Form **990**

Department of the Treasury Internal Revenue Service

Return of Organization Exempt From Income Tax

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation)

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

OMB No 1545-0047

2001

Open to Public Inspection

A For the 2001 calendar year, or tax year period beginning and ending

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

Please use IRS label or print or type. See Specific Instructions.

C Name of organization: THE HERITAGE FOUNDATION

Number and street (or P O box if mail is not delivered to street address): 214 MASSACHUSETTS AVENUE, NE — Room/suite

City or town, state or country, and ZIP + 4: WASHINGTON, DC 20002

D Employer identification number: 23-7327730

E Telephone number: 202-546-4400

F Accounting method ☐ Cash [X] Accrual ☐ Other (specify) ▶

• Section 501(c)(3) organizations and 4947(a)(1) nonexempt charitable trusts must attach a completed Schedule A (Form 990 or 990-EZ)

H and I are not applicable to section 527 organizations

H(a) Is this a group return for affiliates? ☐ Yes [X] No

H(b) If "Yes," enter number of affiliates ▶

H(c) Are all affiliates included? N/A ☐ Yes ☐ No (If "No" attach a list)

H(d) Is this a separate return filed by an organization covered by a group ruling? ☐ Yes [X] No

I Enter 4-digit GEN ▶

G Web site ▶WWW.HERITAGE.ORG

J Organization type (check only one) ▶ [X] 501(c) (3) ◀ (insert no) ☐ 4947(a)(1) or ☐ 527

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

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

L Gross receipts Add lines 6b 8b 9b and 10b to line 12 ▶ 109,208,505.

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

SCANNED JUL 1 1 2002

Revenue

1	Contributions, gifts grants and similar amounts received				
a	Direct public support	1a	26,389,561.		
b	Indirect public support	1b	63,454.		
c	Government contributions (grants)	1c			
d	Total (add lines 1a through 1c) (cash $ 25,448,722. noncash $ 1,004,293.)			1d	26,453,015.
2	Program service revenue including government fees and contracts (from Part VII line 93)			2	174,148.
3	Membership dues and assessments			3	
4	Interest on savings and temporary cash investments			4	
5	Dividends and interest from securities			5	1,719,699.
6 a	Gross rents	6a	229,311.		
b	Less rental expenses	6b	129,876.		
c	Net rental income or (loss) (subtract line 6b from line 6a)			6c	99,435.
7	Other investment income (describe ▶)			7	

		(A) Securities		(B) Other		
8 a	Gross amount from sale of assets other than inventory	80,248,684.	8a	18,017.		
b	Less cost or other basis and sales expenses	81,188,482.	8b			
c	Gain or (loss) (attach schedule)	<939,798.>	8c	18,017.		
d	Net gain or (loss) (combine line 8c, columns (A) and (B))			STMT 1	8d	<921,781.>

9	Special events and activities (attach schedule)				
a	Gross revenue (not including $ ____ of contributions reported on line 1a)	9a			
b	Less direct expenses other than fundraising expenses	9b			
c	Net income or (loss) from special events (subtract line 9b from line 9a)			9c	
10 a	Gross sales of inventory, less returns and allowances	10a			
b	Less cost of goods sold	10b			
c	Gross profit or (loss) from sales of inventory (attach schedule) (subtract line 10b from line 10a)			10c	
11	Other revenue (from Part VII, line 103)			11	365,631.
12	Total revenue (add lines 1d, 2, 3, 4, 5, 6c, 7, 8d, 9c, 10c, and 11)			12	27,890,147.

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Expenses

13	Program services (from line 44, column (B))	13	27,174,878.
14	Management and general (from line 44, column (C))	14	854,101.
15	Fundraising (from line 44, column (D))	15	5,452,942.
16	Payments to affiliates (attach schedule)	16	
17	Total expenses (add lines 16 and 44, column (A))	17	33,481,921.

Net Assets

18	Excess or (deficit) for the year (subtract line 17 from line 12)	18	<5,591,774.>
19	Net assets or fund balances at beginning of year (from line 73, column (A))	19	95,095,821.
20	Other changes in net assets or fund balances (attach explanation) SEE STATEMENT 5	20	1,465,902.
21	Net assets or fund balances at end of year (combine lines 18, 19, and 20)	21	90,969,949.

Part II Statement of Functional Expenses All organizations must complete column (A) Columns (B), (C) and (D) are required for section 501(c)(3) and (4) organizations and section 4947(a)(1) nonexempt charitable trusts but optional for others

Do not include amounts reported on line 6b, 8b, 9b, 10b, or 16 of Part I		(A) Total	(B) Program services	(C) Management and general	(D) Fundraising
22 Grants and allocations (attach schedule) cash $ 15,000. noncash $	22	15,000.	15,000.	STATEMENT 2	
23 Specific assistance to individuals (attach schedule)	23				
24 Benefits paid to or for members (attach schedule)	24				
25 Compensation of officers, directors, etc	25	2,732,189.	2,399,735.	116,439.	216,015.
26 Other salaries and wages	26	9,823,493.	8,628,164.	418,654.	776,675.
27 Pension plan contributions	27	557,459.	491,241.	20,593.	45,625.
28 Other employee benefits	28	1,190,065.	1,048,702.	43,963.	97,400.
29 Payroll taxes	29	805,621.	709,924.	29,761.	65,936.
30 Professional fundraising fees	30	1,806,195.	1,123,999.	12,569.	669,627.
31 Accounting fees	31	88,066.	62,529.	23,350.	2,187.
32 Legal fees	32	51,499.	34,601.	15,688.	1,210.
33 Supplies	33	366,988.	335,290.	13,909.	17,789.
34 Telephone	34	235,125.	206,870.	11,136.	17,119.
35 Postage and shipping	35	2,362,598.	1,246,747.	4,525.	1,111,326.
36 Occupancy	36	531,027.	509,557.	21,231.	239.
37 Equipment rental and maintenance	37	553,587.	526,306.	21,327.	5,954.
38 Printing and publications	38	3,780,727.	2,121,761.	5,429.	1,653,537.
39 Travel	39	309,637.	175,420.	3,251.	130,966.
40 Conferences, conventions, and meetings	40	2,772,577.	2,659,802.	40,194.	72,581.
41 Interest STMT 3	41	56,276.	49,551.	5,406.	1,319.
42 Depreciation, depletion, etc (attach schedule)	42	1,301,701.	1,249,019.	52,682.	
43 Other expenses not covered above (itemize)					
a	43a				
b	43b				
c	43c				
d	43d				
e SEE STATEMENT 6	43e	4,142,091.	3,580,660.	<6,006.>	567,437.
44 Total functional expenses (add lines 22 through 43) Organizations completing columns (B)-(D), carry these totals to lines 13-15	44	33,481,921.	27,174,878.	854,101.	5,452,942.

Joint Costs Check ▶ [X] if you are following SOP 98-2

Are any joint costs from a combined educational campaign and fundraising solicitation reported in (B) Program services? ▶ [X] Yes [ ] No

If "Yes," enter (i) the aggregate amount of these joint costs $ 5,495,246. , (ii) the amount allocated to Program services $ 2,540,379.

(iii) the amount allocated to Management and general $, and (iv) the amount allocated to Fundraising $ 2,954,867.

Part III Statement of Program Service Accomplishments

What is the organization's primary exempt purpose? ▶
SEE STATEMENT 4

All organizations must describe their exempt purpose achievements in a clear and concise manner State the number of clients served publications issued, etc Discuss achievements that are not measurable. (Section 501(c)(3) and (4) organizations and 4947(a)(1) nonexempt charitable trusts must also enter the amount of grants and allocations to others.)

