

Department of the Treasury
Internal Revenue Service

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

2006

For calendar year 2006, or tax year beginning , 2006, and ending

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 foundation: **THE CARTHAGE FOUNDATION**

Number and street (or P.O. box number if mail is not delivered to street address): **301 GRANT STREET**

Room/suite: **ONE OXFORD CENTRE**

City or town, state, and ZIP code: **PITTSBURGH, PA 15219-6401**

Room/suite: **3900**

A Employer identification number: **25-6067979**

B Telephone number (see page 11 of the instructions): **(412) 392-2900**

H Check type of organization: Section 501(c)(3) exempt private foundation
 Section 4947(a)(1) nonexempt charitable trust Other taxable private foundation

I Fair market value of all assets at end of year (from Part II, col. (c), line 16) ▶ \$ **30,108,877.**

J Accounting method: Cash Accrual
 Other (specify) _____

(Part I, column (d) must be on cash basis.)

C If exemption application is pending, check here

D 1. Foreign organizations, check here
2. Foreign organizations meeting the 85% test, check here and attach computation

E If private foundation status was terminated under section 507(b)(1)(A), check here

F If the foundation is in a 60-month termination under section 507(b)(1)(B), check here

Part I Analysis of Revenue and Expenses (The total of amounts in columns (b), (c), and (d) may not necessarily equal the amounts in column (a) (see page 11 of the instructions).)		(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)	3,000,000.			
2	Check <input type="checkbox"/> if the foundation is not required to attach Sch B				
3	Interest on savings and temporary cash investments				
4	Dividends and interest from securities	884,245.	884,245.	NONE	STMT 1
5a	Gross rents				
b	Net rental income or (loss)				
6a	Net gain or (loss) from sale of assets not on line 10	1,747,608.			
b	Gross sales price for all assets on line 6a 6,984,308.				
7	Capital gain net income (from Part IV, line 2)	STATEMENT 16	6,106,616.		
8	Net short-term capital gain				
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)				
12	Total. Add lines 1 through 11	5,631,853.	6,990,861.	NONE	
13	Compensation of officers, directors, trustees, etc.	86,650.	12,620.	NONE	74,030.
14	Other employee salaries and wages	161,063.	4,575.	NONE	156,488.
15	Pension plans, employee benefits	93,652.	6,500.	NONE	87,152.
16a	Legal fees (attach schedule) STMT 2	1,102.	NONE	NONE	1,102.
b	Accounting fees (attach schedule) STMT 3	34,077.	17,038.	NONE	17,039.
c	Other professional fees (attach schedule) STMT 4	86,994.	22,994.	NONE	64,000.
17	Interest				
18	Taxes (attach schedule) (see page 14 of the instructions) *	169,366.	1,354.	NONE	18,162.
19	Depreciation (attach schedule) and depletion	11,246.	NONE		STMT 13
20	Occupancy	83,456.	5,792.		77,664.
21	Travel, conferences, and meetings	9,834.	NONE		9,834.
22	Printing and publications				
23	Other expenses (attach schedule) STMT 6	60,750.	4,074.	NONE	56,676.
24	Total operating and administrative expenses. Add lines 13 through 23	798,190.	74,947.	NONE	562,147.
25	Contributions, gifts, grants paid . STMT 7	4,227,500.			4,254,500.
26	Total expenses and disbursements. Add lines 24 and 25	5,025,690.	74,947.	NONE	4,816,647.
27	Subtract line 26 from line 12:				
a	Excess of revenue over expenses and disbursements	606,163.			
b	Net investment income (if negative, enter -0-)		6,915,914.		
c	Adjusted net income (if negative, enter -0-)			NONE	

Operating and Administrative Expenses MAY 15 2007

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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		23,062.	8,387.	8,387.
	2	Savings and temporary cash investments		2,077,183.	2,209,613.	2,209,613.
	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 16 of the instructions)				
	7	Other notes and loans receivable (attach schedule) ▶				
		Less: allowance for doubtful accounts ▶				
	8	Inventories for sale or use				
	9	Prepaid expenses and deferred charges, STMT 8		2,125.	2,141.	2,141.
	10 a	Investments - U S and state government obligations (attach schedule)				
	b	Investments - corporate stock (attach schedule), STMT 9		11,991,058.	12,463,697.	27,878,291.
	c	Investments - corporate bonds (attach schedule)				
	11	Investments - land, buildings, and equipment basis ▶				
	Less: accumulated depreciation (attach schedule) ▶					
12	Investments - mortgage loans					
13	Investments - other (attach schedule),					
14	Land, buildings, and equipment basis ▶ 196,075.					
	Less: accumulated depreciation (attach schedule) ▶ STMT 13 185,630.		21,692.	10,445.	10,445.	
15	Other assets (describe ▶)					
16	Total assets (to be completed by all filers - see page 17 of the instructions. Also, see page 1, item I)		14,115,120.	14,694,283.	30,108,877.	
Liabilities	17	Accounts payable and accrued expenses				
	18	Grants payable		547,000.	520,000.	
	19	Deferred revenue				
	20	Loans from officers, directors, trustees, and other disqualified persons				
	21	Mortgages and other notes payable (attach schedule),				
	22	Other liabilities (describe ▶)				
23	Total liabilities (add lines 17 through 22)		547,000.	520,000.		
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		13,568,120.	14,174,283.	
	25	Temporarily restricted				
	26	Permanently restricted				
	Organizations that do not follow SFAS 117, check here and complete lines 27 through 31. <input type="checkbox"/>					
	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 18 of the instructions)		13,568,120.	14,174,283.		
31	Total liabilities and net assets/fund balances (see page 18 of the instructions)		14,115,120.	14,694,283.		

