>Raleigh</u> <u>NC 27602</u>	\$ <u>5,000</u>	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)

Name of organization JOHN LOCKE FOUNDATION INC.	Employer identification number 56-1656943
---	---

Part I Contributors (See Specific Instructions.)

(a) No.	(b) Name, address, and ZIP + 4	(c) Aggregate contributions	(d) Type of contribution
<u>13</u>	<u>LEO SCULLY</u> <u>208 Grosvenor Dr.</u> <u>Raleigh</u> <u>NC 27615</u>	\$ <u>5,000</u>	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
<u>14</u>	<u>CATO INSTITUTE</u> <u>1000 MASSACHUSETTS AVENUE, NW</u> <u>WASHINGTON</u> <u>DC 20001</u>	\$ <u>20,000</u>	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
<u>15</u>	<u>KPB CORPORATION</u> <u>P O BOX 11902</u> <u>CHARLOTTE</u> <u>NC 28220</u>	\$ <u>10,000</u>	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution)
<u>16</u>	<u>THE REASON FOUNDATION</u> <u>3415 S. SEPULVEDA BLVD, STE 400</u> <u>LOS ANGELES</u> <u>CA 90034-6060</u>	\$ <u>15,000</u>	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution)
—	_____ _____ _____	\$ _____	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
—	_____ _____ _____	\$ _____	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution)

10995 JOHN LOCKE FOUNDATION INC.

9/5/2006 1:27 PM

56-1656943

Federal Statements

FYÉ: 6/30/2006

Form 990-PF - General Footnote

Description

TAXPAYER ELECTS OUT OF BONUS DEPRECIATION UNDER IRC 168 FOR ALL CLASSES OF ASSETS.

Federal Statements

Statement 1 - Form 990-PF, Part I, Line 6a - Sale of Assets

Desc	Whom Sold	Date Acquired	Date Sold	How Rec'd	Cost	Expense	Deprec	Net G/L
				Sale Price				
PRINTER				Purchase				
		8/21/98	4/04/06	\$ 50	\$ 400	\$	\$ 400	\$ 50
2 laptops; 3 desktops				Purchase				
		10/17/03	12/31/05	900	10,097		6,220	-2,977
Total				\$ 950	\$ 10,497		\$ 6,620	\$ -2,927

Federal Statements**Statement 2 - Form 990-PF, Part I, Line 11 - Other Income**

<u>Description</u>	<u>Revenue per Books</u>	<u>Net Investment Income</u>	<u>Adjusted Net Income</u>
LUNCHEONS, SEMINARS	\$ 80,601	\$	\$ 80,601
OFFICE EXPENSE REIMBURSEMENTS	37,200	\$	37,200
Total	<u>\$ 117,801</u>	<u>\$ 0</u>	<u>\$ 117,801</u>

Statement 3 - Form 990-PF, Part I, Line 16a - Legal Fees

<u>Description</u>	<u>Total</u>	<u>Net Investment</u>	<u>Adjusted Net</u>	<u>Charitable Purpose</u>
Indirect Legal Fees	\$ 4,245	\$	\$	\$ 4,245
Total	<u>\$ 4,245</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 4,245</u>

Statement 4 - Form 990-PF, Part I, Line 16b - Accounting Fees

<u>Description</u>	<u>Total</u>	<u>Net Investment</u>	<u>Adjusted Net</u>	<u>Charitable Purpose</u>
Indirect Accounting Fees	\$ 10,096	\$	\$	\$ 10,096
Total	<u>\$ 10,096</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 10,096</u>

Statement 5 - Form 990-PF, Part I, Line 16c - Other Professional Fees

<u>Description</u>	<u>Total</u>	<u>Net Investment</u>	<u>Adjusted Net</u>	<u>Charitable Purpose</u>
CONSULTANTS	\$ 211,110	\$	\$	\$ 211,110
SPEAKERS	20,762	\$	\$	20,762
PROFESSIONAL SERVICES	43,973	\$	\$	34,942
Total	<u>\$ 275,845</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 266,814</u>