	Program Service Expenses (Required for 501(c)(3) and (4) orgs and 4947(a)(1) trusts but optional for others)
a RESEARCH (SEE STATEMENT 4) (Grants and allocations $)	15,673,878.
b MEDIA & GOVERNMENT RELATIONS (SEE STATEMENT 4) (Grants and allocations $)	6,269,862.
c EDUCATIONAL PROGRAMS (SEE STATEMENT 4) (Grants and allocations $)	5,231,138.
d (Grants and allocations $)	
e Other program services (attach schedule) (Grants and allocations $)	
f **Total of Program Service Expenses** (should equal line 44, column (B), Program services) ▶	27,174,878.

Part IV Balance Sheets

Note: *Where required, attached schedules and amounts within the description column should be for end-of-year amounts only*			(A) Beginning of year		(B) End of year
Assets					
45	Cash - non-interest-bearing		1,537,137.	45	2,123,567.
46	Savings and temporary cash investments		2,024,143.	46	2,068,080.
47 a	Accounts receivable	47a 230,987.			
b	Less allowance for doubtful accounts	47b	1,100,501.	47c	230,987.
48 a	Pledges receivable	48a 5,023,194.			
b	Less allowance for doubtful accounts	48b	5,540,326.	48c	5,023,194.
49	Grants receivable			49	
50	Receivables from officers, directors, trustees, and key employees			50	
51 a	Other notes and loans receivable	51a			
b	Less allowance for doubtful accounts	51b		51c	
52	Inventories for sale or use			52	
53	Prepaid expenses and deferred charges		511,217.	53	573,886.
54	Investments - securities STMT 8	▶ [ ] Cost [X] FMV	82,786,764.	54	80,662,235.
55 a	Investments - land, buildings, and equipment basis	55a			
b	Less accumulated depreciation	55b		55c	
56	Investments - other		0.	56	0.
57 a	Land, buildings, and equipment basis	57a 23,764,340.			
b	Less accumulated depreciation STMT 3	57b 10,865,941.	13,596,613.	57c	12,898,399.
58	Other assets (describe ▶ SEE STATEMENT 9)		256,052.	58	352,517.
59	**Total assets** (add lines 45 through 58) (must equal line 74)		107,352,753.	59	103,932,865.
Liabilities					
60	Accounts payable and accrued expenses		2,370,557.	60	3,112,939.
61	Grants payable			61	
62	Deferred revenue		4,934,924.	62	5,579,739.
63	Loans from officers, directors, trustees, and key employees			63	
64 a	Tax-exempt bond liabilities			64a	
b	Mortgages and other notes payable SEE STATEMENT 7		2,451,140.	64b	1,960,391.
65	Other liabilities (describe ▶ SEE STATEMENT 10)		2,500,311.	65	2,309,847.
66	**Total liabilities** (add lines 60 through 65)		12,256,932.	66	12,962,916.
Net Assets or Fund Balances					
	Organizations that follow SFAS 117, check here ▶ [X] and complete lines 67 through 69 and lines 73 and 74				
67	Unrestricted		88,885,446.	67	85,852,846.
68	Temporarily restricted		5,115,912.	68	4,022,640.
69	Permanently restricted		1,094,463.	69	1,094,463.
	Organizations that do not follow SFAS 117, check here ▶ [ ] and complete lines 70 through 74				
70	Capital stock, trust principal, or current funds			70	
71	Paid-in or capital surplus, or land, building, and equipment fund			71	
72	Retained earnings, endowment, accumulated income or other funds			72	
73	**Total net assets or fund balances** (add lines 67 through 69 OR lines 70 through 72, column (A) must equal line 19 column (B) must equal line 21)		95,095,821.	73	90,969,949.
74	**Total liabilities and net assets / fund balances** (add lines 66 and 73)		107,352,753.	74	103,932,865.

Form 990 is available for public inspection and for some people, serves as the primary or sole source of information about a particular organization How the public perceives an organization in such cases may be determined by the information presented on its return Therefore, please make sure the return is complete and accurate and fully describes, in Part III, the organization's programs and accomplishments

Part IV-A Reconciliation of Revenue per Audited Financial Statements with Revenue per Return

a	Total revenue, gains, and other support per audited financial statements	a	30,383,087.
b	Amounts included on line a but not on line 12, Form 990		
(1)	Net unrealized gains on investments $ 2,308,359.		
(2)	Donated services and use of facilities $		
(3)	Recoveries of prior year grants $		
(4)	Other (specify) STMT 11 $ 129,876.		
	Add amounts on lines (1) through (4)	b	2,438,235.
c	Line a minus line b	c	27,944,852.
d	Amounts included on line 12, Form 990 but not on line a		
(1)	Investment expenses not included on line 6b Form 990 $		
(2)	Other (specify) STMT 13 $ <54,705.>		
	Add amounts on lines (1) and (2)	d	<54,705.>
e	Total revenue per line 12, Form 990 (line c plus line d)	e	27,890,147.

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

a	Total expenses and losses per audited financial statements	a	32,478,459.
b	Amounts included on line a but not on line 17, Form 990		
(1)	Donated services and use of facilities $		
(2)	Prior year adjustments reported on line 20 Form 990 $		
(3)	Losses reported on line 20 Form 990 $		
(4)	Other (specify) STMT 12 $ 129,876.		
	Add amounts on lines (1) through (4)	b	129,876.
c	Line a minus line b	c	32,348,583.
d	Amounts included on line 17, Form 990 but not on line a		
(1)	Investment expenses not included on line 6b, Form 990 $		
(2)	Other (specify) STMT 14 $ 1,133,338.		
	Add amounts on lines (1) and (2)	d	1,133,338.
e	Total expenses per line 17, Form 990 (line c plus line d)	e	33,481,921.

Part V List of Officers, Directors, Trustees, and Key Employees (List each one even if not compensated.)

(A) Name and address	(B) Title and average hours per week devoted to position	(C) Compensation (If not paid, enter -0-)	(D) Contributions to employee benefit plans & deferred compensation	(E) Expense account and other allowances
SEE STATEMENT 17		2732189.	336,495.	5,485.

75 Did any officer, director, trustee, or key employee receive aggregate compensation of more than $100,000 from your organization and all related organizations of which more than $10,000 was provided by the related organizations? If "Yes," attach schedule ▶ [ ] Yes [X] No