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	13,568,120.
2	Enter amount from Part I, line 27a	2	606,163.
3	Other increases not included in line 2 (itemize) ▶	3	
4	Add lines 1, 2, and 3	4	14,174,283.
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	14,174,283.

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 STATEMENT 16						
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				(l) Gains (Col. (h) gain minus col. (k), but not less than -0-) or Losses (from col. (h))		
(i) F.M.V. as of 12/31/69	(j) Adjusted basis as of 12/31/69	(k) Excess of col. (i) over col. (j), if any				
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	6,106,616.	
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 18 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 foundation liable for the section 4942 tax on the distributable amount of any year in the base period? Yes No
If "Yes," the foundation 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 19 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))
2005	6,627,558.	26,502,469.	0.25007322903
2004	5,979,188.	24,353,652.	0.24551504637
2003	5,331,344.	20,929,999.	0.25472261131
2002	5,728,686.	23,886,804.	0.23982639117
2001	2,401,211.	24,088,184.	0.09968418541
2 Total of line 1, column (d)			2 1.08982146329
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 0.21796429266
4 Enter the net value of noncharitable-use assets for 2006 from Part X, line 5			4 27,132,237.
5 Multiply line 4 by line 3			5 5,913,859.
6 Enter 1% of net investment income (1% of Part I, line 27b)			6 69,159.
7 Add lines 5 and 6			7 5,983,018.
8 Enter qualifying distributions from Part XII, line 4			8 4,816,647.

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 19.

Part VI Excise Tax Based on Investment Income (Section 4940(a), 4940(b), 4940(e), or 4948 - see page 19 of the instructions)

1 a	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 foundations that meet the section 4940(e) requirements in Part V, check here <input type="checkbox"/> and enter 1% of Part I, line 27b	1	138,318.
c	All other domestic foundations 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	
3	Add lines 1 and 2	3	138,318.
4	Subtitle A (income) tax (domestic section 4947(a)(1) trusts and taxable foundations only. Others enter -0-)	4	NONE
5	Tax based on investment income. Subtract line 4 from line 3. If zero or less, enter -0-	5	138,318.
6	Credits/Payments:		
a	2006 estimated tax payments and 2005 overpayment credited to 2006	6a	150,632.
b	Exempt foreign organizations-tax withheld at source	6b	NONE
c	Tax paid with application for extension of time to file (Form 8868)	6c	NONE
d	Backup withholding erroneously withheld	6d	
7	Total credits and payments. Add lines 6a through 6d	7	150,632.
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	12,314.
11	Enter the amount of line 10 to be Credited to 2007 estimated tax <input type="checkbox"/> 12,314. Refunded <input type="checkbox"/>	11	

Part VII-A Statements Regarding Activities

	Yes	No
1 a		X
b		X
c		N/A
2		X
3		X
4 a		X
b		N/A
5		X
6	X	
7	X	
8 a		
b	X	
9		X
10		X

Part VII-A Statements Regarding Activities Continued

11a At any time during the year, did the foundation, directly or indirectly, own a controlled entity within the meaning of section 512(b)(13)? If "Yes," attach schedule. (see instructions) 11a X
b If "Yes," did the foundation have a binding written contract in effect on August 17, 2006, covering the interest, rents, royalties, and annuities described in the attachment for line 11a? 11b X
12 Did the foundation acquire a direct or indirect interest in any applicable insurance contract? 12 X
13 Did the foundation comply with the public inspection requirements for its annual returns and exemption application? Website address N/A 13 X
14 The books are in care of THE CARTHAGE FOUNDATION Telephone no. 412-392-2900 Located at 301 GRANT STREET, SUITE 3900, PITTSBURGH, PA ZIP + 4 15219
15 Section 4947(a)(1) nonexempt charitable trusts filing Form 990-F in lieu of Form 1041 - Check here N/A and enter the amount of tax-exempt interest received or accrues during the year 15

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.