56-1656943

Federal Statements

FYE: 6/30/2006

Statement 6 - Form 990-PF, Part I, Line 19 - Depreciation

Desc								
Date	Cost	PY	Method	Life	CY	Net Investment	Adj Net	
Acquired	Basis	Depr			Depr	Income	Income	
PRIOR FULLY DEPR ASSETS								
2/09/90	\$ 6,991	\$ 6,991	200DB	7	\$	\$	\$	\$
IDENTIFICATION SIGN								
5/13/96	500	500	200DB	5				
POPE - PRINTER								
8/28/98	1,744	1,744	200DB	5				
PRINTER								
8/21/98	400	400	200DB	5				
FURNISHINGS								
12/31/98	3,495	3,339	200DB	7	156			
POPE - FURNITURE								
12/31/98	793	758	200DB	7	35			
TELEPHONE								
6/30/99	975	975	200DB	5				
PRINTER								
6/30/99	325	325	200DB	5				
EPSON PRINTER								
9/02/99	978	978	200DB	5				
PROXIMA PROJECTOR								
10/26/99	2,264	2,264	200DB	5				
TAS SOUND CD RECORDER								
1/06/00	700	700	200DB	5				
MEMORY								
8/10/99	254	254	200DB	5				
ATCOM TELEPHONE								
8/10/99	2,385	2,385	200DB	5				
3 ATCOM PHONES								
2/29/00	954	954	200DB	5				
MISCELLANEOUS								
12/31/99	1,455	1,455	200DB	5				
ATCOM PHONES								
12/31/99	2,207	2,207	200DB	5				
Hitachi SVGA								
8/12/02	1,825	1,299	200DB	5	211			
I Book (Kakadelis)								
8/12/02	2,494	1,776	200DB	5	287			

56-1656943

Federal Statements

FYE: 6/30/2006

Statement 6 - Form 990-PF, Part I, Line 19 - Depreciation (continued)

Desc	Date Acquired	Cost Basis	PY Depr	Method	Life	CY Depr	Net Investment Income	Adj Net Income
CDRW Drive	8/20/02	\$ 190	\$ 135	200DB	5	\$ 22	\$	\$
USB extension floppy drive	9/15/02	148	105	200DB	5	17		
Unknown equipment (Kakadelis)	9/30/02	683	486	200DB	5	79		
Ritz Camera	11/11/02	868	618	200DB	5	100		
Tables & Chairs	1/08/03	655	369	200DB	7	81		
Backup System	3/22/03	549	391	200DB	5	63		
RECORDER/MICROPHONE	1/23/02	433	358	200DB	5	50		
Laser Printer	12/31/03	570	296	200DB	5	110		
2 laptops; 3 desktops	10/17/03	10,097	5,250	200DB	5	970		
Minolta Copier	7/01/03	27,787	14,171	150DB	5	4,085		
apple pm g4	7/01/04	1,599	320	200DB	5	511		
apple 15pb 1.33ghz	8/30/04	1,999	400	200DB	5	639		
2 apple emac g4	11/17/04	2,234	447	200DB	5	715		
apple 17" iMac g5	11/17/04	1,966	393	200DB	5	629		
apple 15" pb 1.33	12/29/04	2,075	415	200DB	5	664		
2 apple iBooks g4	1/31/05	2,988	598	200DB	5	956		
apple 15" PB	3/07/05	2,438	488	200DB	5	780		
apple cinema 20" display	3/30/05	1,264	253	200DB	5	404		

Federal Statements

Statement 6 - Form 990-PF, Part I, Line 19 - Depreciation (continued)

Desc	Date Acquired	Cost Basis	PY Depr	Method	Life	CY Depr	Net Investment Income	Adj Net Income
apple emac g4	3/24/05	\$ 1,598	\$ 320	200DB	5	\$ 511	\$	\$
Desks, Bookcases, Chairs-1st Floor Offices	12/01/05	2,642		200DB	7	377		
File (Preowned)	1/13/06	225		200DB	7	32		
Projector Stand	7/25/05	193		200DB	7	28		
Digital Camera	8/02/05	1,905		200DB	5	381		
Photosmart Printer	8/31/05	208		200DB	5	42		
4525 Xerox Docuprint Printer	10/31/05	734		200DB	5	147		
HP Laserjet Printer - Avila	12/21/05	434		200DB	5	87		
Conference Table	1/16/06	150		200DB	7	21		
Recording Equip - CJ Radio	2/22/06	475		200DB	5	95		
Apple Powerbook (Winter)	7/05/05	2,299		200DB	5			
Apple 15" PB (Stoops)	7/22/05	1,999		200DB	5	400		
Apple 15" PB (Sanera)	8/11/05	1,999		200DB	5	400		
Emac G4 (Bakst)	8/11/05	799		200DB	5	160		
12" IBook (Hood)	8/11/05	1,099		200DB	5	220		
Apple 15" PB (Sanders)	9/07/05	2,078		200DB	5	416		
Computer (front desk)	11/01/05	1,000		200DB	5	200		
HP computer (Page)	11/01/05	1,148		200DB	5	230		