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Part VI Other Information

			Yes	No
76	Did the organization engage in any activity not previously reported to the IRS? If "Yes," attach a detailed description of each activity	76		X
77	Were any changes made in the organizing or governing documents but not reported to the IRS? If "Yes," attach a conformed copy of the changes	77		X
78 a	Did the organization have unrelated business gross income of $1,000 or more during the year covered by this return?	78a	X	
b	If "Yes," has it filed a tax return on Form 990-T for this year?	78b	X	
79	Was there a liquidation, dissolution, termination, or substantial contraction during the year? If "Yes," attach a statement	79		X
80 a	Is the organization related (other than by association with a statewide or nationwide organization) through common membership governing bodies, trustees officers etc, to any other exempt or nonexempt organization?	80a	X	
b	If "Yes," enter the name of the organization ▶ HERITAGE INSTITUTE and check whether it is [X] exempt OR [ ] nonexempt			
81 a	Enter direct or indirect political expenditures See line 81 instructions — 81a: 0.			
b	Did the organization file Form 1120-POL for this year?	81b		X
82 a	Did the organization receive donated services or the use of materials, equipment, or facilities at no charge or at substantially less than fair rental value?	82a		X
b	If "Yes," you may indicate the value of these items here Do not include this amount as revenue in Part I or as an expense in Part II (See instructions in Part III) — 82b: N/A			
83 a	Did the organization comply with the public inspection requirements for returns and exemption applications?	83a	X	
b	Did the organization comply with the disclosure requirements relating to quid pro quo contributions?	83b	X	
84 a	Did the organization solicit any contributions or gifts that were not tax deductible?	84a		X
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible? N/A	84b		
85	*501(c)(4), (5), or (6) organizations* a Were substantially all dues nondeductible by members? N/A	85a		
b	Did the organization make only in-house lobbying expenditures of $2,000 or less? N/A	85b		
	If "Yes" was answered to either 85a or 85b, **do not** complete 85c through 85h below unless the organization received a waiver for proxy tax owed for the prior year			
c	Dues, assessments, and similar amounts from members — 85c: N/A			
d	Section 162(e) lobbying and political expenditures — 85d: N/A			
e	Aggregate nondeductible amount of section 6033(e)(1)(A) dues notices — 85e: N/A			
f	Taxable amount of lobbying and political expenditures (line 85d less 85e) — 85f: N/A			
g	Does the organization elect to pay the section 6033(e) tax on the amount in 85f? N/A	85g		
h	If section 6033(e)(1)(A) dues notices were sent, does the organization agree to add the amount in 85f to its reasonable estimate of dues allocable to nondeductible lobbying and political expenditures for the following tax year? N/A	85h		
86	*501(c)(7) organizations* Enter a Initiation fees and capital contributions included on line 12 — 86a: N/A			
b	Gross receipts, included on line 12, for public use of club facilities — 86b: N/A			
87	*501(c)(12) organizations* Enter a Gross income from members or shareholders — 87a: N/A			
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them) — 87b: N/A			
88	At any time during the year, did the organization own a 50% or greater interest in a taxable corporation or partnership, or an entity disregarded as separate from the organization under Regulations sections 301 7701-2 and 301 7701-3? If "Yes," complete Part IX	88		X
89 a	*501(c)(3) organizations.* Enter Amount of tax imposed on the organization during the year under section 4911 ▶ 0. , section 4912 ▶ 0. section 4955 ▶ 0.			
b	*501(c)(3) and 501(c)(4) organizations* Did the organization engage in any section 4958 excess benefit transaction during the year or did it become aware of an excess benefit transaction from a prior year? If "Yes," attach a statement explaining each transaction	89b		X
c	Enter Amount of tax imposed on the organization managers or disqualified persons during the year under sections 4912, 4955 and 4958 ▶ 0.			
d	Enter Amount of tax on line 89c, above, reimbursed by the organization ▶ 0.			
90 a	List the states with which a copy of this return is filed ▶ SEE STATEMENT 18			
b	Number of employees employed in the pay period that includes March 12, 2001 — 90b: 179			

91 The books are in care of ▶ TED SCHELENSKI-VP FINANCE&OPERATION Telephone no ▶ 202-546-5400

Located at ▶ 214 MASSACHUSETTS AVENUE, NE WASHINGTON, DC ZIP + 4 ▶ 20002

92 *Section 4947(a)(1) nonexempt charitable trusts filing Form 990 in lieu of* Form 1041- Check here ▶ [ ]

and enter the amount of tax-exempt interest received or accrued during the tax year ▶ 92 N/A

Part VII Analysis of Income-Producing Activities (See Specific Instructions on page 32.)

Note: Enter gross amounts unless otherwise indicated.	Unrelated business income (A) Business code	Unrelated business income (B) Amount	Excluded by section 512, 513, or 514 (C) Exclusion code	Excluded by section 512, 513, or 514 (D) Amount	(E) Related or exempt function income
93 Program service revenue:					
a PUBLICATIONS &					174,148.
b SUBSCRIPTIONS					
c					
d					
e					
f Medicare/Medicaid payments					
g Fees and contracts from government agencies					
94 Membership dues and assessments					
95 Interest on savings and temporary cash investments					
96 Dividends and interest from securities			14	1,719,699.	
97 Net rental income or (loss) from real estate:					
a debt-financed property					
b not debt-financed property			16	99,435.	
98 Net rental income or (loss) from personal property					
99 Other investment income					
100 Gain or (loss) from sales of assets other than inventory			18	<921,781.>	
101 Net income or (loss) from special events					
102 Gross profit or (loss) from sales of inventory					
103 Other revenue:					
a LIST RENTAL			13	174,094.	64,391.
b ON-LINE INCOME					108,323.
c OTHER INCOME					130.
d ADVERTISING INCOME	541800	39,752.			
e INCOME FROM PASSTHROUGH			01	<21,059.>	
104 Subtotal (add columns (B), (D), and (E))		39,752.		1,050,388.	346,992.
105 Total (add line 104, columns (B), (D), and (E)) ▶					1,437,132.

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

Part VIII Relationship of Activities to the Accomplishment of Exempt Purposes (See Specific Instructions on page 32.)

Line No. ▼	Explain how each activity for which income is reported in column (E) of Part VII contributed importantly to the accomplishment of the organization's exempt purposes (other than by providing funds for such purposes).
	SEE STATEMENT 15

Part IX Information Regarding Taxable Subsidiaries and Disregarded Entities (See Specific Instructions on page 33.)

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

Part X Information Regarding Transfers Associated with Personal Benefit Contracts (See Specific Instructions on page 33.)

(a) Did the organization, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract? ☐ Yes ☒ No

(b) Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? ☐ Yes ☒ No

Note: *If "Yes" to (b), file Form 8870 and Form 4720 (see instructions).*

Please Sign Here

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

▶ Ted E Schelenski | 6/20/02 | ▶ TED E. SCHELENSKI, V.P. FINANCE + OPER.

Signature of officer | Date | Type or print name and title

Paid Preparer's Use Only

Preparer's signature ▶ Mette L. Woods | Date 6/20/02 | Check if self-employed ▶ ☐ | Preparer's SSN or PTIN

Firm's name (or yours if self-employed), address, and ZIP + 4 ▶ DELOITTE & TOUCHE LLP, 1750 TYSONS BLVD, MCLEAN, VA 22102-4219

EIN ▶ 13-3891517

Phone no. ▶ (703)251-1000

123161 01-02-02

SCHEDULE A (Form 990 or 990-EZ)

Department of the Treasury Internal Revenue Service

Organization Exempt Under Section 501(c)(3)

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

Supplementary Information-(See separate instructions.)

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

OMB No 1545-0047

2001

Name of the organization: THE HERITAGE FOUNDATION

Employer identification number: 23 7327730

Part I **Compensation of the Five Highest Paid Employees Other Than Officers, Directors, and Trustees**

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

(a) Name and address of each employee paid more than $50 000	(b) Title and average hours per week devoted to position	(c) Compensation	(d) Contributions to employee benefit plans & deferred compensation	(e) Expense account and other allowances
GERALD ODRISCOLL, JR 214 MASS. AVE, NE WASHINGTON DC 20002	DIR OF CITE 40	141,393.	18,607.	
WILLIAM BENNETT 214 MASS. AVE, NE WASHINGTON DC 20002	DIST FELLOW 40	126,500.	20,792.	
VIRGINIA THOMAS 214 MASS. AVE, NE WASHINGTON DC 20002	DIR EX BR REL 40	121,092.	15,506.	
WILLIAM BEACH 214 MASS. AVE, NE WASHINGTON DC 20002	DIR OF CDA 40	126,304.	20,100.	
LARRY WORTZEL 214 MASS. AVE, NE WASHINGTON DC 20002	DIR ASIAN ST 40	118,881.	19,064.	
Total number of other employees paid over $50,000 ▶	62			

Part II **Compensation of the Five Highest Paid Independent Contractors for Professional Services**

(See page 2 of the instructions List each one (whether individuals or firms) If there are none, enter "None")