1a During the year did the foundation (either directly or indirectly):
(1) Engage in the sale or exchange, or leasing of property with a disqualified person? Yes No X
(2) Borrow money from, lend money to, or otherwise extend credit to (or accept it from) a disqualified person? Yes No X
(3) Furnish goods, services, or facilities to (or accept them from) a disqualified person? Yes No X
(4) Pay compensation to, or pay or reimburse the expenses of, a disqualified person? STMT 10 X Yes No
(5) Transfer any income or assets to a disqualified person (or make any of either available & 11 for the benefit or use of a disqualified person)? Yes No X
(6) Agree to pay money or property to a government official? Exception. Check "No" if the foundation agreed to make a grant to or to employ the official for a period after termination of government service, if terminating within 90 days. Yes No X
b If any answer is "Yes" to 1a(1)-(6), did any of the acts fail to qualify under the exceptions described in Regulations section 53.4941(d)-3 or in a current notice regarding disaster assistance (see page 22 of the instructions)? 1b X
Organizations relying on a current notice regarding disaster assistance check here
c Did the foundation engage in a prior year in any of the acts described in 1a, other than excepted acts, that were not corrected before the first day of the tax year beginning in 2006? 1c X
2 Taxes on failure to distribute income (section 4942) (does not apply for years the foundation was a private operating foundation defined in section 4942(j)(3) or 4942(j)(5)):
a At the end of tax year 2006, did the foundation have any undistributed income (lines 6d and 6e, Part XIII) for tax year(s) beginning before 2006? Yes No X
If "Yes," list the years
b Are there any years listed in 2a for which the foundation is not applying the provisions of section 4942(a)(2) (relating to incorrect valuation of assets) to the year's undistributed income? (If applying section 4942(a)(2) to all years listed, answer "No" and attach statement - see page 22 of the instructions.) 2b N/A
c If the provisions of section 4942(a)(2) are being applied to any of the years listed in 2a, list the years here.
3a Did the foundation hold more than a 2% direct or indirect interest in any business enterprise at any time during the year? Yes No X
b If "Yes," did it have excess business holdings in 2006 as a result of (1) any purchase by the foundation or disqualified persons after May 26, 1969; (2) the lapse of the 5-year period (or longer period approved by the Commissioner under section 4943(c)(7)) to dispose of holdings acquired by gift or bequest; or (3) the lapse of the 10-, 15-, or 20-year first phase holding period? (Use Schedule C, Form 4720, to determine if the foundation had excess business holdings in 2006.) 3b N/A
4a Did the foundation invest during the year any amount in a manner that would jeopardize its charitable purposes? 4a X
b Did the foundation make any investment in a prior year (but after December 31, 1969) that could jeopardize its charitable purpose that had not been removed from jeopardy before the first day of the tax year beginning in 2006? 4b X

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

5a During the year did the foundation pay or incur any amount to:

(1) Carry on propaganda, or otherwise attempt to influence legislation (section 4945(e))?. Yes No

(2) Influence the outcome of any specific public election (see section 4955); or to carry on, directly or indirectly, any voter registration drive? Yes No

(3) Provide a grant to an individual for travel, study, or other similar purposes? Yes No

(4) Provide a grant to an organization other than a charitable, etc., organization described in section 509(a)(1), (2), or (3), or section 4940(d)(2)? (see instructions), Yes No

(5) Provide for any purpose other than religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals? Yes No

b If any answer is "Yes" to 5a(1)-(5), did any of the transactions fail to qualify under the exceptions described in Regulations section 53.4945 or in a current notice regarding disaster assistance (see page 23 of the instructions)? **5b** **N/A**

Organizations relying on a current notice regarding disaster assistance check here

c If the answer is "Yes" to question 5a(4), does the foundation claim exemption from the tax because it maintained expenditure responsibility for the grant? **N/A** Yes No

If "Yes," attach the statement required by Regulations section 53.4945-5(d).

6a Did the foundation, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract? Yes No

b Did the foundation, during the year, pay premiums, directly or indirectly, on a personal benefit contract? **6b** Yes No

If you answered "Yes" to 6b, also file Form 8870.

7a At any time during the tax year, was the foundation a party to a prohibited tax shelter transaction? Yes No

b If yes, did the foundation receive any proceeds or have any net income attributable to the transaction? **7b** Yes No

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 23 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) Contributions to employee benefit plans and deferred compensation	(e) Expense account, other allowances
SEE STATEMENT 10		86,650.	11,713.	NONE

2 Compensation of five highest-paid employees (other than those included on line 1 - see page 24 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
NONE				

Total number of other employees paid over \$50,000 **NONE**

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

3 Five highest-paid independent contractors for professional services (see page 24 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
SEE STATEMENT 11		142,916.

Total number of others receiving over \$50,000 for professional services **NONE**

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 <u>N/A</u> ----- -----	
2 ----- -----	
3 ----- -----	
4 ----- -----	

Part IX-B Summary of Program-Related Investments (see page 24 of the instructions)

Describe the two largest program-related investments made up by the foundation during the tax year on lines 1 and 2	Amount
1 <u>NONE</u> ----- -----	
2 ----- -----	
All other program-related investments. See page 25 of the instructions	
3 <u>NONE</u> ----- -----	
Total. Add lines 1 through 3	

Part X Minimum Investment Return (All domestic foundations must complete this part. Foreign foundations, see page 25 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	27,537,152.
b	Average of monthly cash balances	1b	8,266.
c	Fair market value of all other assets (see page 25 of the instructions)	1c	NONE
d	Total (add lines 1a, b, and c)	1d	27,545,418.
e	Reduction claimed for blockage or other factors reported on lines 1a and 1c (attach detailed explanation)	1e	
2	Acquisition indebtedness applicable to line 1 assets	2	NONE
3	Subtract line 2 from line 1d	3	27,545,418.
4	Cash deemed held for charitable activities. Enter 1 1/2 % of line 3 (for greater amount, see page 26 of the instructions)	4	413,181.
5	Net value of noncharitable-use assets. Subtract line 4 from line 3. Enter here and on Part V, line 4	5	27,132,237.
6	Minimum investment return. Enter 5% of line 5	6	1,356,612.

