

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

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

For calendar year 2007, or tax year beginning 2007, and ending

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

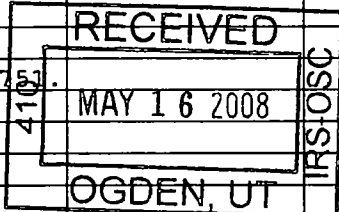
Use the IRS label. Otherwise, print or type. See Specific Instructions.

Name of foundation THE CARTHAGE FOUNDATION
Employer identification number 25-6067979
Number and street (or P O box number if mail is not delivered to street address) 301 GRANT STREET
Room/suite 3900
ONE OXFORD CENTRE
City or town, state, and ZIP code PITTSBURGH, PA 15219-6401
Telephone number (see page 10 of the instructions) (412) 392-2900

H Check type of organization. [X] Section 501(c)(3) exempt private foundation
I Fair market value of all assets at end of year (from Part II, col (c), line 16) \$ 31,335,194
J Accounting method [X] Cash [] Accrual [] Other (specify)

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))

Table with 5 columns: (a) Revenue and expenses per books, (b) Net investment income, (c) Adjusted net income, (d) Disbursements for charitable purposes (cash basis only). Rows include Revenue (1-12) and Operating and Administrative Expenses (13-27).



2007 OPERATING AND ADMINISTRATIVE EXPENSES SCANNED MAY 17 2008

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	8,387.	8,552.	8,552.
	2	Savings and temporary cash investments STMT 16	2,209,613.	637,507.	637,507.
	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	2,141.	2,178.	2,178.
	10 a	Investments - U S and state government obligations (attach schedule)			
	b	Investments - corporate stock (attach schedule) STMT 9	12,463,697.	16,479,799.	30,684,916.
	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 STMT 14 196,619.				
	Less accumulated depreciation (attach schedule) 194,578.	10,445.	2,041.	2,041.	
15	Other assets (describe)				
16	Total assets (to be completed by all filers - see the instructions Also, see page 1, item I)	14,694,283.	17,130,077.	31,335,194.	
Liabilities	17	Accounts payable and accrued expenses			
	18	Grants payable	520,000.	295,000.	
	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)	520,000.	295,000.		
Net Assets or Fund Balances	Foundations that follow SFAS 117, check here <input checked="" type="checkbox"/> and complete lines 24 through 26 and lines 30 and 31.				
	24	Unrestricted	14,174,283.	16,835,077.	
	25	Temporarily restricted			
	26	Permanently restricted			
	Foundations 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 17 of the instructions)	14,174,283.	16,835,077.		
31	Total liabilities and net assets/fund balances (see page 17 of the instructions)	14,694,283.	17,130,077.		

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	14,174,283.
2	Enter amount from Part I, line 27a	2	2,660,794.
3	Other increases not included in line 2 (itemize)	3	
4	Add lines 1, 2, and 3	4	16,835,077.
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	16,835,077.

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 17			
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) 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	(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	6,276,751.
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 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 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))
2006	4,816,647.	27,132,237.	0.17752487567
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

2 Total of line 1, column (d)	2	1.16766215355
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	0.23353243071
4 Enter the net value of noncharitable-use assets for 2007 from Part X, line 5	4	29,971,857.
5 Multiply line 4 by line 3	5	6,999,401.
6 Enter 1% of net investment income (1% of Part I, line 27b)	6	70,920.
7 Add lines 5 and 6	7	7,070,321.
8 Enter qualifying distributions from Part XII, line 4	8	2,647,253.

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

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

Table with 11 rows for excise tax calculations. Includes sub-rows 6a-6d for credits and payments. Total tax due is 27,474.

Part VII-A Statements Regarding Activities

Table with 10 rows of activity statements. Columns for 'Yes' and 'No' with 'X' marks. Includes questions about political activities, tax returns, and substantial contributors.

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 page 20 of the 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 accrued 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.

