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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

2005

Open to Public Inspection

A For the 2005 calendar year, or tax year beginning 01-01-2005 and ending 12-31-2005

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) | Room/suite
214 Massachusetts Avenue NE

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 ☑ 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 ☑ No

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

H(c) Are all affiliates included? ☐ Yes ☐ No
(If "No," attach a list See instructions)

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

G Web site: ▶ heritageorg

J Organization type (check only one) ▶ ☑ 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.**

I Group Exemption Number ▶

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 ▶ 70,463,725

Part I Revenue, Expenses, and Changes in Net Assets or Fund Balances (See the instructions.)

Revenue

1	Contributions, gifts, grants, and similar amounts received					
a	Direct public support		1a	39,794,253		
b	Indirect public support		1b			
c	Government contributions (grants)		1c			
d	**Total** (add lines 1a through 1c) (cash $ 39,794,253 noncash $)				1d	39,794,253
2	Program service revenue including government fees and contracts (from Part VII, line 93)				2	69,010
3	Membership dues and assessments				3	
4	Interest on savings and temporary cash investments				4	
5	Dividends and interest from securities				5	2,298,669
6a	Gross rents		6a	646,684		
b	Less rental expenses		6b	1,037,700		
c	Net rental income or (loss) (subtract line 6b from line 6a)				6c	-391,016
7	Other investment income (describe ▶)				7	2,021,134
8a	Gross amount from sales of assets other than inventory	(A) Securities 24,918,444	8a	(B) Other 110,048		
b	Less cost or other basis and sales expenses	22,875,852	8b	95,230		
c	Gain or (loss) (attach schedule)	2,042,592	8c	14,818		
d	Net gain or (loss) (combine line 8c, columns (A) and (B))				8d	2,057,410
9	Special events and activities (attach schedule) If any amount is from **gaming**, check here ▶ ☐					
a	Gross revenue (not including $ of contributions reported on line 1a)		9a			
b	Less direct expenses other than fundraising expenses		9b			
c	Net income or (loss) from special events (subtract line 9b from line 9a)				9c	
10a	Gross sales of inventory, less returns and allowances		10a			
b	Less cost of goods sold		10b			
c	Gross profit or (loss) from sales of inventory (attach schedule) (subtract line 10b from line 10a)				10c	
11	Other revenue (from Part VII, line 103)				11	605,483
12	**Total revenue** (add lines 1d, 2, 3, 4, 5, 6c, 7, 8d, 9c, 10c, and 11)				12	46,454,943

Expenses

13	Program services (from line 44, column (B))	13	29,436,013
14	Management and general (from line 44, column (C))	14	1,110,906
15	Fundraising (from line 44, column (D))	15	4,960,467
16	Payments to affiliates (attach schedule)	16	
17	**Total expenses** (add lines 16 and 44, column (A))	17	35,507,386

Net Assets

18	Excess or (deficit) for the year (subtract line 17 from line 12)	18	10,947,557
19	Net assets or fund balances at beginning of year (from line 73, column (A))	19	123,676,718
20	Other changes in net assets or fund balances (attach explanation)	20	2,656,806
21	Net assets or fund balances at end of year (combine lines 18, 19, and 20)	21	137,281,081

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 (See the instructions)

	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 $ 74,695 noncash $) If this amount includes foreign grants, check here ▶ ☐	22	74,695	74,695		
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	2,692,523	2,335,189	114,465	242,869
26	Other salaries and wages	26	12,221,002	10,591,376	522,017	1,107,609
27	Pension plan contributions	27	741,152	638,479	30,136	72,537
28	Other employee benefits	28	1,664,746	1,434,125	67,690	162,931
29	Payroll taxes	29	968,824	834,611	39,393	94,820
30	Professional fundraising fees	30	1,084,286	780,062	31,296	272,928
31	Accounting fees	31	88,708	63,819	2,560	22,329
32	Legal fees	32	209,608	150,797	6,050	52,761
33	Supplies	33	318,661	290,857	8,670	19,134
34	Telephone	34	255,329	236,499	10,144	8,686
35	Postage and shipping	35	2,421,379	1,539,986	5,318	876,075
36	Occupancy	36	853,106	815,511	35,266	2,329
37	Equipment rental and maintenance	37	327,349	313,119	14,159	71
38	Printing and publications	38	4,036,098	2,720,925	11,320	1,303,853
39	Travel	39	264,218	99,625	2,514	162,079
40	Conferences, conventions, and meetings	40	2,431,942	2,352,418	38,351	41,173
41	Interest	41	180,600	172,595	8,005	
42	Depreciation, depletion, etc (attach schedule)	42	1,707,256	1,636,033	71,223	
43	Other expenses not covered above (itemize)					
a	See Additional Data Table	43a				
b		43b				
c		43c				
d		43d				
e		43e				
f		43f				
g		43g				
44	**Total functional expenses.** Add lines 22 through 43 (Organizations completing columns (B)-(D), carry these totals to lines 13–15)	44	35,507,386	29,436,013	1,110,906	4,960,467

Joint Costs. Check ▶ ☐ if you are following SOP 98-2

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

If "Yes," enter **(i)** the aggregate amount of these joint costs $________, **(ii)** the amount allocated to Program services $________, **(iii)** the amount allocated to Management and general $, and **(iv)** the amount allocated to Fundraising $

Part III Statement of Program Service Accomplishments (See the instructions.)