Part XI Distributable Amount (see page 26 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	1,356,612.
2a	Tax on investment income for 2006 from Part VI, line 5	2a	138,318.
b	Income tax for 2006 (This does not include the tax from Part VI.)	2b	
c	Add lines 2a and 2b	2c	138,318.
3	Distributable amount before adjustments. Subtract line 2c from line 1	3	1,218,294.
4	Recoveries of amounts treated as qualifying distributions	4	
5	Add lines 3 and 4	5	1,218,294.
6	Deduction from distributable amount (see page 26 of the instructions)	6	
7	Distributable amount as adjusted. Subtract line 6 from line 5. Enter here and on Part XIII, line 1	7	1,218,294.

Part XII Qualifying Distributions (see page 26 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	4,816,647.
b	Program-related investments - total from Part IX-B	1b	NONE
2	Amounts paid to acquire assets used (or held for use) directly in carrying out charitable, etc., purposes	2	NONE
3	Amounts set aside for specific charitable projects that satisfy the:		
a	Suitability test (prior IRS approval required)	3a	NONE
b	Cash distribution test (attach the required schedule)	3b	NONE
4	Qualifying distributions. Add lines 1a through 3b. Enter here and on Part V, line 8, and Part XIII, line 4	4	4,816,647.
5	Foundations 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 27 of the instructions)	5	N/A
6	Adjusted qualifying distributions. Subtract line 5 from line 4	6	4,816,647.

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 27 of the instructions)

	(a) Corpus	(b) Years prior to 2005	(c) 2005	(d) 2006
1 Distributable amount for 2006 from Part XI, line 7				1,218,294.
2 Undistributed income, if any, as of the end of 2005				
a Enter amount for 2005 only				
b Total for prior years				
3 Excess distributions carryover, if any, to 2006:				
a From 2001	NONE			
b From 2002	NONE			
c From 2003	NONE			
d From 2004	NONE			
e From 2005	NONE			
f Total of lines 3a through e	NONE			
4 Qualifying distributions for 2006 from Part XII, line 4. ▶ \$ 4,816,647.				
a Applied to 2005, but not more than line 2a				
b Applied to undistributed income of prior years (Election required - see page 27 of the instructions)				
c Treated as distributions out of corpus (Election required - see page 27 of the instructions)				
d Applied to 2006 distributable amount				1,218,294.
e Remaining amount distributed out of corpus	3,598,353.			
5 Excess distributions carryover applied to 2006 (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	3,598,353.			
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 27 of the instructions				
e Undistributed income for 2005 Subtract line 4a from line 2a Taxable amount - see page 27 of the instructions				
f Undistributed income for 2006. Subtract lines 4d and 5 from line 1 This amount must be distributed in 2007				
7 Amounts treated as distributions out of corpus to satisfy requirements imposed by section 170(b)(1)(E) or 4942(g)(3) (see page 28 of the instructions)				
8 Excess distributions carryover from 2001 not applied on line 5 or line 7 (see page 28 of the instructions)	NONE			
9 Excess distributions carryover to 2007. Subtract lines 7 and 8 from line 6a	3,598,353.			
10 Analysis of line 9:				
a Excess from 2002	NONE			
b Excess from 2003	NONE			
c Excess from 2004	NONE			
d Excess from 2005	NONE			
e Excess from 2006	3,598,353.			

Part XIV Private Operating Foundations (see page 28 of the instructions and Part VII-A, question 9) **NOT APPLICABLE**

1 a If the foundation has received a ruling or determination letter that it is a private operating foundation, and the ruling is effective for 2006, enter the date of the ruling

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

	Tax year	Prior 3 years			(a) Total
	(a) 2006	(b) 2005	(c) 2004	(d) 2003	
2 a Enter the lesser of the adjusted net income from Part I or the minimum investment return from Part X for each year listed . . .					
b 85% of line 2a					
c Qualifying distributions from Part XII, line 4 for each year listed . . .					
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					
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 . . .					
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)(ii)					
(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 28 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 foundation only makes contributions to preselected charitable organizations and does not accept unsolicited requests for funds. If the foundation makes gifts, grants, etc. (see page 28 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:

SEE STATEMENT 12

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

SEE STATEMENT 12

c Any submission deadlines:

SEE STATEMENT 12

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

SEE STATEMENT 12

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 <i>Paid during the year</i> SEE STATEMENT 14				4,254,500.
Total ▶ 3a				4,254,500.
b <i>Approved for future payment</i> SEE STATEMENT 14				520,000.
Total ▶ 3b				520,000.

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 foundation 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 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' in columns (b) and (d).

2 a Is the foundation directly or indirectly affiliated with, or related to, one or more tax-exempt organizations described in section 501(c) of the Code (other than section 501(c)(3)) or in section 527? Yes No [X]

Table with 3 columns: (a) Name of organization, (b) Type of organization, (c) Description of relationship. All cells are empty.