56-1656943

Federal Statements

FYE: 6/30/2006

Statement 6 - Form 990-PF, Part I, Line 19 - Depreciation (continued)

Desc	Date Acquired	Cost Basis	PY Depr	Method	Life	CY Depr	Net Investment Income	Adj Net Income
Apple 15" PB (Chesser)	12/01/05	\$ 1,995		200DB	5	\$ 399	\$	\$
Apple 15" PB (Kokai) & shoulder bag	12/08/05	2,223		200DB	5	445		
IMac 17" (Lowery)	12/21/05	2,198		200DB	5	440		
Powerbook (Winters)	1/04/06	1,336		200DB	5	267		
Phone Equipment (Capital lease)	11/01/05	10,400		200DB	5	2,080		
Total		\$ 128,419	\$ 55,117			\$ 18,942	\$ 0	\$ 0

Statement 7 - Form 990-PF, Part I, Line 23 - Amortization

Desc	Date Acquired	Cost Basis	PY Amort	Life	CY Amort	Net Investment Income	Adj Net Income
WEBSITE RENOVATION	6/30/02	\$ 33,000	\$ 27,500	3	\$ 5,500	\$	\$
Additional Website Features	12/31/03	12,500	6,597	3	4,167		
Website - fundraising	1/01/05	2,550	425	3	850		
Website	1/01/05	67,480	11,247	3	22,493		
filemaker software - fundraise	11/01/04	1,593	354	3	531		
adobe software	5/27/05	4,715	262	3	1,572		
Website-C J	12/01/05	11,275		3	2,192		
Website - JLF	12/01/05	18,485		3	3,594		

Federal Statements

Statement 7 - Form 990-PF, Part I, Line 23 - Amortization (continued)

Desc	Date Acquired	Cost Basis	PY Amort	Life	CY Amort	Net Investment Income	Adj Net Income
Website - LockeFan	2/10/06	\$ 8,200	\$	3	\$ 1,139	\$	\$
Website - Morris Fellows	3/01/06	7,405		3	823		
Website - N C History	5/01/06	18,600		3	1,033		
Software	11/08/05	1,176		3	261		
Total		<u>\$ 186,979</u>	<u>\$ 46,385</u>		<u>\$ 44,155</u>	<u>\$ 0</u>	<u>\$ 0</u>

Federal Statements**Statement 8 - Form 990-PF, Part I, Line 23 - Other Expenses**

<u>Description</u>	<u>Total</u>	<u>Net Investment</u>	<u>Adjusted Net</u>	<u>Charitable Purpose</u>
	\$	\$	\$	\$
Expenses				
POSTAGE	49,866			43,603
ANNOUNCEMENTS	54,025			53,553
SUPPLIES	17,329			17,192
OFFICE EXPENSES	17,287			8,142
MAINTENANCE	9,703			9,703
INTERNET & WEBSITE	56,534			55,319
MISCELLANEOUS	2,295	3,841	3,841	2,295
DUES & SUBSCRIPTIONS	6,449			5,687
LIST DEVELOPMENT	2,685			2,500
Total	<u>\$ 216,173</u>	<u>\$ 3,841</u>	<u>\$ 3,841</u>	<u>\$ 197,994</u>

Federal Statements**Statement 9 - Form 990-PF, Part II, Line 14 - Land, Building, and Equipment**

<u>Description</u>	<u>Beginning Net Book</u>	<u>End Cost/Basis</u>	<u>End Accum Deprec</u>	<u>Net Fair Mkt Value</u>
FIXED ASSETS	\$ 35,763	\$ 123,107	\$ 70,418	\$ 123,107
WEBSITE & OTHER INTANGIBLES	75,453	179,495	87,561	179,495
Total	<u>\$ 111,216</u>	<u>\$ 302,602</u>	<u>\$ 157,979</u>	<u>\$ 302,602</u>

Statement 10 - Form 990-PF, Part II, Line 22 - Other Liabilities

<u>Description</u>	<u>Beginning of Year</u>	<u>End of Year</u>
DEFERRED FINANCE LEASE OBLIGATION	\$ 15,392	\$ 18,321
Total	<u>\$ 15,392</u>	<u>\$ 18,321</u>

Federal Statements

Statement 11 - Form 990-PF, Part VIII, Line 1 - List of Officers, Directors, Trustees,
Etc.