(a) Name and address of each independent contractor paid more than $50 000	(b) Type of service	(c) Compensation
FACTER DIRECT, LTD 11500 WEST OLYMPIC BLVD, LOS ANGELES, CA 90064	TELEMARKETING CONSULTANT	753,111.
RUSSELL ASSOCIATES 12 SOUTH 5TH STREET, GENEVA, IL 60134-2111	FUNDRAISING COUNSELOR	301,833.
NATIONAL CAPITAL STRATEGIES 8913 EARLY STREET, MANASSAS, VA 20110	RESEARCH CONSULTANT	254,200.
STEPHEN WINCHELL & ASSOCIATES 2425 WILSON BLVD, ARLINGTON, VA 22201	FUNDRAISING COUNSELOR	231,145.
KEN SHEFFER HONG KONG, CHINA	HONG KONG OFFICE CONSULTANT	121,100.
Total number of others receiving over $50 000 for professional services ▶ 9		

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

			Yes	No
1	During the year, has the organization attempted to influence national state, or local legislation including any attempt to influence public opinion on a legislative matter or referendum? If "Yes," enter the total expenses paid or incurred in connection with the lobbying activities ▶ $ ______ $ ______ (Must equal amounts on line 38, Part VI-A, or line i of Part VI-B) Organizations that made an election under section 501(h) by filing Form 5768 must complete Part VI-A Other organizations checking "Yes," must complete Part VI-B AND attach a statement giving a detailed description of the lobbying activities	1		X
2	During the year, has the organization either directly or indirectly, engaged in any of the following acts with any substantial contributors, trustees directors, officers creators key employees, or members of their families, or with any taxable organization with which any such person is affiliated as an officer, director trustee, majority owner, or principal beneficiary? *(If the answer to any question is "Yes," attach a detailed statement explaining the transactions)*			
a	Sale, exchange, or leasing of property? STMT 20	2a	X	
b	Lending of money or other extension of credit?	2b		X
c	Furnishing of goods, services or facilities?	2c		X
d	Payment of compensation (or payment or reimbursement of expenses if more than $1 000)? STMT 17	2d	X	
e	Transfer of any part of its income or assets?	2e		X
3	Does the organization make grants for scholarships, fellowships, student loans, etc ? (See Note below) STMT 2 & 19	3	X	
4	Do you have a section 403(b) annuity plan for your employees?	4	X	

Note *Attach a statement to explain how the organization determines that individuals or organizations receiving grants or loans from it in furtherance of its charitable programs "qualify" to receive payments*

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

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

5 ☐ A church, convention of churches, or association of churches Section 170(b)(1)(A)(i)

6 ☐ A school Section 170(b)(1)(A)(ii) (Also complete Part V)

7 ☐ A hospital or a cooperative hospital service organization Section 170(b)(1)(A)(iii)

8 ☐ A Federal, state, or local government or governmental unit Section 170(b)(1)(A)(v)

9 ☐ A medical research organization operated in conjunction with a hospital Section 170(b)(1)(A)(iii) **Enter the hospital's name, city, and state** ▶ ______

10 ☐ An organization operated for the benefit of a college or university owned or operated by a governmental unit Section 170(b)(1)(A)(iv) (Also complete the **Support Schedule** in Part IV-A)

11a ☒ An organization that normally receives a substantial part of its support from a governmental unit or from the general public Section 170(b)(1)(A)(vi) (Also complete the **Support Schedule** in Part IV-A)

11b ☐ A community trust Section 170(b)(1)(A)(vi) (Also complete the **Support Schedule** in Part IV-A)

12 ☐ An organization that normally receives **(1) more than 33 1/3%** of its support from contributions, membership fees, and gross receipts from activities related to its charitable, etc , functions - subject to certain exceptions, and **(2) no more than 33 1/3%** of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975 See section 509(a)(2) (Also complete the **Support Schedule** in Part IV-A)

13 ☐ An organization that is not controlled by any disqualified persons (other than foundation managers) and supports organizations described in (1) lines 5 through 12 above, or (2) section 501(c)(4), (5), or (6), if they meet the test of section 509(a)(2) (See section 509(a)(3))

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

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

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

Part IV-A **Support Schedule** (Complete only if you checked a box on line 10, 11 or 12) **Use cash method of accounting**
Note *You may use the worksheet in the instructions for converting from the accrual to the cash method of accounting*

Calendar year (or fiscal year beginning in) ▶	(a) 2000	(b) 1999	(c) 1998	(d) 1997	(e) Total
15 Gifts grants and contributions received (Do not include unusual grants See line 28)	33,658,030.	46,945,707.	39,570,429.	20,250,350.	140,424,516.
16 Membership fees received					
17 Gross receipts from admissions, merchandise sold or services performed, or furnishing of facilities in any activity that is related to the organization's charitable, etc , purpose	895,431.	226,761.	280,053.	523,152.	1,925,397.
18 Gross income from interest dividends, amounts received from payments on securities loans (section 512(a)(5)), rents royalties, and unrelated business taxable income (less section 511 taxes) from businesses acquired by the organization after June 30, 1975	6,468,405.	9,895,797.	2,810,171.	2,415,721.	21,590,094.
19 Net income from unrelated business activities not included in line 18	2,723.	522,838.	787,098.	731,048.	2,043,707.
20 Tax revenues levied for the organization's benefit and either paid to it or expended on its behalf					
21 The value of services or facilities furnished to the organization by a governmental unit without charge Do not include the value of services or facilities generally furnished to the public without charge					
22 Other Income. Attach a schedule. Do not include gain or (loss) from sale of capital assets					
23 Total of lines 15 through 22	41,024,589.	57,591,103.	43,447,751.	23,920,271.	165,983,714.
24 Line 23 minus line 17	40,129,158.	57,364,342.	43,167,698.	23,397,119.	164,058,317.
25 Enter 1% of line 23	410,246.	575,911.	434,478.	239,203.	

26 **Organizations described on lines 10 or 11** a Enter 2% of amount in column (e), line 24 ▶ 26a 3,281,166.

b Prepare a list for your records to show the name of and amount contributed by each person (other than a governmental unit or publicly supported organization) whose total gifts for 1997 through 2000 exceeded the amount shown in line 26a **Do not file this list with your return** Enter the total of all these excess amounts ▶ 26b 11,676,502.

c Total support for section 509(a)(1) test Enter line 24, column (e) ▶ 26c 164,058,317.

d Add Amounts from column (e) for lines 18 21,590,094. 19 2,043,707. 22 ______ 26b 11,676,502. ▶ 26d 35,310,303.

e Public support (line 26c minus line 26d total) ▶ 26e 128,748,014.

f **Public support percentage (line 26e (numerator) divided by line 26c (denominator))** ▶ 26f 78.4770%

27 **Organizations described on line 12** a For amounts included in lines 15, 16, and 17 that were received from a "disqualified person," prepare a list for your records to show the name of, and total amounts received in each year from, each "disqualified person" **Do not file this list with your return** Enter the sum of such amounts for each year N/A

(2000) (1999) (1998) (1997)

b For any amount included in line 17 that was received from each peson (other than "disqualified persons"), prepare a list for your records to show the name of, and amount received for each year, that was more than the **larger** of **(1)** the amount on line 25 for the year or **(2)** $5,000 (Include in the list organizations described in lines 5 through 11, as well as individuals) **Do not file this list with your return** After computing the difference between the amount received and the larger amount described in **(1)** or **(2)**, enter the sum of these differences (the excess amounts) for each year N/A

(2000) (1999) (1998) (1997)

c Add Amounts from column (e) for lines 15 ______ 16 ______ 17 ______ 20 ______ 21 ______ ▶ 27c N/A

d Add Line 27a total ______ and line 27b total ______ ▶ 27d N/A

e Public support (line 27c total minus line 27d total) ▶ 27e N/A

f Total support for section 509(a)(2) test Enter amount on line 23, column (e) ▶ 27f N/A

g **Public support percentage (line 27e (numerator) divided by line 27f (denominator))** ▶ 27g N/A %

h **Investment income percentage (line 18, column (e) (numerator) divided by line 27f (denominator))** ▶ 27h N/A %