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 fiduciary) is based on all information of which preparer has any knowledge.

Signature section containing: Signature of officer or trustee (Michael W. G...), Preparer's signature (J. Ronald...), Firm's name (WTAS), and address (335 COMMERCE DRIVE - FORT WASHINGTON, PA).

Name of organization THE CARTHAGE FOUNDATION	Employer identification number 25-6067979
--	---

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 of the regulations under sections 509(a)(1)/170(b)(1)(A)(vi), 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.

Name of organization **THE CARTHAGE FOUNDATION**

Employer identification number

25-6067979

Part I Contributors (See Specific Instructions.)

(a) No.	(b) Name, address, and ZIP + 4	(c) Aggregate contributions	(d) Type of contribution
1	RICHARD M. SCAIFE ONE OXFORD CENTRE, SUITE 3900 PITTSBURGH, PA 15219	3,000,000.	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.)
			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.)
			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.)

FORM 990PF, PART I - DIVIDENDS AND INTEREST FROM SECURITIES

DESCRIPTION	REVENUE AND EXPENSES PER BOOKS	NET INVESTMENT INCOME	ADJUSTED NET INCOME
INTEREST INCOME	823,818.	823,818.	NONE
DIVIDEND INCOME	60,427.	60,427.	NONE
TOTAL	884,245.	884,245.	NONE

FORM 990PF, PART I - LEGAL FEES

DESCRIPTION	REVENUE AND EXPENSES PER BOOKS	NET INVESTMENT INCOME	ADJUSTED NET INCOME	CHARITABLE PURPOSES
LEGAL FEES	1,102.	NONE	NONE	1,102.
TOTALS	1,102.	NONE	NONE	1,102.

FORM 990PF, PART I - ACCOUNTING FEES
 =====

DESCRIPTION -----	REVENUE AND EXPENSES PER BOOKS -----	NET INVESTMENT INCOME -----	ADJUSTED NET INCOME -----	CHARITABLE PURPOSES -----
AUDIT, COMPLIANCE AND TAX	34,077.	17,038.	NONE	17,039.
TOTALS	34,077.	17,038.	NONE	17,039.

FORM 990PF, PART I - OTHER PROFESSIONAL FEES

=====

DESCRIPTION -----	REVENUE AND EXPENSES PER BOOKS -----	NET INVESTMENT INCOME -----	ADJUSTED NET INCOME -----	CHARITABLE PURPOSES -----
FISCAL AGENT FEES	22,994.	22,994.	NONE	NONE
CONSULTING	64,000.	NONE	NONE	64,000.
TOTALS	----- 86,994. =====	----- 22,994. =====	----- NONE =====	----- 64,000. =====

FORM 990PF, PART I - TAXES

=====

DESCRIPTION	REVENUE AND EXPENSES PER BOOKS	NET INVESTMENT INCOME	ADJUSTED NET INCOME	CHARITABLE PURPOSES
-----	-----	-----	-----	-----
FEDERAL EXCISE TAX	149,850.	NONE	NONE	NONE
PAYROLL TAX	19,516.	1,354.		18,162.
TOTALS	----- 169,366. =====	----- 1,354. =====	----- NONE =====	----- 18,162. =====

FORM 990PF, PART I - OTHER EXPENSES

DESCRIPTION	REVENUE AND EXPENSES PER BOOKS	NET INVESTMENT INCOME	ADJUSTED NET INCOME	CHARITABLE PURPOSES
-----	-----	-----	-----	-----
INSURANCE	4,876.	338.	NONE	4,538.
OFFICE EXPENSES	8,706.	604.	NONE	8,102.
TELEPHONE	2,207.	153.	NONE	2,054.
SECURITY	36,240.	2,515.	NONE	33,725.
COMPUTER MAINTENANCE	1,700.	NONE	NONE	1,700.
OFFICE TEMP	6,688.	464.	NONE	6,224.
DUES & SUBSCRIPTIONS	333.	NONE	NONE	333.
TOTALS	60,750.	4,074.	NONE	56,676.

FORM 990PF, PART I - CONTRIBUTIONS, GIFTS, GRANTS PAID

RECIPIENT NAME AND ADDRESS	RELATIONSHIP TO SUBSTANTIAL CONTRIBUTOR AND FOUNDATION STATUS OF RECIPIENT	PURPOSE OF GRANT OR CONTRIBUTION	AMOUNT
<u>GRANTS PAID</u>			
SEE STATEMENT 14			4,254,500.
TOTAL CONTRIBUTIONS PAID			4,254,500.
<u>GRANTS ACCRUED</u>			
SEE STATEMENT 14			520,000.
TOTAL APPROVED CONTRIBUTIONS ACCRUED			520,000.

FORM 990PF, PART II - PREPAID EXPENSES AND DEFERRED CHARGES

DESCRIPTION	BEGINNING BOOK VALUE	ENDING BOOK VALUE	ENDING FMV
-----	-----	-----	---
PREPAID INSURANCE	2,125.	2,141.	2,141.
TOTALS	2,125.	2,141.	2,141.