		Yes	No
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? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
(2)	Borrow money from, lend money to, or otherwise extend credit to (or accept it from) a disqualified person? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
(3)	Furnish goods, services, or facilities to (or accept them from) a disqualified person? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
(4)	Pay compensation to, or pay or reimburse the expenses of, a disqualified person? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		
(5)	Transfer any income or assets to a disqualified person (or make any of either available for the benefit or use of a disqualified person)? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
(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.) <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
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)? Organizations relying on a current notice regarding disaster assistance check here <input type="checkbox"/>	1b	X
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 2007?	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 2007, did the foundation have any undistributed income (lines 6d and 6e, Part XIII) for tax year(s) beginning before 2007? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No 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? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
b	If "Yes," did it have excess business holdings in 2007 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 2007)	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 2007?	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 page 22 of the 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 22 of the instructions)? Yes No
 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? Yes No
 If "Yes," attach the statement required by Regulations section 53.4945-5(d) N/A

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? 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? 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		92,200.	12,113.	NONE

2 Compensation of five highest-paid employees (other than those included on line 1 - see page 23 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
SEE STATEMENT 11		50,100.	10,875.	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 23 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 12		136,318.
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 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 24 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 24 of the instructions.)

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	30,421,072.
b	Average of monthly cash balances	1b	7,209.
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	30,428,281.
e	Reduction claimed for blockage or other factors reported on lines 1a and 1c (attach detailed explanation)	1e	
	Acquisition indebtedness applicable to line 1 assets	2	NONE
	Subtract line 2 from line 1d	3	30,428,281.
	Cash deemed held for charitable activities. Enter 1 1/2% of line 3 (for greater amount, see page 25 of the instructions)	4	456,424.
	Net value of noncharitable-use assets. Subtract line 4 from line 3. Enter here and on Part V, line 4	5	29,971,857.
	Minimum investment return. Enter 5% of line 5	6	1,498,593.

Part XI Distributable Amount (see page 25 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	1,498,593.
2a	Tax on investment income for 2007 from Part VI, line 5	2a	141,840.
2b	Income tax for 2007 (This does not include the tax from Part VI)	2b	
c	Add lines 2a and 2b	2c	141,840.
3	Distributable amount before adjustments. Subtract line 2c from line 1	3	1,356,753.
4	Recoveries of amounts treated as qualifying distributions	4	
5	Add lines 3 and 4	5	1,356,753.
6	Deduction from distributable amount (see page 25 of the instructions)	6	
7	Distributable amount as adjusted. Subtract line 6 from line 5. Enter here and on Part XIII, line 1	7	1,356,753.

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	2,647,253.
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	2,647,253.
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 26 of the instructions)	5	N/A
6	Adjusted qualifying distributions. Subtract line 5 from line 4	6	2,647,253.

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 26 of the instructions)

	(a) Corpus	(b) Years prior to 2006	(c) 2006	(d) 2007
1 Distributable amount for 2007 from Part XI, line 7				1,356,753.
2 Undistributed income, if any, as of the end of 2006				
a Enter amount for 2006 only				
b Total for prior years				
3 Excess distributions carryover, if any, to 2007				
a From 2002	NONE			
b From 2003	NONE			
c From 2004	NONE			
d From 2005	NONE			
e From 2006	3,598,353.			
f Total of lines 3a through e	3,598,353.			
4 Qualifying distributions for 2007 from Part XII, line 4 ▶ \$ <u>2,647,253.</u>				
a Applied to 2006, 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 2007 distributable amount				1,356,753.
e Remaining amount distributed out of corpus	1,290,500.			
5 Excess distributions carryover applied to 2007 (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	4,888,853.			
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 2006 Subtract line 4a from line 2a Taxable amount - see page 27 of the instructions				
f Undistributed income for 2007 Subtract lines 4d and 5 from line 1 This amount must be distributed in 2008.				
7 Amounts treated as distributions out of corpus to satisfy requirements imposed by section 170(b)(1)(F) or 4942(g)(3) (see page 27 of the instructions)				
8 Excess distributions carryover from 2002 not applied on line 5 or line 7 (see page 27 of the instructions)	NONE			
9 Excess distributions carryover to 2008. Subtract lines 7 and 8 from line 6a	4,888,853.			
10 Analysis of line 9				
a Excess from 2003	NONE			
b Excess from 2004	NONE			
c Excess from 2005	NONE			
d Excess from 2006	3,598,353.			
e Excess from 2007	1,290,500.			