<u>Name</u>	<u>Address</u>	<u>Title</u>	<u>Average Hours</u>	<u>Compensation</u>	<u>Benefits</u>	<u>Expenses</u>
	<u>City, State, Zip</u>					
John Hood	Raleigh NC .yif	President	40	126,665	3,629	
Don Carrington	Raleigh NC	VP	40	95,158	2,714	
Kory Swanson	Raleigh NC	VP	40	98,563	2,795	
Ray Cordato	Raleigh NC	VP	40	79,583	2,188	
Board - see attached			0			

The John Locke Foundation
Board of Directors FY 2005-2006

Bruce Babcock
2000 Frontis Plaza
Suite 106
Winston-Salem, NC 27103
Work Phone: 336-659-0290
Fax 336-695-0282
bmb@saybrookcapital.com

Herb Berkowitz
1501 Market Street
Wilmington, NC 28401
Home Phone 910-362-0319
Office Phone 910-763-4064
herbberkowitzpr@bizec.rr.com

James B. Culbertson
430 Roslyn Road
Winston-Salem, NC 27104
Home Phone 336-761-0553
Cell Phone: 336-926-1022
culbertson@mindspring.com

Dr. James S. Fulghum
2701-203 Glenwood Gardens Ln
Raleigh, NC 27608
Home Phone: 919-784-0129
Work Phone: 919-781-9950
jfulghum3@nc.rr.com

Bill Graham
465 Sheffield Dr.
Winston-Salem, NC 27104
Home Phone: 336-725-3884
Work Phone 336-725-3884
Fax 336-725-3884
Cell Phone: 919-345-2834
wggwtw@aol.com

John M. Hood
200 W. Morgan St.
Suite 200
Raleigh, NC 27601
Home Phone: 919-662-0530
Work Phone: 919-828-3876
jhood@johnlocke.org

Robert L. Luddy
4641 Paragon Park Road
Raleigh, NC 27616
Home Phone 919-556-8577
Work Phone: 919-882-2410
Fax 919-882-5204
bob@captiveair.com

Assad Meymandi, MD, PhD, DLFAPA
906 Marlow Road
Raleigh, NC 27609
Home Phone: 919-787-5293
Work Phone: 919-954-5020
Emeymandi@nc.rr.com

Baker A. Mitchell, Jr.
1112 Shelter Cove Place
Wilmington, NC 28405
Home Phone: 910-256-4833
Emergency Phone: 828-400-7941
bamjr@rogerbacon.net

Dr. Carl Mumpower
Suite 309, One Oak Plaza
Asheville, NC 28080
Work Phone: 828-252-8390
drmumpower@aol.com

Maria Ochoa
3023 Robin Road
Charlotte, NC 28211
Home Phone: 704-553-9753
Work phone: 704-371-8570
mochoa@ft.newyorklife.com

J. Arthur Pope
3324 Granville Drive
Raleigh, NC 27609
Home Phone: 919-510-6819
Work Phone: 919-871-3302
Artp1996@aol.com

Tula Carter Robbins
705 Marlowe Road
Raleigh, NC 27609
Work Phone: 919-787-3953

Thomas H. Roberg
2108 Prescott Place
Raleigh, NC 27615
Home Phone: 919-872-5601
Cell Phone: 919-345-4155
tomroberg@aol.com

David M. Stover
2602 York Road
Raleigh, NC 27608
Home Phone 919-787-6861
dmstover@aol.com

Robert L. Stowe, III
P. O. Box 351
Belmont, NC 28012-0351
Home Phone: 704-825-1235
Work Phone: 704-825-5314
rlstowe3@carolina.rr.com

Andy Wells
The Prism Group
Viewmont Square
1301 North Center Street
Hickory, NC 28601
****Mailing Address****
P.O. 729
Hickory, NC 28603
Home Phone: 828-322-7825
Work Phone: 828-322-6800
Direct Line: 828-322-7169
Fax: 828-322-7169
awells@theprismgrp.com

56-1656943

Federal Statements

FYE: 6/30/2006

Statement 12 - Form 4562, Line 42 - Amortization

Description	Amort Beg Date	Amortizable Amount	Code Sec	Period/ Percent	Current Yr Amortization
Website-C J	12/01/05	\$ 11,275	0	3.0	\$ 2,192
Website - JLF	12/01/05	18,485	0	3.0	3,594
Website - LockeFan	2/10/06	8,200	0	3.0	1,139
Website - Morris Fellows	3/01/06	7,405	0	3.0	823
Website - N C History	5/01/06	18,600	0	3.0	1,033
Software	11/08/05	1,176	0	3.0	261
Total		\$ 65,141			\$ 9,042

Depreciation and Amortization
(Including Information on Listed Property)

▶ See separate instructions. ▶ Attach to your tax return.