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

NONE

Part V **Private School Questionnaire** (See page 7 of the instructions) N/A
(To be completed ONLY by schools that checked the box on line 6 in Part IV)

			Yes	No
29	Does the organization have a racially nondiscriminatory policy toward students by statement in its charter, bylaws, other governing instrument, or in a resolution of its governing body?	29		
30	Does the organization include a statement of its racially nondiscriminatory policy toward students in all its brochures, catalogues, and other written communications with the public dealing with student admissions programs, and scholarships?	30		
31	Has the organization publicized its racially nondiscriminatory policy through newspaper or broadcast media during the period of solicitation for students, or during the registration period if it has no solicitation program, in a way that makes the policy known to all parts of the general community it serves?	31		
	If "Yes," please describe, if "No," please explain (If you need more space, attach a separate statement)			
32	Does the organization maintain the following			
a	Records indicating the racial composition of the student body, faculty, and administrative staff?	32a		
b	Records documenting that scholarships and other financial assistance are awarded on a racially nondiscriminatory basis?	32b		
c	Copies of all catalogues, brochures, announcements, and other written communications to the public dealing with student admissions programs, and scholarships?	32c		
d	Copies of all material used by the organization or on its behalf to solicit contributions?	32d		
	If you answered "No" to any of the above, please explain (If you need more space, attach a separate statement)			
33	Does the organization discriminate by race in any way with respect to			
a	Students' rights or privileges?	33a		
b	Admissions policies?	33b		
c	Employment of faculty or administrative staff?	33c		
d	Scholarships or other financial assistance?	33d		
e	Educational policies?	33e		
f	Use of facilities?	33f		
g	Athletic programs?	33g		
h	Other extracurricular activities?	33h		
	If you answered "Yes" to any of the above, please explain (If you need more space, attach a separate statement)			
34 a	Does the organization receive any financial aid or assistance from a governmental agency?	34a		
b	Has the organization's right to such aid ever been revoked or suspended?	34b		
	If you answered "Yes" to either 34a or b, please explain using an attached statement			
35	Does the organization certify that it has complied with the applicable requirements of sections 4 01 through 4 05 of Rev Proc 75-50, 1975-2 C B 587, covering racial nondiscrimination? If "No," attach an explanation	35		

Schedule A (Form 990 or 990-EZ) 2001

123131
12 29-01

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

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

Check ▶ a ☐ if the organization belongs to an affiliated group Check ▶ b ☐ if you checked "a" and "limited control" provisions apply

Limits on Lobbying Expenditures (The term "expenditures" means amounts paid or incurred)		(a) Affiliated group totals	(b) To be completed for ALL electing organizations
		N/A	
36 Total lobbying expenditures to influence public opinion (grassroots lobbying)	36		
37 Total lobbying expenditures to influence a legislative body (direct lobbying)	37		
38 Total lobbying expenditures (add lines 36 and 37)	38		
39 Other exempt purpose expenditures	39		
40 Total exempt purpose expenditures (add lines 38 and 39)	40		
41 Lobbying nontaxable amount Enter the amount from the following table -	41		
42 Grassroots nontaxable amount (enter 25% of line 41)	42		
43 Subtract line 42 from line 36 Enter -0- if line 42 is more than line 36	43		
44 Subtract line 41 from line 38 Enter -0- if line 41 is more than line 38	44		

If the amount on line 40 is -	**The lobbying nontaxable amount is -**
Not over $500 000	20% of the amount on line 40
Over $500 000 but not over $1 000 000	$100 000 plus 15% of the excess over $500 000
Over $1 000 000 but not over $1 500 000	$175 000 plus 10% of the excess over $1 000 000
Over $1 500 000 but not over $17 000 000	$225 000 plus 5% of the excess over $1 500 000
Over $17 000 000	$1 000 000

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

4-Year Averaging Period Under Section 501(h)

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

Lobbying Expenditures During 4-Year Averaging Period N/A

Calendar year (or fiscal year beginning in) ▶	(a) 2001	(b) 2000	(c) 1999	(d) 1998	(e) Total
45 Lobbying nontaxable amount					0.
46 Lobbying ceiling amount (150% of line 45(e))					0.
47 Total lobbying expenditures					0.
48 Grassroots nontaxable amount					0.
49 Grassroots ceiling amount (150% of line 48(e))					0.
50 Grassroots lobbying expenditures					0.

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

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

During the year, did the organization attempt to influence national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum through the use of	Yes	No	Amount
a Volunteers			
b Paid staff or management (Include compensation in expenses reported on lines c through h)			
c Media advertisements			
d Mailings to members, legislators, or the public			
e Publications, or published or broadcast statements			
f Grants to other organizations for lobbying purposes			
g Direct contact with legislators, their staffs, government officials, or a legislative body			
h Rallies, demonstrations, seminars, conventions, speeches, lectures or any other means			
i Total lobbying expenditures (Add lines c through h)			0.

If "Yes" to any of the above also attach a statement giving a detailed description of the lobbying activities

Part VII Information Regarding Transfers To and Transactions and Relationships With Noncharitable Exempt Organizations (See page 12 of the instructions.)

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

		Yes	No
a Transfers from the reporting organization to a noncharitable exempt organization of			
(i) Cash	51a(i)		X
(ii) Other assets	a(ii)		X
b Other transactions			
(i) Sales or exchanges of assets with a noncharitable exempt organization	b(i)		X
(ii) Purchases of assets from a noncharitable exempt organization	b(ii)		X
(iii) Rental of facilities, equipment, or other assets	b(iii)		X
(iv) Reimbursement arrangements	b(iv)		X
(v) Loans or loan guarantees	b(v)		X
(vi) Performance of services or membership or fundraising solicitations	b(vi)		X
c Sharing of facilities, equipment, mailing lists, other assets, or paid employees	c		X

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

(a) Line no	(b) Amount involved	(c) Name of noncharitable exempt organization	(d) Description of transfers, transactions, and sharing arrangements
		SEE STATEMENT 16	

52 a Is the organization directly or indirectly affiliated with, or related to, one or more tax-exempt organizations described in section 501(c) of the Code (other than section 501(c)(3)) or in section 527? ▶ ☐ Yes ☒ No

b If "Yes," complete the following schedule. N/A

(a) Name of organization	(b) Type of organization	(c) Description of relationship

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

Schedule of Contributors

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

OMB No 1545 0047

2001

Name of organization

THE HERITAGE FOUNDATION

Employer identification number

23-7327730

Organization type (check one)

Filers of:	**Section:**
Form 990 or 990-EZ	[X] 501(c)(3) (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 box(es) 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-

[X] 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 1 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)*

Name of organization

THE HERITAGE FOUNDATION

Employer identification number

23-7327730

Part I **Contributors** (See Specific Instructions.)

(a) No	(b) Name, address and ZIP + 4	(c) Aggregate contributions	(d) Type of contribution
1		$ 900,000.	Person [X] Payroll [ ] Noncash [ ] (Complete Part II if there is a noncash contribution.)
2		$ 750,000.	Person [X] Payroll [ ] Noncash [ ] (Complete Part II if there is a noncash contribution.)
3		$ 550,000.	Person [X] Payroll [ ] Noncash [ ] (Complete Part II if there is a noncash contribution.)
4		$ 1,000,000.	Person [X] Payroll [ ] Noncash [ ] (Complete Part II if there is a noncash contribution.)
5		$ 925,000.	Person [X] Payroll [ ] Noncash [ ] (Complete Part II if there is a noncash contribution.)
		$	Person [ ] Payroll [ ] Noncash [ ] (Complete Part II if there is a noncash contribution.)