FORM 990PF, PART II - CORPORATE STOCK

=====

DESCRIPTION -----	BEGINNING BOOK VALUE -----	ENDING BOOK VALUE -----	ENDING FMV ---
INVESTMENTS- COMMON STOCK (SEE STATEMENT 15)	11,991,058.	12,463,697.	27,878,291.
TOTALS	----- 11,991,058. =====	----- 12,463,697. =====	----- 27,878,291. =====

FORM 990PF, PART VIII - LIST OF OFFICERS, DIRECTORS, AND TRUSTEES

NAME AND ADDRESS	TITLE AND TIME DEVOTED TO POSITION	COMPENSATION	CONTRIBUTIONS TO EMPLOYEE BENEFIT PLANS	EXPENSE ACCT AND OTHER ALLOWANCES
RICHARD M. SCAIFE 301 GRANT STREET ONE OXFORD CENTRE, SUITE 3900 PITTSBURGH, PA 15219-6401	CHAIRMAN/TRUSTEE 2.50	NONE	NONE	NONE
MICHAEL W. GLEBA 301 GRANT STREET ONE OXFORD CENTRE, SUITE 3900 PITTSBURGH, PA 15219-6401	TREASURER/TRUSTEE 8.00	52,667.	8,500.	NONE
R. DANIEL MCMICHAEL 301 GRANT STREET ONE OXFORD CENTRE, SUITE 3900 PITTSBURGH, PA 15219-6401	SECRETARY/TRUSTEE 2.50	NONE	NONE	NONE
ALEXIS J. KONKOL 301 GRANT STREET ONE OXFORD CENTRE, SUITE 3900 PITTSBURGH, PA 15219-6401	ASST. SECRETARY 8.00	13,983.	3,213.	NONE
W. MCCOOK MILLER, JR. 301 GRANT STREET ONE OXFORD CENTRE, SUITE 3900 PITTSBURGH, PA 15219-6401	TRUSTEE 2.50	10,000.	NONE	NONE
ROGER W. ROBINSON, JR. 301 GRANT STREET ONE OXFORD CENTRE, SUITE 3900 PITTSBURGH, PA 15219-6401	ASST. TREAS./TRUSTEE 2.50	10,000.	NONE	NONE
	GRAND TOTALS	86,650.	11,713.	NONE

990PF, PART VIII- COMPENSATION OF THE FIVE HIGHEST PAID PROFESSIONALS
=====

NAME AND ADDRESS -----	TYPE OF SERVICE -----	COMPENSATION -----
R. DANIEL MCMICHAEL ONE OXFORD CENTRE, 301 GRANT STREET PITTSBURGH, PA 15219-6401	CONSULTING	64,000.
OXFORD DEVELOPMENT CO./GRANT ST. ONE OXFORD CENTRE, 301 GRANT STREET PITTSBURGH, PA 15219-6401	FACILITY RENTAL	78,916.
TOTAL COMPENSATION		----- 142,916. =====

The Carthage Foundation
Form 990-PF
EIN: 25-6067979
Year Ended: December 31, 2006

STATEMENT 12

Information Regarding Grants and Loan Program

The Carthage Foundation confines most of its grant awards to programs that will address public policy questions concerned with national and international issues. There are no geographical restrictions. The Foundation does not make grants to individuals. Proposals for the following are usually declined: event sponsorship, endowments, capital campaigns, renovations, or governmental agencies.

Initial inquiries to the Foundation should be in letter form signed by the Organization's President, or authorized representative, and have the approval of the Organization's Board of Directors. The letter should include a concise description and budget for the specific purpose for which funds are requested. Additional information must include the organization's current annual budget, latest audited financial statement, and annual report. A copy of the Organization's current ruling letter evidencing tax exemption under Section 501(c)(3) and 509(a) of the Internal Revenue Code is required. Additional information may be requested, if needed, for further evaluation.

The Foundation normally considers grants at meetings held in the first and fourth quarters of each year. However, requests may be submitted at any time and will be acted upon as expeditiously as possible.

Grant applications should be addressed to:

Mr. Michael W. Gleba, Treasurer
The Carthage Foundation
301 Grant Street
One Oxford Centre
Suite 3900
Pittsburgh, Pennsylvania 15219-6401

THE CARTHAGE FOUNDATION
EIN: 25-6067979
YEAR ENDED: DECEMBER 31, 2006

FORM 990-PF

STATEMENT 13

PART I, LINE 19 - DEPRECIATION
PART II, LINE 14a - LAND, BUILDINGS, AND EQUIPMENT
PART II, LINE 14b - ACCUMULATED DEPRECIATION

<u>DESCRIPTION</u>	<u>AMOUNT</u>
LEASEHOLD IMPROVEMENTS	69,484
FURNITURE AND FIXTURES	77,219
EQUIPMENT	<u>49,372</u>
SUBTOTAL FIXED ASSETS	196,075
LESS: ACCUMULATED DEPRECIATION	<u>(185,630)</u>
NET FIXED ASSETS	<u><u>10,445</u></u>

DEPRECIATION AND AMORTIZATION EXPENSE FOR 12/31/06 WAS \$11,246.