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

What is the organization's primary exempt purpose? ▶ Founded in 1973, The Heritage Foundation is a research and educational institute - a think tank - whose mission is to formulate and promote conservative public policies based on the principles of free enterprise, limited government, individual freedom, traditional American values, and a strong national defense 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 Public Policy ResearchThe Heritage Foundation produces hundreds of research papers, web memos, guides and books addressing a broad range of economic, domestic, defense, and foreign policy issues These publications analyze both current public policies and alternative policy recommendations for substance and merit The results of our research are readily available in printformat and on our website, which is visited by millions (Grants and allocations $ 39,668) If this amount includes foreign grants, check here ▶ ☐	15,910,194
b Media and Government RelationsThe Heritage Foundation distributes its research products to every member of Congress, congressional staff members, policymakers in the executive branch of the federal government, state officials, journalists, members of the academic community, other non-profit organizations, the general public and Heritage donors The Foundation conducted hundreds of briefings for administration officials, lawmakers and their staff onissues ranging from federal spending and unfunded liabilities to homeland security and tax policy Our analysts made over 1,400 radio and television appearances in 2005 And Heritage scholars wrote more than 900 op-eds and conducted in-depth issues seminars for journalists addressing homeland securityand defense transformation Heritage also conducted many "boot camps," teaching computer assisted research and reporting skills to more than 200 journalists (Grants and allocations $ 17,830) If this amount includes foreign grants, check here ▶ ☐	7,298,192
c Educational ProgramsIn addition to public policy research and dissemination, The Heritage Foundation hosts events and sponsors programs to educate government officials, the academic community, journalists and the general public on topics ranging from the Founding Fathers and civil society to political philosophy and legal principles Our Lectures and Seminars program produces hundreds of public events attracting tens of thousands Our Resource Bank conference draws more than 600 conservative policy experts and activistsfor two days of workshops and discussions And our intern program providesyoung people an invaluable work-study experience in Washington We trained and graduated more than 30 young Hill staffers from our Congressional Fellowsprogram and hosted two national meetings and 17 regional meetings for our members, attracting more than 2,500 total participants (Grants and allocations $ 15,527) If this amount includes foreign grants, check here ▶ ☐	6,227,627
d (Grants and allocations $) If this amount includes foreign grants, check here ▶ ☐	
e Other program services (attach schedule) (Grants and allocations $) If this amount includes foreign grants, check here ▶ ☐	
f Total of Program Service Expenses (should equal line 44, column (B), Program services) . . . . ▶	29,436,013

Part IV **Balance Sheets** (See the instructions.)

Note: *Where required, attached schedules and amounts within the description column should be for end-of-year amounts only.*			(A) Beginning of year		(B) End of year
Assets					
45 Cash—non-interest-bearing				45	
46 Savings and temporary cash investments			5,010,426	46	7,526,263
47a Accounts receivable	47a	195,011			
b Less allowance for doubtful accounts	47b		194,795	47c	195,011
48a Pledges receivable	48a	10,891,224			
b Less allowance for doubtful accounts	48b		13,225,218	48c	10,891,224
49 Grants receivable				49	
50 Receivables from officers, directors, trustees, and key employees (attach schedule)				50	
51a Other notes and loans receivable (attach schedule)	51a				
b Less allowance for doubtful accounts	51b			51c	
52 Inventories for sale or use				52	
53 Prepaid expenses and deferred charges			295,366	53	389,800
54 Investments—securities (attach schedule) ▶ ☐ Cost ☑ FMV			75,927,825	54	78,956,499
55a Investments—land, buildings, and equipment basis	55a				
b Less accumulated depreciation (attach schedule)	55b			55c	
56 Investments—other (attach schedule)			17,493,929	56	22,304,406
57a Land, buildings, and equipment basis	57a	52,966,696			
b Less accumulated depreciation (attach schedule)	57b	14,364,362	38,569,926	57c	38,602,334
58 Other assets (describe ▶)			348,343	58	506,559
59 **Total assets** (must equal line 74) Add lines 45 through 58			151,065,828	59	159,372,096
Liabilities					
60 Accounts payable and accrued expenses			3,424,195	60	3,771,010
61 Grants payable				61	
62 Deferred revenue				62	
63 Loans from officers, directors, trustees, and key employees (attach schedule)				63	
64a Tax-exempt bond liabilities (attach schedule)				64a	
b Mortgages and other notes payable (attach schedule)			11,671,860	64b	4,626,294
65 Other liabilities (describe ▶)			12,293,055	65	13,693,711
66 **Total liabilities** Add lines 60 through 65			27,389,110	66	22,091,015
Net Assets or Fund Balances					
Organizations that follow SFAS 117, check here ▶ ☑ and complete lines 67 through 69 and lines 73 and 74					
67 Unrestricted			105,453,632	67	121,951,272
68 Temporarily restricted			17,038,248	68	14,138,924
69 Permanently restricted			1,184,838	69	1,190,885
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)			123,676,718	73	137,281,081
74 **Total liabilities and net assets / fund balances** Add lines 66 and 73			151,065,828	74	159,372,096