Part XIV Private Operating Foundations (see page 27 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 2007, 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)

Table with columns for Tax year (a) 2007, Prior 3 years (b) 2006, (c) 2005, (d) 2004, and (e) Total. Rows include 2a (Adjusted net income), 2b (85% of line 2a), 2c (Qualifying distributions), 2d (Amounts included in line 2c), 2e (Qualifying distributions made directly for active conduct), 3 (Complete 3a, b, or c for the alternative test), 3a (Assets alternative test), 3b (Endowment alternative test), 3c (Support alternative test), and 3d (Gross investment income).

Part XV Supplementary Information (Complete this part only if the foundation 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 13

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

SEE STATEMENT 13

c Any submission deadlines

SEE STATEMENT 13

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

SEE STATEMENT 13

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 15				2,092,500.
Total				2,092,500.
b <i>Approved for future payment</i> SEE STATEMENT 15				295,000.
Total				295,000.

Part XVI-A Analysis of Income-Producing Activities

Enter gross amounts unless otherwise indicated

Table with 5 columns: (a) Business code, (b) Amount, (c) Exclusion code, (d) Amount, (e) Related or exempt function income. Rows include items like 'Program service revenue', 'Dividends and interest from securities', and 'Gross profit or (loss) from sales of inventory'.

(See worksheet in line 13 instructions on page 29 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 foundation's exempt purposes (other than by providing funds for such purposes) (See page 29 of the instructions)

NOT APPLICABLE

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' for both (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 [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. All rows 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

Sign Here: Michael W. Gledos (Signature of officer or trustee), Preparer's signature (Signature), Firm's name (or yours if self-employed), address, and ZIP code: WTAS LLC, 335 COMMERCE DRIVE - FORT WASHINGTON, PA

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

DESCRIPTION -----	REVENUE AND EXPENSES PER BOOKS -----	NET INVESTMENT INCOME -----	ADJUSTED NET INCOME -----
INTEREST INCOME	842,002.	842,002.	NONE
DIVIDEND INCOME	53,439.	53,439.	NONE
TOTAL	----- 895,441. =====	----- 895,441. =====	----- NONE =====

FORM 990PF, PART I - LEGAL FEES

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DESCRIPTION	REVENUE AND EXPENSES PER BOOKS	NET INVESTMENT INCOME	ADJUSTED NET INCOME	CHARITABLE PURPOSES
-----	-----	-----	-----	-----
LEGAL FEES	3,111.	NONE	NONE	3,111.
TOTALS	3,111.	NONE	NONE	3,111.
	=====	=====	=====	=====

FORM 990PF, PART I - ACCOUNTING FEES

=====

DESCRIPTION	REVENUE AND EXPENSES PER BOOKS	NET INVESTMENT INCOME	ADJUSTED NET INCOME	CHARITABLE PURPOSES
-----	-----	-----	-----	-----
AUDIT, COMPLIANCE AND TAX	41,674.	20,837.	NONE	20,837.
TOTALS	41,674.	20,837.	NONE	20,837.
	=====	=====	=====	=====

FORM 990PF, PART I - OTHER PROFESSIONAL FEES

=====

DESCRIPTION -----	REVENUE AND EXPENSES PER BOOKS -----	NET INVESTMENT INCOME -----	ADJUSTED NET INCOME -----	CHARITABLE PURPOSES -----
FISCAL AGENT FEES	24,264.	24,264.	NONE	NONE
CONSULTING	64,000.	NONE	NONE	64,000.
TOTALS	----- 88,264. =====	----- 24,264. =====	----- 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	157,000.	NONE	NONE	NONE
PAYROLL TAX	20,245.	1,431.	NONE	18,814.
TOTALS	----- 177,245. =====	----- 1,431. =====	----- NONE =====	----- 18,814. =====