Form **8868**
(December 2000)
Department of the Treasury
Internal Revenue Service

Application for Extension of Time To File an Exempt Organization Return

▶ File a separate application for each return.

OMB No 1545-1709

- If you are filing for an Automatic 3-Month Extension, complete only Part I and check this box . . ▶ ☒
- If you are filing for an Additional (not automatic) 3-Month Extension, complete only Part II (on page 2 of this form).

Note: Do not complete Part II unless you have already been granted an automatic 3-month extension on a previously filed Form 8868

Part I Automatic 3-Month Extension of Time—Only submit original (no copies needed)

Note Form 990-T corporations requesting an automatic 6-month extension—check this box and complete Part I only ▶ ☐

All other corporations (including Form 990-C filers) must use Form 7004 to request an extension of time to file income tax returns. Partnerships, REMICs and trusts must use Form 8736 to request an extension of time to file Form 1065, 1066 or 1041.

Type or print File by the due date for filing your return. See instructions.	Name of Exempt Organization: The Heritage Foundation	Employer identification number: 23 · 7327730
	Number, street, and room or suite no If a P O box, see instructions. 214 Massachusetts Avenue, NE	
	City, town or post office, state and ZIP code For a foreign address, see instructions: Washington, DC 20002	

Check type of return to be filed (file a separate application for each return):

☒ Form 990	☐ Form 990-T (corporation)	☐ Form 4720
☐ Form 990-BL	☐ Form 990-T (sec 401(a) or 408(a) trust)	☐ Form 5227
☐ Form 990-EZ	☐ Form 990-T (trust other than above)	☐ Form 6069
☐ Form 990-PF	☐ Form 1041-A	☐ Form 8870

- If the organization does not have an office or place of business in the United States check this box . . . ▶ ☐
- *If this is for a* **Group Return**, *enter the organization's four digit Group Exemption Number (GEN)* ______ *If this is* for the **whole** group, check this box ▶ ☐ . If it is for part of the group, check this box ▶ ☐ and attach a list with the names and EINs of all members the extension will cover

1 *I request an automatic 3-month (6-month, for 990-T corporation) extension of time until* August 15 , 2002, to file the exempt organization return for the organization named above The extension is for the organization's return for:

▶ ☒ calendar year 20 01 or

▶ ☐ *tax year beginning* .... , 20..., and ending .... , 20...

2 If this tax year is for less than 12 months, check reason: ☐ Initial return ☐ Final return ☐ Change in accounting period

3a If this application is for Form 990-BL, 990-PF, 990-T, 4720, or 6069, enter the tentative tax, less any nonrefundable credits. See instructions . . . . $

b *If this application is for Form 990-PF or 990-T, enter any refundable credits and estimated tax payments* made Include any prior year overpayment allowed as a credit . . . . $

c **Balance Due.** Subtract line 3b from line 3a Include your payment with this form, or, if required deposit *with FTD coupon or, if required, by using EFTPS (Electronic Federal Tax Payment System) See* instructions . . . . $

Signature and Verification

Under penalties of perjury I declare that I have examined this form, including accompanying schedules and statements, and to the best of my knowledge and belief it is true, correct, and complete and that I am authorized to prepare this form.

Signature ▶ Ted E. Schelenski Title ▶ V-P Finance & Admin. Date ▶ 4/17/02

For Paperwork Reduction Act Notice, see Instruction Cat. No. 27916D Form **8868** (12-2000)

THE HERITAGE FOUNDATION
Washington, D C 20002
For The Year Ended December 31, 2001

STATEMENT 1
23-7327730

Schedule of Capital Gains (Losses), (Form 990, Page 1, Line 8a, b & d)

A Securities

Marketable Securities	$	80,248,684		
Cost or Other Basis	$	81,188,482		
Total Securities Gain(Loss)			$	(939,798)

B Other

Gain on Sale of Washington House	$	4,717		
Gain on Sale of Van	$	400		
Gain on Sale of Tahoe	$	12,900		
Total Other Gain(Loss)			$	18,017
Total Gains(Losses)			**$**	**(921,781)**

THE HERITAGE FOUNDATION
Washington, D C 20002
For The Year Ended December 31, 2001

STATEMENT 2
23-7327730

List of Grants (Form 990, Page 2, Part II, Line 22)

Description	Amount	Activity	Related Party Relationship
Pacific Research Institute 11620 Rutan Circle Jerome, MI 49249-9530	$ 10,000	Economic Studies	Not Applicable
New Atlantic Initiative 4350 East West Highway, Suite #501 Bethesda, MD 20814	$ 5,000	International Educational Studies	Not Applicable
Total Grants	**$ 15,000**		

THE HERITAGE FOUNDATION
Washington, D C 20002
For The Year Ended December 31, 2001

STATEMENT 3
23-7327730

Capital Assets And Depreciation (Form 990, Page 2, Line 42)

Property Description	Cost	Write-offs	Prior Depreciation	Current Depreciation	Accumulated Depreciation	Book Value
Land	$ 3,550,701	$ -	$ -	$ -	$ -	$ 3,550,701
Building	$ 7,747,716	$ -	$ 3,106,069	$ 258,257	$ 3,364,326	$ 4,383,390
Building	$ 193,844	$ -	$ -	$ -	$ -	$ 193,844
Building Improvements - THF	$ 4,520,852	$ -	$ 795,291	$ 143,138	$ 938,429	$ 3,582,423
Building Improvements - Tenants	$ 62,032	$ -	$ 62,032	$ -	$ 62,032	$ -
Total Land/Bldg/Bldg Imp	$ 16,075,145	$ -	$ 3,963,392	$ 401,395	$ 4,364,787	$ 11,710,358
Furniture And Equipment	$ 6,192,465	$ (44,806)	$ 4,949,077	$ 626,173	$ 5,530,444	$ 662,021
Subtotal	**$ 22,267,610**	$ (44,806)	**$ 8,912,469**	$ 1,027,568	$ 9,895,231	$ 12,372,379
Equipment Held Under Capital Lease	$ 1,496,730	$ (264,988)	$ 961,565	$ 274,133	$ 970,710	$ 526,020
Total	**$ 23,764,340**	$ (309,794)	**$ 9,874,034**	**$ 1,301,701**	**$ 10,865,941**	**$ 12,898,399**

Depreciation Allocation	
Furniture & Equipment	$ 626,173
Building & Improvements	$ 401,395
Equipment-Capital Leases	$ 274,133
Total	**$ 1,301,701**

THE HERITAGE FOUNDATION
Washington, D C 20002
For The Year Ended December 31, 2001

STATEMENT 4
23-7327730

Statement Of Program Service Accomplishments
(Form 990, Page 2, Part III, a - c)

Primary Exempt Purpose

The Heritage Foundation is committed to building an America where freedom, opportunity, prosperity, and civil society flourish

(A) Research

The Heritage Foundation produced over 150 papers based on the research during 2000 The Heritage Foundation conducts research on a broad range of economic, domestic, defense, and foreign policy issues Both current policies and alternative policy recommendations are analyzed for substance and merit The result of Heritage Foundation research is available in print format and on the Foundation's website

(B) Media and Government Relations

The Heritage Foundation distributes its research product to every Member of Congress, congressional staff members, policymakers in the executive branch of the federal government, to state officials, journalists, members of the academic community, other non-profit organizations, and to the general public In addition to distributing the research product, The Heritage Foundation hosted over 700 meetings, conferences, seminars and events for these members in which to participate

(C) Educational Programs

In addition to public policy research as described above, The Heritage Foundation engages in research and discussion on such topics as the Founding Fathers, non-government organizations that address social problems in their communities, and various other academic and other issues The Heritage Foundation sponsors conferences, lectures, and events to provide information—both from its own staff and from other recognized authorities—to government officials, journalists, and the general public

FORM 990 OTHER CHANGES IN NET ASSETS OR FUND BALANCES STATEMENT 5

DESCRIPTION	AMOUNT
UNREALIZED GAIN ON INVESTMENTS	2,308,359.
PRIOR YEAR ACCOUNTING ADJUSTMENT	<897,162.>
INCOME FROM PASSTHROUGH ENTITIES	21,059.
ANNUITY OBLIGATION VALUATION CHANGES	33,646.
TOTAL TO FORM 990, PART I, LINE 20	1,465,902.