Part IV-A Reconciliation of Revenue per Audited Financial Statements With Revenue per Return *(See the instructions.)*

a	Total revenue, gains, and other support per audited financial statements			**a**	50,149,449
b	Amounts included on line **a** but not on line 12				
1	Net unrealized gains on investments	**b1**	5,629,588		
2	Donated services and use of facilities	**b2**			
3	Recoveries of prior year grants	**b3**			
4	Other (specify)	**b4**	1,472,319		
	Add lines **b1** through **b4**			**b**	7,101,907
c	Subtract line **b** from line **a**			**c**	43,047,542
d	Amounts included on line 12, but not on line **a**				
1	Investment expenses not included on line 6b	**d1**			
2	Other (specify)	**d2**	3,407,401		
	Add lines **d1** and **d2**			**d**	7,101,907
e	**Total revenue** (line 12) Add lines **c** and **d**			**e**	46,454,943

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

a	Total expenses and losses per audited financial statements			**a**	36,545,086
b	Amounts included on line **a** but not on line 17				
1	Donated services and use of facilities	**b1**			
2	Prior year adjustments reported on line 20	**b2**			
3	Losses reported on line 20	**b3**			
4	Other (specify)	**b4**	1,037,700		
	Add lines **b1** through **b4**			**b**	1,037,700
c	Subtract line **b** from line **a**			**c**	35,507,386
d	Amounts included on line 17, but not on line **a:**				
1	Investment expenses not included on line 6b	**d1**			
2	Other (specify)	**d2**			
	Add lines **d1** and **d2**			**d**	
e	**Total expenses** (line 17) Add lines **c** and **d**			**e**	35,507,386

Part V-A Current Officers, Directors, Trustees, and Key Employees (List each person who was an officer, director, trustee, or key employee at any time during the year even if they were not compensated.) *(See 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 & deferred compensation plans	**(E)** Expense account and other allowances
See Additional Data Table				

Part V-A Current Officers, Directors, Trustees, and Key Employees *(continued)*		Yes	No
75a Enter the total number of officers, directors, and trustees permitted to vote on organization business at board meetings . . . ▶ 20			
b Are any officers, directors, trustees, or key employees listed in Form 990, Part V-A, or highest compensated employees listed in Schedule A, Part I, or highest compensated professional and other independent contractors listed in Schedule A, Part II-A or II-B, related to each other through family or business relationships? If "Yes," attach a statement that identifies the individuals and explains the relationship(s) .	**75b**		No
c Do any officers, directors, trustees, or key employees listed in Form 990, Part V-A, or highest compensated employees listed in Schedule A, Part I, or highest compensated professional and other independent contractors listed in Schedule A, Part II-A or II-B, receive compensation from any other organizations, whether tax exempt or taxable, that are related to this organization through common supervision or common control?	**75c**		No
Note. Related organizations include section 509(a)(3) supporting organizations If "Yes," attach a statement that identifies the individuals, explains the relationship between this organization and the other organization(s), and describes the compensation arrangements, including amounts paid to each individual by each related organization			
d Does the organization have a written conflict of interest policy? . . .	**75d**	Yes	

Part V-B **Former Officers, Directors, Trustees, and Key Employees That Received Compensation or Other Benefits** (If any former officer, director, trustee, or key employee received compensation or other benefits (described below) during the year, list that person below and enter the amount of compensation or other benefits in the appropriate column. See the instructions.)

(A) Name and address	**(B)** Loans and Advances	**(C)** Compensation	**(D)** Contributions to employee benefit plans and deferred compensation plans	**(E)** Expense account and other allowances

Part VI Other Information *(See the instructions.)*		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**		No
77 Were any changes made in the organizing or governing documents but not reported to the IRS? . . .	**77**		No
If "Yes," attach a conformed copy of the changes			
78a Did the organization have unrelated business gross income of $1,000 or more during the year covered by this return? . . .	**78a**	Yes	
b If "Yes," has it filed a tax return on **Form 990-T** for this year? . . .	**78b**	Yes	
79 Was there a liquidation, dissolution, termination, or substantial contraction during the year? If "Yes," attach a statement . . .	**79**		No
80a 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**	Yes	
b If "Yes," enter the name of the organization ▶ Heritage Institute and check whether it is ☑ exempt **or** ☐ nonexempt			
81a Enter direct or indirect political expenditures (See line 81 instructions) . . . **81a**			
b Did the organization file **Form 1120-POL** for this year? . . .	**81b**		No

Part VI Other Information *(continued)*

			Yes	No
82a	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	Yes	
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**			
83a	Did the organization comply with the public inspection requirements for returns and exemption applications?	83a	Yes	
b	Did the organization comply with the disclosure requirements relating to quid pro quo contributions?	83b	Yes	
84a	Did the organization solicit any contributions or gifts that were not tax deductible?	84a		No
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	84b		
85	*501(c)(4), (5), or (6) organizations.* **a** Were substantially all dues nondeductible by members?	85a		
b	Did the organization make only in-house lobbying expenditures of $2,000 or less?	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 the prior year			
c	Dues assessments, and similar amounts from members **85c**			
d	Section 162(e) lobbying and political expenditures **85d**			
e	Aggregate nondeductible amount of section 6033(e)(1)(A) dues notices **85e**			
f	Taxable amount of lobbying and political expenditures (line 85d less 85e) **85f**			
g	Does the organization elect to pay the section 6033(e) tax on the amount on line 85f?	85g		
h	If section 6033(e)(1)(A) dues notices were sent, does the organization agree to add the amount on line 85f to its reasonable estimate of dues allocable to nondeductible lobbying and political expenditures for the following tax year?	85h		
86	*501(c)(7) orgs.* Enter **a** Initiation fees and capital contributions included on line 12 **86a**			
b	Gross receipts, included on line 12, for public use of club facilities **86b**			
87	*501(c)(12) orgs.* Enter **a** Gross income from members or shareholders **87a**			
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them) **87b**			
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		No
89a	*501(c)(3) organizations* Enter Amount of tax imposed on the organization during the year under section 4911 ▶ , section 4912 ▶ , section 4955 ▶			
b	*501(c)(3) and 501(c)(4) orgs.* 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		No
c	Enter Amount of tax imposed on the organization managers or disqualified persons during the year under sections 4912, 4955, and 4958 ▶			
d	Enter Amount of tax on line 89c, above, reimbursed by the organization ▶			