FORM 990PF, PART I - OTHER EXPENSES

=====

DESCRIPTION -----	REVENUE AND EXPENSES PER BOOKS -----	NET INVESTMENT INCOME -----	ADJUSTED NET INCOME -----	CHARITABLE PURPOSES -----
INSURANCE	5,318.	376.	NONE	4,942.
OFFICE EXPENSES	8,102.	573.	NONE	7,529.
TELEPHONE	1,712.	121.	NONE	1,591.
SECURITY	37,521.	2,653.	NONE	34,868.
COMPUTER MAINTENANCE	1,000.	NONE	NONE	1,000.
OFFICE TEMP	8,723.	616.	NONE	8,107.
DUES & SUBSCRIPTIONS	333.	NONE	NONE	333.
TOTALS	----- 62,709. =====	----- 4,339. =====	----- NONE =====	----- 58,370. =====

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 -----
GRANTS PAID =====			
SEE STATEMENT 15			2,092,500.

TOTAL CONTRIBUTIONS PAID			2,092,500.
			=====
GRANTS ACCRUED =====			
SEE STATEMENT 15			295,000.

TOTAL APPROVED CONTRIBUTIONS ACCRUED			295,000.
			=====

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

DESCRIPTION -----	BEGINNING BOOK VALUE -----	ENDING BOOK VALUE -----	ENDING FMV ---
PREPAID INSURANCE	2,141.	2,178.	2,178.
TOTALS	----- 2,141. =====	----- 2,178. =====	----- 2,178. =====

FORM 990PF, PART II - CORPORATE STOCK

=====

DESCRIPTION	BEGINNING BOOK VALUE	ENDING BOOK VALUE	ENDING FMV
-----	-----	-----	---
INVESTMENTS- COMMON STOCK (SEE STATEMENT 16)	12,463,697.	16,479,799.	30,684,916.
TOTALS	----- 12,463,697. =====	----- 16,479,799. =====	----- 30,684,916. =====

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

NAME AND ADDRESS	TITLE AND AVERAGE HOURS PER WEEK 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	58,000.	8,850.	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	14,200.	3,263.	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	92,200.	12,113.	NONE

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

NAME AND ADDRESS -----	TITLE AND AVERAGE HOURS PER WEEK DEVOTED TO POSITION -----	COMPENSATION -----	CONTRIBUTIONS TO EMPLOYEE BENEFIT PLANS -----	EXPENSE ACCT AND OTHER ALLOWANCES -----
MATTHEW GROLL ONE OXFORD CENTRE, SUITE 3900 301 GRANT STREET PITTSBURGH, PA 12519-6401	12.00	50,100.	10,875.	NONE
	TOTAL COMPENSATION	50,100. =====	10,875. =====	NONE =====

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

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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	72,318.
TOTAL COMPENSATION		----- 136,318. =====

The Carthage Foundation
Form 990-PF
EIN: 25-6067979
Year Ended: December 31, 2007

STATEMENT 13

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, 2007

FORM 990-PF

STATEMENT 14

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	69,485
OFFICE EQUIPMENT	127,134
SUBTOTAL FIXED ASSETS	<u>196,619</u>
LESS: ACCUMULATED DEPRECIATION	<u>(194,578)</u>
NET FIXED ASSETS	<u><u>2,041</u></u>

DEPRECIATION AND AMORTIZATION EXPENSE FOR 12/31/07 WAS \$8,948

STATEMENT 14

The Carthage Foundation
Form 990-PF
EIN: 25-6067979
Year Ended: December 31, 2007

STATEMENT 15

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) or (2).

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.

CARTHAGE FOUNDATION**SCHEDULE OF GRANTS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2007**