Name(s) shown on return

JOHN LOCKE FOUNDATION INC.

Identifying number
56-1656943

Business or activity to which this form relates

Indirect Depreciation

Part I Election To Expense Certain Property Under Section 179

Note: If you have any listed property, complete Part V before you complete Part I.

1	Maximum amount. See the instructions for a higher limit for certain businesses	1	105,000
2	Total cost of section 179 property placed in service (see instructions)	2	
3	Threshold cost of section 179 property before reduction in limitation	3	420,000
4	Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-	4	
5	Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see instr	5	
(a) Description of property		(b) Cost (business use only)	(c) Elected cost
6			
7	Listed property. Enter the amount from line 29	7	
8	Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7	8	
9	Tentative deduction. Enter the smaller of line 5 or line 8	9	
10	Carryover of disallowed deduction from line 13 of your 2004 Form 4562	10	
11	Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instructions)	11	
12	Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11	12	
13	Carryover of disallowed deduction to 2006. Add lines 9 and 10, less line 12	13	

Note: Do not use Part II or Part III below for listed property. Instead, use Part V.

Part II Special Depreciation Allowance and Other Depreciation (Do not include listed property.) (See instructions.)

14	Special allowance for certain aircraft, certain property with a long production period, and qualified NYL or GO Zone property (other than listed property) placed in service during the tax year (see instructions)	14	
15	Property subject to section 168(f)(1) election	15	
16	Other depreciation (including ACRS)	16	4,085

Part III MACRS Depreciation (Do not include listed property.) (See instructions.)

Section A

17	MACRS deductions for assets placed in service in tax years beginning before 2005	17	7,990
18	If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here <input type="checkbox"/>		

Section B-Assets Placed in Service During 2005 Tax Year Using the General Depreciation System

(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only-see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
19a	3-year property					
b	5-year property	32,030	5.0	HY	200DB	6,409
c	7-year property	3,210	7.0	HY	200DB	458
d	10-year property					
e	15-year property					
f	20-year property					
g	25-year property		25 yrs.		S/L	
h	Residential rental property		27.5 yrs	MM	S/L	
i	Nonresidential real property		27.5 yrs	MM	S/L	
			39 yrs.	MM	S/L	

Section C-Assets Placed in Service During 2005 Tax Year Using the Alternative Depreciation System

20a	Class life				S/L	
b	12-year		12 yrs		S/L	
c	40-year		40 yrs	MM	S/L	

Part IV Summary (see instructions)

21	Listed property. Enter amount from line 28	21	
22	Total. Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21. Enter here and on the appropriate lines of your return. Partnerships and S corporations-see instr	22	18,942
23	For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs	23	

Part V Listed Property (Include automobiles, certain other vehicles, cellular telephones, certain computers, and property used for entertainment, recreation, or amusement.)

Note: For any vehicle for which you are using the standard mileage rate or deducting lease expense, complete only 24a, 24b, columns (a) through (c) of Section A, all of Section B, and Section C if applicable

Section A-Depreciation and Other Information (Caution: See the instructions for limits for passenger automobiles)

Table with columns (a) through (i) for depreciation and other information. Includes rows 24a, 25, 26, 27, 28, and 29.

Section B-Information on Use of Vehicles

Complete this section for vehicles used by a sole proprietor, partner, or other "more than 5% owner," or related person. If you provided vehicles to your employees, first answer the questions in Section C to see if you meet an exception to completing this section for those vehicles

Table for Section B with columns (a) through (f) for vehicle information and rows 30 through 36.

Section C-Questions for Employers Who Provide Vehicles for Use by Their Employees

Answer these questions to determine if you meet an exception to completing Section B for vehicles used by employees who are not more than 5% owners or related persons (see instructions).

Table for Section C with columns Yes/No and rows 37 through 41.

Part VI Amortization

Table for Part VI with columns (a) through (f) for amortization and rows 42 through 44.