90a List the states with which a copy of this return is filed ▶ See Additional Data Table

b Number of employees employed in the pay period that includes March 12, 2005 (See instructions) **90b** 215

91a The books are in care of ▶ The Organization Telephone no ▶ (202) 546-4400

Located at ▶ 214 Massachusetts Avenue NE Washington, DC ZIP + 4 ▶ 20002

			Yes	No
b	At any time during the calendar year, did the organization have an interest in or a signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account)?	91b		No
	If "Yes," enter the name of the foreign country ▶			
	See the instructions for exceptions and filing requirements for **Form TD F 90-22.1**, Report of Foreign Bank and Financial Accounts			
c	At any time during the calendar year, did the organization maintain an office outside of the United States?	91c		No
	If "Yes," enter the name of the foreign country ▶			

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**

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

Note: *Enter gross amounts unless otherwise indicated.*	Unrelated business income		Excluded by section 512, 513, or 514		**(E)** Related or exempt function income
	(A) Business code	**(B)** Amount	**(C)** Exclusion code	**(D)** Amount	
93 Program service revenue					
a publication sales	541800	10,845			58,165
b					
c					
d					
e					
f Medicare/Medicaid payments					
g Fees and contracts from government agencies					
94 Membership dues and assessments . . .					
95 Interest on savings and temporary cash investments					
96 Dividends and interest from securities . . .			14	2,298,669	
97 Net rental income or (loss) from real estate					
a debt-financed property					
b non debt-financed property			16	-391,016	
98 Net rental income or (loss) from personal property					
99 Other investment income	541900	58,179	14	1,962,955	
100 Gain or (loss) from sales of assets other than inventory			18	2,057,410	
101 Net income or (loss) from special events . .					
102 Gross profit or (loss) from sales of inventory					
103 Other revenue **a** other income					221,934
b list rental income			15	290,064	
c member fees advertising	541800	43,420			46,650
d royalties			15	3,415	
e					
104 Subtotal (add columns (B), (D), and (E)) . .		112,444		6,221,497	326,749

105 Total (add line 104, columns (B), (D), and (E)) . . . . ▶ 6,660,690

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

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

Line No. ▼	Explain how each activity for which income is reported in column (E) of Part VII contributed importantly to the accomplishment of the organization's exempt purposes (other than by providing funds for such purposes)
93a	research publications disseminate heritage research and ideas as described in part III in support of exempt purpose
103a	refunds reimbursements and other miscellaneous fees related to dis- seminating heritage's research product in support of exempt purpose
103c	member fees in support of exempt purpose

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

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

Part X Information Regarding Transfers Associated with Personal Benefit Contracts (See the instructions.)

(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 [redacted]

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 a [redacted]
and belief, it is true, correct, and complete Declaration of preparer (other than of [redacted]

▶ ******
Signature of officer [redacted]

▶ EDWIN J FEuLNER JR Pres
Type or print name and title [redacted]

Paid Preparer's Use Only

Preparer's signature ▶ Michael Sorrells CPA

Date [redacted]

Firm's name (or yours if self-employed), address, and ZIP + 4 ▶ BDO Seidman LLP

7101 Wisconsin Ave Suite 900

Bethesda, MD 208144827 [redacted]

SCHEDULE A (Form 990 or 990EZ)

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 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

2005

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
VIRGINIA THOMAS 214 Massachusetts Avenue NE WASHINGTON, DC 20002	DIREXEC BRAN REL 40 00	144,245	13,144	420
HELLE DALE 214 Massachusetts Avenue NE WASHINGTON, DC 20002	DIRFOREIGN POLICY 40 00	132,085	35,064	1,271
WILLIAM BEACH 214 Massachusetts Avenue NE WASHINGTON, DC 20002	DIRDATA ANALYSIS 40 00	125,016	41,721	1,224
MARC MILES 214 Massachusetts Avenue NE WASHINGTON, DC 20002	SENIOR FELLOW 40 00	118,016	56,533	1,271
PETER BROOKES 214 Massachusetts Avenue NE WASHINGTON, DC 20002	DIRASIAN STUDIES 40 00	111,962	50,777	397
Total number of other employees paid over $50,000 ▶	88			

Part II-A **Compensation of the Five Highest Paid Independent Contractors for Professional Services** (See page 2 of the instructions. List each one (whether individual 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
WEBSTERCHAMBERLAIN BEAN 1747 PENNSYLVANIA AVENUE NW WASHINGTON, DC 20006	LEGAL FEES	87,415
DELOITTE TOUCHE LLC 1750 Tysons Boulevard Suite 800 McLean, VA 221024219	AUDIT FEES	84,600
Total number of others receiving over $50,000 for professional services ▶		

Part II-B **Compensation of the Five Highest Paid Independent Contractors for Other Services** (List each contractor who performed services other than professional services, whether individual or firms. If there are none, enter "None". See page X for instructions.)