FORM 990 OTHER EXPENSES STATEMENT 6

DESCRIPTION	(A) TOTAL	(B) PROGRAM SERVICES	(C) MANAGEMENT AND GENERAL	(D) FUNDRAISING
STAFF TRAINING	230,904.	205,331.	11,592.	13,981.
RENT	189,844.	184,649.	4,222.	973.
INSURANCE	103,605.	99,412.	4,193.	0.
DATA PROCESSING	51,488.	17,896.	741.	32,851.
PHOTOGRAPHY, COPYING, AND RECORDING	185,003.	143,834.	948.	40,221.
BOOKS	17,773.	17,591.	137.	45.
SUBSCRIPTIONS	257,804.	238,722.	7,910.	11,172.
TAXES AND LICENSES	122,639.	108,948.	4,064.	9,627.
MISCELLANEOUS	107,279.	45,479.	16,996.	44,804.
ADVERTISING	102,820.	102,323.	497.	0.
SCHOLARS AND CONSULTANTS	1,061,889.	660,816.	7,390.	393,683.
HONORARIA AND WRITER'S FEES	135,484.	134,744.	555.	185.
TEMPORARY ASSISTANCE AND AGENCY FEES	288,387.	236,366.	38,262.	13,759.
ON-LINE SERVICE FEES	80,396.	74,629.	1,546.	4,221.
TENANT RENTAL EXPENSE	<129,876.>	0.	<129,876.>	0.
CONTRIBUTION EXPENSE	1,255,182.	1,255,182.		
PROFESSIONAL FEES	81,470.	54,738.	24,817.	1,915.
TOTAL TO FM 990, LN 43	4,142,091.	3,580,660.	<6,006.>	567,437.

THE HERITAGE FOUNDATION
Washington, D C 20002
For The Year Ended December 31, 2001

STATEMENT 7
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Balance Sheet Detail (Form 990, Page 3, Part IV, Line 64b)

		Balance 12/31/2001
Computer Note Payable	$	255,545
Building Improvement Loan	$	1,000,000
Auto Loan	$	48,146
Capital Lease Obligations	$	656,700
Total	$	1,960,391

FORM 990 NON-GOVERNMENT SECURITIES STATEMENT 8

SECURITY DESCRIPTION	TOTAL NON-GOV'T SECURITIES
EQUITY FUNDS	33,692,990.
FIXED INCOME	12,768,913.
TRUSTS AND ANNUITIES	8,693,658.
MONEY MARKET FUNDS	568,360.
INVESTMENTS IN LIMITED PARTNERSHIPS	22,568,683.
CONTRIBUTED ASSETS	190,740.
DEFERRED COMP & SUPP RETIRE PLAN INVESTMENT	2,178,891.
TO 990, LN 54 COL B	80,662,235.

FORM 990	OTHER ASSETS	STATEMENT 9

DESCRIPTION	AMOUNT
CASH SURRENDER VALUE OF INSURANCE	158,673.
PROPERTY HELD FOR SALE	193,844.
TOTAL TO FORM 990, PART IV, LINE 58, COLUMN B	352,517.

FORM 990	OTHER LIABILITIES	STATEMENT 10

DESCRIPTION	AMOUNT
DEFERRED SUBSCRIPTIONS	130,956.
DEFERRED PENSION & COMPENSATION	2,178,891.
TOTAL TO FORM 990, PART IV, LINE 65, COLUMN B	2,309,847.

FORM 990	OTHER REVENUE NOT INCLUDED ON FORM 990	STATEMENT 11

DESCRIPTION	AMOUNT
TENANT'S RENTAL EXPENSES	129,876.
TOTAL TO FORM 990, PART IV-A	129,876.

FORM 990	OTHER EXPENSES NOT INCLUDED ON FORM 990	STATEMENT 12

DESCRIPTION	AMOUNT
TENANT'S RENTAL EXPENSES	129,876.
TOTAL TO FORM 990, PART IV-B	129,876.

FORM 990 OTHER REVENUE INCLUDED ON FORM 990 STATEMENT 13

DESCRIPTION	AMOUNT
INCOME FROM PASSTHROUGH ENTITIES	<21,059.>
ANNUITY OBLIGATION VALUATION CHANGES	<33,646.>
TOTAL TO FORM 990, PART IV-A	<54,705.>

FORM 990	OTHER EXPENSES INCLUDED ON FORM 990	STATEMENT 14

DESCRIPTION	AMOUNT
CONTRIBUTION EXPENSE TO CAPITOL HILL FOUNDATION (EIN: 52-2221108)	1,133,338.
TOTAL TO FORM 990, PART IV-B	1,133,338.

FORM 990 PART VIII - RELATIONSHIP OF ACTIVITIES TO ACCOMPLISHMENT OF EXEMPT PURPOSES STATEMENT 15

LINE	EXPLANATION OF RELATIONSHIP OF ACTIVITIES
93 A	THE PUBLICATIONS AND SUBSCRIPTIONS THAT ARE SOLD REPRESENT THE FINAL RESEARCH PRODUCT OF THE FOUNDATION.
103A	INCOME GENERATED AS A RESULT OF SELLING MAILING LISTS TO OTHER LIKE ORGANIZATIONS.
103B	INCOME GENERATED AS A RESULT OF OUR FINAL RESEARCH PRODUCTION OF THE FOUNDATION MADE AVAILABLE ON THE INTERNET.

THE HERITAGE FOUNDATION
Washington, D C 20002
For The Year Ended December 31, 2001

STATEMENT 16
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Information Regarding Transfers To and Transactions and Relationships With Non-Charitable Exempt Organizations (Form 990, Schedule A, Part VII, Page 6, Lines 51d and 52b)

No officers or directors of The Heritage Foundation alone or in concert with any other officer or director, control or can materially influence the corporate behavior of any vendor or vendee doing business with it either generally, or as more particularly as noted in IRC 6033 (b)(9), to transactions listed in Schedule A, Part VII, Lines 51and 52, or otherwise The conflict of interest provisions of the bylaws of The Heritage Foundation specifically bar direct or indirect self dealing transactions of any sort, notwithstanding Revenue Ruling 75-42, Cum Bill 1975-1,359

THE HERITAGE FOUNDATION
Washington, D C 20002
For The Year Ended December 31, 2001

STATEMENT 17
23-732-7730

Officers, Directors, & Trustees Compensation (Form 990, Page 4, Part V)

Name & Address	Title	Weekly Hours	Compensation Salary	Compensation Bonuses	Total	Employee Benefits Plans &Deferred Compensation	Expenses & Other Allowances
OFFICERS.							
Edwin J Feulner, Jr 214 Massachusetts Avenue, NE Washington, DC 20002	President & CEO	40	$ 292,308	$ 253,800	$ 546,108	$ 64,646	$ 3,758
Phillip N Truluck 214 Massachusetts Avenue, NE Washington, DC 20002	Executive Vice President & COO	40	$ 201,116	$ 119,900	$ 321,016	$ 26,169	$ 1,727
John Von Kannon 214 Massachusetts Avenue, NE Washington, DC 20002	Vice President & Treasurer	40	$ 153,654	$ 45,300	$ 198,954	$ 26,076	$ -
Herb B Berkowitz 214 Massachusetts Avenue, NE Washington, DC 20002	Vice President	40	$ 144,600	$ 39,400	$ 184,000	$ 26,648	$ -
Stuart M Butler 214 Massachusetts Avenue, NE Washington, DC 20002	Vice President	40	$ 153,654	$ 45,300	$ 198,954	$ 25 937	$ -
Ted E Schelenski 214 Massachusetts Avenue, NE Washington, DC 20002	Vice President	40	$ 86,539	$ 75	$ 86,614	$ 4,250	$ -
Adam Meyerson 214 Massachusetts Avenue, NE Washington, DC 20002	Vice President	40	$ 96,454	$ 32,300	$ 128,754	$ 6,319	$ -