STATEMENT 13

The Carthage Foundation
Form 990-PF
EIN: 25-6067979
Year Ended: December 31, 2006

STATEMENT 14

Federal Footnotes

All of the grantees shown on the attached statement of grants are exempt under Internal Revenue Code (IRC) Section 501(c)(3), and have the status of public charities, within the meaning of IRC Section 509(A)(1)(2) or (3).

Compensation of officers, trustees, and other employees, as well as the related employee benefits are allocated based on time spent in carrying out the foundation's exempt purpose versus time spent in the production of income. Professional fees are allocated based on services performed for the foundation. All other expenses are prorated based on the salary expense charged to each category as described above.

THE CARTHAGE FOUNDATION

STATEMENT 14

SCHEDULE OF GRANTS

AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2006

	<u>Payable,</u> <u>12/31/05</u>	<u>1/01/06 - 12/31/06</u>		<u>Payable,</u> <u>12/31/06</u>
		<u>Approved</u>	<u>Paid</u>	
Allegheny Institute for Public Policy, Pittsburgh, Pennsylvania General operating support	\$ -	\$ 110,000	\$ 110,000	\$ -
American Civil Rights Union, Alexandria, Virginia Project support	-	100,000	100,000	-
American Foreign Policy Council, Washington, D.C. General operating support	-	150,000	150,000	-
American Jewish Committee, New York, New York Publication support	-	120,000	60,000	60,000
America's Survival, Inc., Owings, Maryland Program support	-	100,000	100,000	-
Association of Literary Scholars and Critics, Boston, Massachusetts General operating support	-	30,000	30,000	-
Atlas Economic Research Foundation, Fairfax, Virginia Prague Security Studies Institute	-	70,000	70,000	-
Center for Security Policy, Inc., Washington, D.C. Project support	-	40,000	40,000	-
Cinema Foundation, Inc., Los Angeles, California General operating support	-	25,000	25,000	-
Committee for a Constructive Tomorrow, Washington, D.C. General operating support	80,000	200,000	180,000	100,000
Counterterrorism & Security Education and Research Foundation, Washington, D.C. The Investigative Project	-	250,000	125,000	125,000

THE CARTHAGE FOUNDATION

STATEMENT 14

SCHEDULE OF GRANTS

AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2006

	<u>Payable,</u> <u>12/31/05</u>	<u>1/01/06 -12/31/06</u>		<u>Payable</u> <u>12/31/06</u>
		<u>Approved</u>	<u>Paid</u>	
Criminal Justice Legal Foundation, Sacramento, California General operating support	\$ -	\$ 25,000	\$ 25,000	\$ -
Defenders of Property Rights, Washington, D.C. General operating support	-	100,000	100,000	-
The Defense Forum Foundation, Inc., Falls Church, Virginia General program support	-	60,000	60,000	-
Diversity Alliance for a Sustainable America, Oakland, California General operating support	-	35,000	35,000	-
Federation for American Immigration Reform, Washington, D.C. General operating and project support	-	300,000	300,000	-
Foundation for Cultural Review, Inc., New York, New York Project support	-	32,500	32,500	-
Foundation for Research on Economics and the Environment, Bozeman, Montana General operating support	-	50,000	50,000	-
Free Congress Research and Education Foundation, Inc., Washington, D.C. General operating and program support	225,000	475,000	465,000	235,000
George C. Marshall Institute, Washington, D.C. Project support	-	100,000	100,000	-
George Mason University Foundation Center for Study of Public Choice, Fairfax, Virginia General operating and program support and Public Choice Outreach conference	-	150,000	150,000	-

THE CARTHAGE FOUNDATION

STATEMENT 14

SCHEDULE OF GRANTS

AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2006

	<u>Payable,</u> <u>12/31/05</u>	<u>1/01/06 -12/31/06</u>	<u>Payable</u> <u>12/31/06</u>
		<u>Approved</u> <u>Paid</u>	
Greater Pittsburgh Community Food Bank, Duquesne, Pennsylvania General operating support	\$ -	\$ 50,000	\$ -
Institute for International Studies, Washington, D.C. Project support	-	60,000	-
The Institute on Religion and Democracy, Inc., Washington, D.C. General operating support	-	200,000	-
The Institute on Religion and Public Life, Inc., New York, New York General operating and publication support	-	75,000	-
Judicial Watch, Inc., Washington, DC General operating support	-	200,000	-
Landmark Legal Foundation, Kansas City, Missouri General operating support	-	250,000	-
The Maldon Institute, Baltimore, Maryland General operating support	242,000	-	-
Morley Publishing Group, Inc., Washington, D.C. General operating support	-	25,000	-
Mountain States Legal Foundation, Lakewood, Colorado General operating support	-	25,000	-
National Center for Public Policy Research, Inc., Washington, D.C. Program support	-	50,000	-