(a) Name and address of each independent contractor paid more than $50,000	**(b)** Type of service	**(c)** Compensation
FACTER DIRECT INC 11500 OLYMPIC BLVD STE 540 LOS ANGELES, CA 90064	mktg & fund- rai	554,525
CONRAD DIRECT 300 KNICKERBOCKER ROAD CRESSKILL, NJ 07626	MAILING CONTACT MANA	485,388
BLACKBAUD PO BOX 930256 ATLANTA, GA 311930256	DATABASE DEVELOPMENT	458,408
STEPHEN WINCHELL & ASSOC INC 2425 WILSON BLVD STE 500 ARLINGTON, VA 22201	mktgfundraising	375,142
THREE CREATIVE INC 10211 WINCOPIN CIRCLE 100 COLUMBIA, MD 21044	PAYMENT PROCESSING	247,359
Total number of other contractors receiving over $50,000 for other 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, include 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)	1		No
	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			
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 property?	2a	Yes	
b	Lending of money or other extension of credit?	2b		No
c	Furnishing of goods, services, or facilities?	2c		No
d	Payment of compensation (or payment or reimbursement of expenses if more than $1,000)?	2d	Yes	
e	Transfer of any part of its income or assets?	2e		No
3a	Do you make grants for scholarships, fellowships, student loans, etc ? (If "Yes," attach an explanation of how you determine that recipients qualify to receive payments)	3a	Yes	
b	Do you have a section 403(b) annuity plan for your employees?	3b	Yes	
c	During the year, did the organization receive a contribution of qualified real property interest under section 170(h)?	3c		No
4a	Did you maintain any separate account for participating donors where donors have the right to provide advice on the use or distribution of funds?	4a		No
b	Do you provide credit counseling, debt management, credit repair, or debt negotiation services?	4b		No

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)** sections 501(c)(4), (5), or (6), if they meet the test of section 509(a)(2)
Check the box that describes the type of supporting organization ▶ ☐ Type 1 ☐ Type 2 ☐ Type 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 5 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)** 2004	**(b)** 2003	**(c)** 2002	**(d)** 2001	**(e)** Total
15	Gifts, grants, and contributions received (Do not include unusual grants See line 28)	37,869,324	29,399,533	44,229,690	27,032,355	138,530,902
16	Membership fees received					0
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	880,005	613,331	217,874	184,111	1,895,321
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	2,189,888	1,791,926	1,561,817	2,221,477	7,765,108
19	Net income from unrelated business activities not included in line 18	344,706	85,881	104,653	39,752	574,992
20	Tax revenues levied for the organization's benefit and either paid to it or expended on its behalf					0
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					0
22	Other income Attach a schedule Do not include gain or (loss) from sale of capital assets	97,325		57,470	130	154,925
23	Total of lines 15 through 22	41,381,248	31,890,671	46,171,504	29,477,825	148,921,248
24	Line 23 minus line 17	40,501,243	31,277,340	45,953,630	29,293,714	147,025,927
25	Enter 1% of line 23	413,812	318,907	461,715	294,778	

26 **Organizations described on lines 10 or 11:** **a** Enter 2% of amount in column (e), line 24 ▶ **26a** 2,940,519

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 2001 through 2004 exceeded the amount shown in line 26a **Do not file this list with your return.** Enter the total of all these excess amounts ▶ **26b** 2,729,299

c Total support for section 509(a)(1) test Enter line 24, column (e) ▶ **26c** 147,025,927

d Add Amounts from column (e) for lines 18 7,765,108 19 574,992
22 ______ 26b 2,729,299 ▶ **26d** 11,224,324

e Public support (line 26c minus line 26d total) ▶ **26e** 135,801,603

f **Public support percentage (line 26e (numerator) divided by line 26c (denominator))** ▶ **26f** 9236 58 %

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

(2004) ______ (2003) ______ (2002) ______ (2001) ______

b For any amount included in line 17 that was received from each person (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

(2004) ______ (2003) ______ (2002) ______ (2001) ______

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

d Add Line 27a total ______ and line 27b total ______ ▶ **27d**

e Public support (line 27c total minus line 27d total) ▶ **27e**

f Total support for section 509(a)(2) test Enter amount from line 23, column (e) ▶ **27f**

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

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

28 **Unusual Grants:** For an organization described in line 10, 11, or 12 that received any unusual grants during 2001 through 2004, 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

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

		Line	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? If "Yes," please describe, if "No," please explain (If you need more space, attach a separate statement)	31		
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 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? If you answered "No" to any of the above, please explain (If you need more space, attach a separate statement)	32d		
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? If you answered "Yes" to any of the above, please explain (If you need more space, attach a separate statement)	33h		
34a	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? If you answered "Yes" to either 34a or b, please explain using an attached statement	34b		
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		

Part VI-A **Lobbying Expenditures by Electing Public Charities** (See page 9 of the instructions.)
(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
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				
Calendar year (or fiscal year beginning in) ▶	**(a)** 2005	**(b)** 2004	**(c)** 2003	**(d)** 2002	**(e)** Total
45 Lobbying nontaxable amount					
46 Lobbying ceiling amount (150% of line 45(e))					
47 Total lobbying expenditures					
48 Grassroots nontaxable amount					
49 Grassroots ceiling amount (150% of line 48(e))					
50 Grassroots lobbying expenditures					

Part VI-B **Lobbying Activity by Nonelecting Public Charities**
(For reporting only by organizations that did not complete Part VI-A) (See page 11 of the instructions.)