25-6067979

	<u>Payable,</u> <u>12/31/06</u>	<u>1/01/07 - 12/31/07</u> <u>Approved</u>	<u>Paid</u>	<u>Payable,</u> <u>12/31/07</u>
Allegheny Institute for Public Policy, Pittsburgh, Pennsylvania General operating support	\$ -	\$ 125,000	\$ -	\$ 125,000
American Civil Rights Union, Alexandria, Virginia Project support	-	100,000	100,000	-
American Jewish Committee, New York, New York Publication support*	60,000	(60,000)	-	-
America's Survival, Inc., Owings, Maryland Program support	-	110,000	110,000	-
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	-
California Association of Scholars, Soquel, California Program support	-	15,000	15,000	-
Center for Security Policy, Inc., Washington, D.C. Project support	-	40,000	40,000	-
Commentary, Inc., New York, New York Publication support*	-	60,000	60,000	-
Committee for a Constructive Tomorrow, Washington, D.C. General operating support	100,000	-	100,000	-
Counterterrorism & Security Education and Research Foundation, Washington, D.C. The Investigative Project	125,000	-	125,000	-

See independent accountants' compilation report

STATEMENT 15

CARTHAGE FOUNDATION**SCHEDULE OF GRANTS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2007**

25-6067979

	<u>Payable,</u> <u>12/31/06</u>	<u>1/01/07 - 12/31/07</u>		<u>Payable</u> <u>12/31/07</u>
		<u>Approved</u>	<u>Paid</u>	
Criminal Justice Legal Foundation, Sacramento, California General operating support	\$ -	\$ 25,000	\$ -	\$ 25,000
The Defense Forum Foundation, Inc., Falls Church, Virginia General program support	-	75,000	75,000	-
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	-
Free Congress Research and Education Foundation, Inc., Washington, D.C. General operating and program support	235,000	-	235,000	-
George C. Marshall Institute, Washington, D.C. Project support	-	100,000	100,000	-
George Mason University Foundation, Inc., Center for Study of Public Choice, Fairfax, Virginia General operating support and Public Choice Outreach Conference	-	150,000	150,000	-
Institute for International Studies, Washington, D.C. Project support	-	60,000	-	60,000

See independent accountants' compilation report.

STATEMENT 15

CARTHAGE FOUNDATION

**SCHEDULE OF GRANTS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2007**

25-6067979

	<u>Payable, 12/31/06</u>	<u>1/01/07 - 12/31/07</u>		<u>Payable 12/31/07</u>
		<u>Approved</u>	<u>Paid</u>	
The Institute on Religion and Democracy, Inc., Washington, D.C. General operating support	\$ -	\$ 200,000	\$ 200,000	\$ -
Morley Publishing Group, Inc., Washington, D.C. General operating support	-	25,000	25,000	-
Mountain States Legal Foundation, Lakewood, Colorado General operating support	-	25,000	25,000	-
National Defense University Foundation, Inc., Washington, D.C. Program support	-	50,000	-	50,000
National Institute for Public Policy, Fairfax, Virginia Project support	-	55,000	55,000	-
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	-
Society for the Education of Physicians and Patients, Pittsburgh, Pennsylvania General program support	-	35,000	35,000	-
University of Virginia Law School Foundation, Charlottesville, Virginia National Security Law Summer Institute	-	75,000	75,000	-
	<u>\$ 520,000</u>	<u>\$ 1,867,500</u>	<u>\$ 2,092,500</u>	<u>\$ 295,000</u>

*Redirected

See independent accountants' compilation report.