THE HERITAGE FOUNDATION
Washington, D C 20002
For The Year Ended December 31, 2001

STATEMENT 17
23-732-7730

Officers, Directors, & Trustees Compensation (Form 990, Page 4, Part V)

Name & Address	Title	Weekly Hours	Compensation Salary	Compensation Bonuses	Total	Employee Benefits Plans &Deferred Compensation	Expenses & Other Allowances
Michael Franc 214 Massachusetts Avenue, NE Washington DC 20002	Vice President	40	$ 122,923	$ 29,300	$ 152,223	$ 23,025	$ -
Kim R Holmes 214 Massachusetts Avenue, NE Washington, DC 20002	Vice President	40	$ 128,654	$ 37,800	$ 166,454	$ 25,022	$ -
Becky Dunlop Norton 214 Massachusetts Avenue, NE Washington, DC 20002	Vice President	40	$ 133,815	$ 31,750	$ 165,565	$ 25,101	$ -
Edwin Meese, III 214 Massachusetts Avenue, NE Washington, DC 20002	Reagan Fellow	40	$ 231,846	$ 27,200	$ 259,046	$ 35 432	$ -
Michael A Spiller 214 Massachusetts Avenue, NE Washington, DC 20002	Vice President	40	$ 117,308	$ 15,150	$ 132,458	$ 20,468	$ -
Lewis F Gayner 214 Massachusetts Avenue, NE Washington, DC 20002	Vice President	40	$ 93,585	$ 21,000	$ 114,585	$ 16 868	$ -
Kathleen M Rowan 214 Massachusetts Avenue, NE Washington, DC 20002	Assistant Secretary	40	$ 68,158	$ 9,300	$ 77,458	$ 10,534	$ -

THE HERITAGE FOUNDATION
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STATEMENT 17
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Officers, Directors, & Trustees Compensation (Form 990, Page 4, Part V)

Name & Address	Title	Weekly Hours	Compensation Salary	Compensation Bonuses	Compensation Total	Employee Benefits Plans &Deferred Compensation	Expenses & Other Allowances
DIRECTORS & OR TRUSTEES							
Dr David R Brown 214 Massachusetts Avenue, NE Washington, DC 20002	Chairman	0 5	$ -	$ -	$ -	$ -	$ -
Richard M Scaife 214 Massachusetts Avenue, NE Washington, DC 20002	Vice Chairman	0 5	$ -	$ -	$ -	$ -	$ -
J Frederic Rench 214 Massachusetts Avenue, NE Washington, DC 20002	Secretary	0 5	$ -	$ -	$ -	$ -	$ -
Holland H Coors 214 Massachusetts Avenue, NE Washington, DC 20002		0 5	$ -	$ -	$ -	$ -	$ -
Midge Dector 214 Massachusetts Avenue, NE Washington, DC 20002		0 5	$ -	$ -	$ -	$ -	$ -

THE HERITAGE FOUNDATION
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For The Year Ended December 31, 2001

STATEMENT 17
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Officers, Directors, & Trustees Compensation (Form 990, Page 4, Part V)

Name & Address	Title	Weekly Hours	Compensation Salary	Compensation Bonuses	Compensation Total	Employee Benefits Plans &Deferred Compensation	Expenses & Other Allowances
Edwin J Feulner, Jr 214 Massachusetts Avenue, NE Washington, DC 20002		0 5	$ -	$ -	$ -	$ -	$ -
Jerry Hume 214 Massachusetts Avenue, NE Washington, DC 20002		0 5	$ -	$ -	$ -	$ -	$ -
Joseph Beall 214 Massachusetts Avenue, NE Washington, DC 20002		0 5	$ -	$ -	$ -	$ -	$ -
The Honorable J William Middendorf, II 214 Massachusetts Avenue, NE Washington, DC 20002		0 5	$ -	$ -	$ -	$ -	$ -
Douglas Allison 214 Massachusetts Avenue, NE Washington, DC 20002		0 5	$ -	$ -	$ -	$ -	$ -
Hon Belden H Bell 214 Massachusetts Avenue, NE Washington, DC 20002		0 5	$ -	$ -	$ -	$ -	$ -
The Honorable Frank Shakespeare 214 Massachusetts Avenue, NE Washington, DC 20002		0 5	$ -	$ -	$ -	$ -	$ -
William E Simon, Jr 214 Massachusetts Avenue, NE Washington, DC 20002		0 5	$ -	$ -	$ -	$ -	$ -

THE HERITAGE FOUNDATION
Washington, D C 20002
For The Year Ended December 31, 2001

STATEMENT 17
23-732-7730

Officers, Directors, & Trustees Compensation (Form 990, Page 4, Part V)

Name & Address	Title	Weekly Hours	Compensation Salary	Compensation Bonuses	Compensation Total	Employee Benefits Plans &Deferred Compensation	Expenses & Other Allowances
The Honorable Jay Van Andel 214 Massachusetts Avenue, NE Washington, DC 20002		0 5	$ -	$ -	$ -	$ -	$ -
Barb Van Andel-Gaby 214 Massachusetts Avenue, NE Washington, DC 20002		0 5	$ -	$ -	$ -	$ -	$ -
Brian Tracy 214 Massachusetts Avenue, NE Washington, DC 20002		0 5	$ -	$ -	$ -	$ -	$ -
Preston A Wells 214 Massachusetts Avenue, NE Washington, DC 20002		0 5	$ -	$ -	$ -	$ -	$ -
Total			$ 2,024,614 00	$ 707,575 00	$ 2,732,189 00	$ 336,495 00	$ 5,485 00

THE HERITAGE FOUNDATION
Washington, D C 20002
For The Year Ended December 31, 2001

STATEMENT 18
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Schedule Of States Where The 990 Is Filed (Form 990, Page 5, Part VI, Line 90)

Alabama
Alaska
Arizona
Arkansas
California
Colorado
Connecticut
Delaware
District of Columbia
Florida
Georgia
Hawaii
Idaho
Indiana
Illinois
Iowa
Kansas
Kentucky
Louisianna
Maine
Maryland
Massachusetts
Michigan
Minnesota
Mississippi
Missouri
Montana
Nebraska
Nevada
New Hampshire
New Jersey
New Mexico
New York
North Carolina
North Dakota
Ohio
Oklahoma
Oregon
Pennsylvania
Rhode Island
South Carolina
South Dakota
Tennessee
Utah
Vermont
Virginia
Washington
West Virginia
Wisconsin
Wyoming

THE HERITAGE FOUNDATION
Washington, D C 20002
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STATEMENT 19
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Qualification of Grantees
(Form 990, Schedule A, Page 2, Part III, Line 4)

Grants are made to organizations or individuals to pursue educational or charitable activities that further the mission of the Heritage Foundation

THE HERITAGE FOUNDATION
Washington, D C 20002
For The Year Ended December 31, 2001

STATEMENT 20
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Sale of Property to Key Employee
(Form 990, Schedule A, Part II, Line 2a)

In April, 2001, The Heritage Foundation sold a 1995 Chevrolet Tahoe to Edwin Meese, III The vehicle was sold for its fair market value, $12,900 The vehicle was fully depreciated