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		No	
b Paid staff or management (Include compensation in expenses reported on lines **c** through **h.**)		No	
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.**)			

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

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

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

52a 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

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

TY 2005 Cash Grants Paid Schedule

Name: The Heritage Foundation
EIN: 23-7327730

Class of Activity	Recipient's name	Address	Amount	Relationship
educational	INSTITUT DETUDES POLITQUES	PO BOX 37 fl 9487, liechenstein li OC	16,000	NONE
HUMANITARIAN AID	AMERICAN RED CROSS	PO BOX 37243 WASHINGTON, DC 20013	1,585	NONE
HUMANITARIAN AID	VICTIMS OF COMMUNISM MEMORIAL FOUNDATION	1521 16TG ST NW WASHINGTON, DC 20036	5,000	NONE
EDUCATIONAL	MOUNT VERNON LADIES ASSOCIATION	PO BOX 110 MOUNT VERNON, VA 22121	25,000	NONE
EDUCATION	MOODY BIBLE INSTITUTE	820 N LASALLE BLVD CHICAGO, IL 60610	75	NONE
CIVIL SERVICE	DC FIREFIGHTERS ASSOCIATION	2120 BLADENSBURG RD NE 210 WASHINGTON, DC 200181498	250	NONE
community betterment	CAPITOL HILL BUSINESS IMPROVEMENT	30 MASS AVENE BUS LEV WASHINGTON, DC 20002	21,850	NONE
CIVIL SERVICE	FRATERNAL ORDER OF POLICE-SIMU	400 5TH STREET NW WASHINGTON, DC 20001	250	NONE

Class of Activity	Recipient's name	Address	Amount	Relationship
education & RESEARCH	ADAMS SMITH INSTITUTE	23 GREAT SMITH STREET london, sw1p 3bl UK	2,475	NONE
historical preservation	us capitol historical society	200 Maryland Avenue NE WASHINGTON, OC	2,210	nonE

TY 2005 Compensation Explanation

Name: The Heritage Foundation

EIN: 23-7327730

Person Name	Explanation
stuart m butler vp domestic policy	compensation reported in part v-a, column c is comprised of base pay of $153,032 and bonus of $50,000
becky norton dunlop vp external re	compensation reported in part v-a, column c is comprised of base pay of $114,572 and bonus of $38,000
Edwin j Feulner jr President	compensation reported in part v-a, column c is comprised of base pay of $338,849 and bonus of $295,000
Michael g franc vp government	compensation reported in part v-a, column c is comprised of base pay of $139,525 and bonus of $40,000
rebecca R hagelin vp communications	compensation reported in part v-a, column c is comprised of base pay of $145,832 and bonus of $38,000
kim r holmes vp foreign policy	compensation reported in part v-a, column c is comprised of base pay of $100,692 and bonus of $20,000

Person Name	Explanation
edwin meeseiii vp and reagan fellow	compensation reported in part v-a, column c is comprised of base pay of $225,080 and bonus of $50,000
kathleen m rowan assistant sec	compensation reported in part v-a, column c is comprised of base pay of $64,200 and bonus of $11,000
ted e schelenski vp finance	compensation reported in part v-a, column c is comprised of base pay of $111,769 and bonus of $30,000
michael a spiller vp information	compensation reported in part v-a, column c is comprised of base pay of $119,323 and bonus of $30,000
phillip n truluck executive vp	compensation reported in part v-a, column c is comprised of base pay of $213,809 and bonus of $153,000
john von kannon treasurer	compensation reported in part v-a, column c is comprised of base pay of $136,523 and bonus of $40,000

Person Name	Explanation
larry m wortzel vp foreign policy	compensation reported in part v-a, column c is comprised of base pay of $34,317 and bonus of $0

TY 2005 Depreciation and Depletion Schedule

Name: The Heritage Foundation

EIN: 23-7327730

Asset	Amount
land building and improvements	939,252
office furniture and equipment	1,257,937
(less) depreciation reported on line 6b	

Note: To capture the full content of this document, please select landscape mode (11" x 8.5") when printing.

TY 2005 Gain/Loss from Sale of Other Assets Schedule

Name: The Heritage Foundation

EIN: 23-7327730

Name	Date Acquired	How Acquired	Date Sold	Purchaser Name	Gross Sales Price	Basis	Sales Expenses	Total (net)	Accumulated Depreciation
gain on sale of townhallcom	1997-12	PURCHASED	2005-03	Townhall LLC	100,000	65,808	86,862	5,103	57,773
disposal of fixed assets	2001-03	PURCHASED	2005-02	various	10,048	22,395	0	9,715	22,062

TY 2005 Gain/Loss from Sale of Public Securities Schedule

Name:	The Heritage Foundation
EIN:	23-7327730
Gross Sales Price:	24,918,444
Basis:	22,875,852
Sales Expenses:	0
Total (net):	2,042,592

TY 2005 Investments - Other Schedule

Name: The Heritage Foundation

EIN: 23-7327730

Description	Book Value	Cost/FMV
investments in limited partnerships	16,077,575	F
irrevocable trusts	5,127,666	F
supplemental retirement plan investments	1,099,165	F

TY 2005 Investments - Securities Schedule

Name: The Heritage Foundation

EIN: 23-7327730

Description	Book Value	Cost/FMV
equity funds	55,588,539	F
fixed income	21,939,513	F
money market funds	1,428,447	F