CARTHAGE FOUNDATION

**SCHEDULE OF INVESTMENTS
DECEMBER 31, 2007**

25-6067979

<u>Investments</u>	<u>Shares or Par value</u>	<u>Cost</u>	<u>Market Value</u>
Money Market:			
Fifth Third	89,239	\$ 89,239	\$ 89,239
Schwab Adv. Cash Reserve Premium	548,269	<u>548,269</u>	<u>548,269</u>
Total money markets		<u>637,508</u>	<u>637,508</u>
Common stocks:			
Abbott Laboratories, Inc.	13,000	28,848	729,950
Accenture Ltd.	15,500	597,014	558,465
Altria Group Inc.	149,200	3,475,397	11,276,536
American International Group, Inc.	5,700	373,789	332,310
Becton Dickinson & Co.	4,750	385,938	397,005
Carnival Corporation	7,200	371,511	320,328
Citigroup, Inc.	9,500	497,379	279,680
Coca-Cola Co.	10,900	530,782	668,933
Diamond Offshore Drilling, Inc.	2,800	314,964	397,600
Ecolab, Inc.	10,700	385,176	547,947
Eli Lilly & Co.	6,800	380,851	363,052
Entergy Corp.	2,800	306,693	334,656
Exxon Mobil Corp.	49,600	141,682	4,647,024
Factset Research Systems, Inc.	4,800	309,587	267,360
General Dynamics Corp.	5,700	460,079	507,243
General Electric Company	5,550	188,056	205,738
Illinois Tool Works, Inc.	7,600	379,596	406,904
International Business Machines	5,800	620,898	626,980
McDonalds Corp.	7,200	301,176	424,152
Medtronic, Inc.	6,800	365,681	341,836
Merrill Lynch & Co., Inc.	5,100	395,803	273,768
Microsoft Corp.	15,000	460,350	534,000
MSC INDL Direct, Inc.	8,900	446,691	360,183
Nike, Inc.	6,300	300,983	404,712
Praxair, Inc.	7,300	400,680	647,583
Prudential Financial, Inc.	5,800	532,601	539,632
Schwab, Charles Corp.	21,600	413,585	551,880
State Street Corp.	9,100	622,764	738,920
3M Company	6,000	493,830	505,920
Target Corp.	8,000	467,093	400,000
Texas Instruments, Inc.	8,700	310,749	290,580
United Technologies Corp.	6,700	465,985	512,818
Wachovia Corporation	7,000	387,254	266,210
Wisconsin Energy Corp.	6,800	307,432	331,228
Wyeth	15,700	<u>58,902</u>	<u>693,783</u>
Total common stocks		<u>16,479,799</u>	<u>30,684,916</u>
TOTAL INVESTMENTS		<u>\$ 17,117,307</u>	<u>\$ 31,322,424</u>

See independent accountants' compilation report.

THE CARTHAGE FOUNDATION

SCHEDULE OF GAINS (LOSSES) FOR TAX ON INVESTMENT INCOME
YEAR ENDED DECEMBER 31, 2007

25-6067979

(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	4,550 BP P.L.C.	P	01/04/99	02/27/07	\$ 287,382	\$ 37,972	\$ 249,410	N/A	N/A	N/A	\$ 249,410
Security	10,000 Hershey Company	D	01/11/79 08/28/79	02/27/07	532,286	10,009	522,277	N/A	N/A	N/A	522,277
Security	2,650 Hospira Inc.	P	10/10/84	02/27/07	97,714	4,193	93,521	N/A	N/A	N/A	93,521
Security	1 Kraft Foods, Inc.	P	12/19/94	04/23/07	32	7	25	N/A	N/A	N/A	25
Security	6,000 ASA Limited	P	08/31/72 09/20/72	05/18/07	390,645	72,393	318,252	N/A	N/A	N/A	318,252
Security	4,550 BP P.L.C.	P	04/15/83	05/18/07	313,354	38,017	275,337	N/A	N/A	N/A	275,337
Security	103,249 Kraft Foods, Inc.	D	07/22/77 11/02/77 01/31/78 03/09/79 09/12/88 03/21/80 12/19/94	05/18/07	3,407,888	326,851	3,081,037	N/A	N/A	N/A	3,081,037
Security	Qualcomm, Inc.		03/03/06	09/24/07	337,284	390,757	(53,473)	N/A	N/A	N/A	(53,473)
Security	Wyeth		07/13/84	09/24/07	437,864	61,235	376,629	N/A	N/A	N/A	376,629
Security	BP PLC		04/15/83	09/25/07	985,127	119,326	865,801	N/A	N/A	N/A	865,801
Security	Coca Cola Co.		02/27/07	09/25/07	458,653	21,835	436,818	N/A	N/A	N/A	436,818
Security	Nuveen Investments		03/03/06	09/25/07	<u>508,695</u>	<u>397,578</u>	<u>111,117</u>	N/A	N/A	N/A	<u>111,117</u>
					<u>\$ 7,756,924</u>	<u>\$ 1,480,173</u>	<u>\$ 6,276,751</u>	N/A	N/A	N/A	<u>\$ 6,276,751</u>

See accompanying independent accountants' compilation report.