THE CARTHAGE FOUNDATION

STATEMENT 14

SCHEDULE OF GRANTS

AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2006

	<u>Payable,</u> <u>12/31/05</u>	<u>1/01/06 -12/31/06</u>		<u>Payable</u> <u>12/31/06</u>
		<u>Approved</u>	<u>Paid</u>	
National Defense University Foundation, Inc., Washington, D.C. Program support	\$ -	\$ 50,000	\$ 50,000	\$ -
National Institute for Public Policy, Fairfax, Virginia Project support	-	200,000	200,000	-
The National Legal and Policy Center, Falls Church, Virginia General operating support	-	125,000	125,000	-
National Strategy Forum, Chicago, Illinois Project support	-	10,000	10,000	-
Pacific Legal Foundation, Sacramento, California General operating support	-	175,000	175,000	-
Society for the Education of Physicians and Patients, Pittsburgh, Pennsylvania General program support	-	35,000	35,000	-
Southwest Missouri State University Foundation, Springfield, Missouri Department of Defense and Strategic Studies	-	100,000	100,000	-
University of Virginia Law School Foundation, Charlottesville, Virginia National Security Law Summer Institute	-	75,000	75,000	-
	<u>\$ 547,000</u>	<u>\$ 4,227,500</u>	<u>\$ 4,254,500</u>	<u>\$ 520,000</u>

THE CARTHAGE FOUNDATION

STATEMENT 15

**SCHEDULE OF INVESTMENTS
DECEMBER 31, 2006**

<u>Investments</u>	<u>Shares or Par value</u>	<u>Cost</u>	<u>Market Value</u>
Money market:			
Fidelity Government Money Market	2,209,613	\$ 2,209,613	\$ 2,209,613
Common stocks:			
Abbott Laboratories, Inc.	13,000	28,848	633,230
Altria Group Inc.	149,200	4,563,284	12,804,344
American International Group, Inc.	5,700	373,789	408,462
ASA, Ltd.	6,000	72,087	387,360
BP P.L.C.	23,400	194,067	1,570,140
Carnival Corporation	7,200	371,511	353,160
Citigroup	3,900	189,659	217,230
Coca-Cola Co.	19,000	1,054,366	916,750
Ecolab, Inc.	10,700	385,176	483,640
Eli Lilly & Co.	6,800	380,851	354,280
Exxon Mobil Corp.	49,600	141,682	3,800,848
General Electric Company	5,550	188,056	206,516
The Hershey Company	10,000	468,150	498,000
Hospira Inc.	2,650	4,057	88,987
Illinois Tool Works, Inc.	7,600	379,596	351,044
McDonalds Corp.	7,200	301,176	319,176
Medtronic, Inc.	6,800	365,681	363,868
Merrill Lynch & Co., Inc.	5,100	395,803	474,810
Nike, Inc.	3,150	300,983	311,944
Nuveen Investments, Inc.	8,300	397,155	430,604
Praxair, Inc.	7,300	400,680	433,109
Qualcomm, Inc.	8,100	390,347	306,099
3M Company	6,000	493,830	467,580
Wachovia Corporation	7,000	387,254	398,650
Wyeth	25,500	235,609	1,298,460
Total common stocks		<u>12,463,697</u>	<u>27,878,291</u>
TOTAL INVESTMENTS		<u>\$ 14,673,310</u>	<u>\$ 30,087,904</u>



THE CARTHAGE FOUNDATION

SCHEDULE OF GAINS (LOSSES) FOR TAX ON INVESTMENT INCOME
YEAR ENDED DECEMBER 31, 2006

(a)	(b)	(c)	(d)	(e)	(f)	(h)	(i)	(j)	(k)	(l)	(m)
Kind of Property	Description	How Acquired (P-Purchase; D-Donated)	Date Acquired	Date Sold/Matured	Gross Sales Price	Cost or Other Basis and Expense of Sale	Gain (loss) (f) less (h)	Fair Market Value as of December 31, 1969	Adjusted Cost Basis	Excess of (j) over (k)	Losses from Column (j) and Gains (Excess (i) over (l))
Security	42,000 Bristol Myers Squibb Co.	D	10/11/89 07/02/84 12/12/86 12/18/86	03/03/06	\$ 959,280	\$ 448,639	\$ 510,641	N/A	N/A	N/A	\$ 510,641
Security	40,200 Clorox Company	D	12/20/84	03/03/86	2,452,634	150,951	2,301,683	N/A	N/A	N/A	2,301,683
Security	426 El Paso Energy Corporation	P	Various	03/03/86	5,534	4,070	1,464	N/A	N/A	N/A	1,464
Security	15,800 Clorox Company	D	12/20/84	03/03/86	964,092	59,329	904,763	N/A	N/A	N/A	904,763
Security	13,500 Abbott Laboratories	P	10/10/84	5/24/06	562,230	30,669	531,561	N/A	N/A	N/A	531,561
Security	26,000 Coca Cola Co.	D	7/25/85	5/24/06	1,138,740	70,101	1,068,639	N/A	N/A	N/A	1,068,639
Security	13,652 BP P.L.C.	P	04/15/83	11/20/06	<u>901,798</u>	<u>113,933</u>	<u>787,865</u>	N/A	N/A	N/A	<u>787,865</u>
					<u>\$ 6,984,308</u>	<u>\$ 877,692</u>	<u>\$ 6,106,616</u>	N/A	N/A	N/A	<u>\$ 6,106,616</u>