TY 2005 Land etc. Schedule

Name: The Heritage Foundation

EIN: 23-7327730

Category/Item	Cost/Other Basis	Accumulated Depreciation	Book Value
land building and improvements	44,097,360	6,229,498	37,867,862
office furniture and equipment	8,869,336	8,134,864	734,472

TY 2005 Mortgages and Notes Payable Schedule

Name: The Heritage Foundation
EIN: 23-7327730
Total Mortgage Amount: 0

Item No.	1
Lender's Name	cannon financial services
Lender's Title	
Relationship to Insider	none
Original Amount of Loan	265257
Balance Due	66294
Date of Note	2003-08
Maturity Date	2006-09
Repayment Terms	entire balance due 9/01/06
Interest Rate	0.0000
Security Provided by Borrower	leased equipment
Purpose of Loan	buyout xerox copier leases
Description of Lender Consideration	cash
Consideration FMV	265257

Item No.	2
Lender's Name	suntrust bank
Lender's Title	
Relationship to Insider	none
Original Amount of Loan	10000000
Balance Due	4550000
Date of Note	2002-09
Maturity Date	2009-05
Repayment Terms	25 year mortgage balloon due 5/09
Interest Rate	4.2400
Security Provided by Borrower	investments
Purpose of Loan	building construction
Description of Lender Consideration	cash
Consideration FMV	10000000

Item No.	3
Lender's Name	suntrust bank
Lender's Title	
Relationship to Insider	none
Original Amount of Loan	10000
Balance Due	10000
Date of Note	2005-08
Maturity Date	2010-08
Repayment Terms	interest only at libor + 60%
Interest Rate	4.8900
Security Provided by Borrower	deed of trust on 426 3rd st ne property
Purpose of Loan	preliminary design and planning for use of property
Description of Lender Consideration	cash
Consideration FMV	10000

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TY 2005 Other Assets Schedule

Name: The Heritage Foundation

EIN: 23-7327730

Description	Beginning of Year Amount	End of Year Amount
cash surrender value of insurance	348,343	435,221
contributed stock to be sold		71,338

TY 2005 Other Changes in Net Assets Schedule

Name: The Heritage Foundation

EIN: 23-7327730

Description	Amount
unrealized gains	5,817,665
change in value of split interest agreement	-1,386,267
book to tax differences for partnership income reported on line 7	-1,774,592

TY 2005 Other Expenses Included Schedule

Name: The Heritage Foundation

EIN: 23-7327730

Description	Amount
rental expenses on line 6b	1,037,700

TY 2005 Other Investment Income Schedule

Name: The Heritage Foundation

EIN: 23-7327730

Description	Amount
tax-exempt partnership income	1,962,955
Taxable Partnership income	58,179

TY 2005 Other Liabilities Schedule

Name: The Heritage Foundation

EIN: 23-7327730

Description	Beginning of Year Amount	End of Year Amount
deferred pension compensation	2,616,832	2,913,576
split-interest agreements	9,666,913	10,750,712
liability recorded in accordance with fin 45		29,423

TY 2005 Other Revenues Included Schedule

Name: The Heritage Foundation

EIN: 23-7327730

Description	Amount
unrealized gain - loan swap	101,200
rental expenses on line 6b	1,037,700
book to tax difference on interest/dividend income	246,542
change in value of life insurance	86,877

TY 2005 Other Revenues Not Included Schedule

Name: The Heritage Foundation

EIN: 23-7327730

Description	Amount
change in value of split interest agreement	1,386,267
book to tax difference on investment income	2,021,134

TY 2005 Other Income Schedule

Name: The Heritage Foundation

EIN: 23-7327730

Description	2003	2002	2001	2000	Total
Miscellaneous	97,325		57,470	130	154,925

TY 2005 Scholarship Award Statement

Name: The Heritage Foundation

EIN: 23-7327730

Statement: Grants are made to organizations or individuals to pursue educational or charitable activities that align with or support Heritages exempt purpose Grantees are identified during the budget process based on the aforementioned criteria and included in the final budget which is subsequently approved by the board of trustees

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TY 2005 Self Dealing Statement

Name: The Heritage Foundation

EIN: 23-7327730

Line Number	Explanation
2a	The Foundation leases space at market rate under a written lease agreement approved by the board of trustees to a company affiliated with a member of the board of trustees.

Form 990, Part VI, Line 90a - List the states with which a copy of this return is filed:

List the states with which a copy of this return is filed	AL, AK, AZ, AR, CA, CO, CT, DE, DC, FL, GA, HI, ID, IL, IA, KS, KY, LA, MD, MA, MI, MN, MS, MO, MT, NE, NV, NH, NJ, NM, NY, NC, ND, OH, OK, OR, PA, RI, SC, SD, TN, UT, VT, VA, WA, WV, WI, WY

Form 990, Part V-A - Current Officers, Directors, Trustees, and Key Employees:

(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 plans	(E) Expense account and other allowances
MARION WELLS 214 Massachusetts Avenue NE WASHINGTON,DC 20002	TRUSTEE 2 00	0	0	0

Form 990, Part V-A - Current Officers, Directors, Trustees, and Key Employees:

(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 plans	(E) Expense account and other allowances
MIDGE DECTER 214 Massachusetts Avenue NE WASHINGTON,DC 20002	TRUSTEE 2 00	0	0	0
STEVE FORBES 214 Massachusetts Avenue NE WASHINGTON,DC 20002	TRUSTEE 2 00	0	0	0
ROBERT J HERBOLD 214 Massachusetts Avenue NE WASHINGTON,DC 20002	TRUSTEE 2 00	0	0	0
JERRY HUME 214 Massachusetts Avenue NE WASHINGTON,DC 20002	TRUSTEE 2 00	0	0	0
KAY COLEs JAMES 214 Massachusetts Avenue NE WASHINGTON,DC 20002	TRUSTEE 2 00	0	0	0
LEE KLINETOBE 214 Massachusetts Avenue NE WASHINGTON,DC 20002	TRUSTEE 2 00	0	0	0
J WILLIAM MIDDENDORF II 214 Massachusetts Avenue NE WASHINGTON,DC 20002	TRUSTEE 2 00	0	0	0
THOMAS A SAUNDERS III 214 Massachusetts Avenue NE WASHINGTON,DC 20002	TRUSTEE 2 00	0	0	0
BRIAN TRACY 214 Massachusetts Avenue NE WASHINGTON,DC 20002	TRUSTEE 2 00	0	0	0
BARB VAN ANDeL-GABY 214 Massachusetts Avenue NE WASHINGTON,DC 20002	TRUSTEE 2 00	0	0	0

Form 990, Part V-A - Current Officers, Directors, Trustees, and Key Employees:

(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 plans	(E) Expense account and other allowances
PHILLIP N TRULUCK 214 Massachusetts Avenue NE WASHINGTON,DC 20002	executive vp 50 00	366,809	120,690	3,882
JOHN VON KANNON 214 Massachusetts Avenue NE WASHINGTON,DC 20002	Treasurer vp development 50 00	176,523	83,536	1,991
Larry M Wortzel 214 Massachusetts Avenue NE wASHINGTON,DC 20002	vp foreign policy (former) 50 00	34,317	3,064	218
DAVID R BROWN 214 Massachusetts Avenue NE WASHINGTON,DC 20002	TRUSTEE 2 00	0	0	0
RICHARD M SCAIFE 214 Massachusetts Avenue NE WASHINGTON,DC 20002	TRUSTEE 2 00	0	0	0
J FREDERIC RENCH 214 Massachusetts Avenue NE WASHINGTON,DC 20002	TRUSTEE 2 00	0	0	0
DOUGLAS F ALLISON 214 Massachusetts Avenue NE WASHINGTON,DC 20002	TRUSTEE 2 00	0	0	0
LARRY P ARNN 214 Massachusetts Avenue NE WASHINGTON,DC 20002	TRUSTEE 2 00	0	0	0
BELDEN H BELL 214 Massachusetts Avenue NE WASHINGTON,DC 20002	TRUSTEE 2 00	0	0	0
HOLLAND H COORS 214 Massachusetts Avenue NE WASHINGTON,DC 20002	TRUSTEE 2 00	0	0	0

Form 990, Part V-A - Current Officers, Directors, Trustees, and Key Employees:

(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 plans	(E) Expense account and other allowances
STUART M BUTLER 214 Massachusetts Avenue NE WASHINGTON,DC 20002	VP DOMESTIC POLıcy 50 00	203,032	71,305	2,093
BECKY Norton DUNLOP 214 Massachusetts Avenue NE WASHINGTON,DC 20002	VP EXTERNAL RELATION 50 00	152,572	65,345	858
EDWIN J FEuLNER JR 214 Massachusetts Avenue NE WASHINGTON,DC 20002	PRESIDENT & CEO 50 00	633,849	156,544	9,308
MICHAEL G FRANC 214 Massachusetts Avenue NE WASHINGTON,DC 20002	VP GOVERNMENT RELATIONS 50 00	179,525	44,062	584
REBECCA R HAGELIN 214 Massachusetts Avenue NE WASHINGTON,DC 20002	VP COMMUNıc & MARKETıng 50 00	183,832	36,680	310
KIM R HOLMES 214 Massachusetts Avenue NE WASHINGTON,DC 20002	VP foreıgn polıcy 50 00	120,692	23,024	3,071
EDWIN MEESE III 214 Massachusetts Avenue NE WASHINGTON,DC 20002	vp & reagan fellow 50 00	275,080	88,299	4,953
KATHLEEN M ROWAN 214 Massachusetts Avenue NE WASHINGTON,DC 20002	ASSISTant secretary 50 00	75,200	26,910	743
TED E ScHELENSKI 214 Massachusetts Avenue NE WASHINGTON,DC 20002	VP FINANCE & OPERATIONS 50 00	141,769	63,896	2,220
MICHAEL A SPILLER 214 Massachusetts Avenue NE WASHINGTON,DC 20002	VP INFOrmaton technology 50 00	149,323	54,592	326

Additional Data

Software ID:
Software Version:
EIN: 23-7327730
Name: The Heritage Foundation

Form 990, Part II, Line 43 - Other expenses not covered above (itemize):

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
a STAFF TRAINING	**43a**	149,102	125,724	7,954	15,424
b INSURANCE	**43b**	264,778	253,732	11,046	
c SUBSCRIPTIONS	**43c**	264,698	250,803	8,616	5,279
d TAXES AND LICENSES	**43d**	184,278	172,653	4,819	6,806
e MISCELLANEOUS	**43e**	92,786	50,706	3,547	38,533
f ADVERTISING	**43f**	61,058	56,955	299	3,804
g TEMP AGENCY FEES	**43g**	24,845	20,332	85	4,428
h ONLINE SERVICE FEES	**43h**	197,202	185,413	5,743	6,046
i other professional fees	**43i**	1,727,157	1,238,974	50,220	437,963