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Form **990**

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

Department of the Treasury Internal Revenue Service

OMB No 1545-0047

2006

Open to Public Inspection

A For the 2006 calendar year, or tax year beginning 01-01-2006 and ending 12-31-2006

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

I Group Exemption Number ▶

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

G Web site: ▶ wwwheritageorg

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

K Check here ▶ ☐ if the organization is not a 509(a)(3) supporting organization **and** its gross receipts are normally **not** more than 25,000 A return is not required, but if the organization chooses to file a return, be sure to file a complete return

L Gross receipts Add lines 6b, 8b, 9b, and 10b to line 12 ▶ 97,394,174

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	Contributions to donor advised funds	1a			
b	Direct public support (not included on line 1a)	1b	43,629,537		
c	Indirect public support (not included on line 1a)	1c			
d	Government contributions (grants) (not included on line 1a)	1d			
e	**Total** (add lines 1a through 1d) (cash $ 38,316,845 noncash $ 5,312,692)			1e	43,629,537
2	Program service revenue including government fees and contracts (from Part VII, line 93)			2	91,988
3	Membership dues and assessments			3	
4	Interest on savings and temporary cash investments			4	220,110
5	Dividends and interest from securities			5	2,605,657
6a	Gross rents	6a	638,868		
b	Less rental expenses	6b	1,199,737		
c	Net rental income or (loss) subtract line 6b from line 6a			6c	-560,869
7	Other investment income (describe ▶)			7	3,758,923

		(A) Securities		(B) Other
8a	Gross amount from sales of assets other than inventory	45,439,600	8a	10,000
b	Less cost or other basis and sales expenses	42,304,477	8b	68,875
c	Gain or (loss) (attach schedule)	3,135,123	8c	-58,875

8d	Net gain or (loss) Combine line 8c, columns (A) and (B)			8d	3,076,248
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 1b)	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	999,491
12	**Total revenue** Add lines 1e, 2, 3, 4, 5, 6c, 7, 8d, 9c, 10c, and 11			12	53,821,085

Expenses

13	Program services (from line 44, column (B))	13	32,532,683
14	Management and general (from line 44, column (C))	14	1,235,666
15	Fundraising (from line 44, column (D))	15	5,570,242
16	Payments to affiliates (attach schedule)	16	
17	**Total expenses** Add lines 16 and 44, column (A)	17	39,338,591

Net Assets

18	Excess or (deficit) for the year Subtract line 17 from line 12	18	14,482,494
19	Net assets or fund balances at beginning of year (from line 73, column (A))	19	137,281,081
20	Other changes in net assets or fund balances (attach explanation)	20	2,542,924
21	Net assets or fund balances at end of year Combine lines 18, 19, and 20	21	154,306,499

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
22a Grants paid from donor advised funds (attach Schedule) (cash $ noncash $) If this amount includes foreign grants, check here ☐	22a				
22b Other grants and allocations (attach schedule) (cash $ 70,853 noncash $) If this amount includes foreign grants, check here ☑	22b	70,853	70,853		
23 Specific assistance to individuals (attach schedule)	23				
24 Benefits paid to or for members (attach schedule)	24				
25a Compensation of current officers, directors, key employees etc Listed in Part V-A (attach schedule)	25a	3,937,291	3,316,656	254,051	366,584
b Compensation of former officers, directors, key employees etc listed in Part V-B (attach schedule)	25b				
c Compensation and other distributions not icluded above to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B) (attach schedule)	25c				
26 Salaries and wages of employees not included on lines 25a, b and c	26	13,092,772	11,431,712	464,977	1,196,083
27 Pension plan contributions not included on lines 25a, b and c	27	588,006	509,337	23,774	54,895
28 Employee benefits not included on lines 25a - 27	28	1,057,639	916,137	42,763	98,739
29 Payroll taxes	29	1,023,296	886,389	41,374	95,533
30 Professional fundraising fees	30	1,230,222	880,950	45,028	304,244
31 Accounting fees	31	111,052	79,523	4,065	27,464
32 Legal fees	32	213,877	153,155	7,828	52,894
33 Supplies	33	391,056	340,636	12,035	38,385
34 Telephone	34	309,206	286,081	11,035	12,090
35 Postage and shipping	35	2,822,114	1,810,274	5,073	1,006,767
36 Occupancy	36	693,375	664,240	29,129	6
37 Equipment rental and maintenance	37	382,347	366,283	16,061	3
38 Printing and publications	38	4,431,524	2,941,132	25,999	1,464,393
39 Travel	39	231,707	96,800	1,592	133,315
40 Conferences, conventions, and meetings	40	3,139,760	2,965,639	42,954	131,167
41 Interest	41	157,999	150,975	7,024	
42 Depreciation, depletion, etc (attach schedule)	42	2,001,797	1,917,668	84,129	
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 22a through 43g (Organizations completing columns (B)-(D), carry these totals to lines 13–15)	44	39,338,591	32,532,683	1,235,666	5,570,242

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 print format and on our website, which is visited by millions (Grants and allocations $ 53,610) If this amount includes foreign grants, check here ▶ ☑	18,996,872
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 on issues ranging from federal spending and unfunded liabilities to homeland security and tax policy Our analysts made over 1400 radio and television appearances in 2006 Heritage scholars wrote more than 900 op-eds and conducted in-depth issues seminars for journalists addressing homeland security and defense transformation Heritage also conducted many "boot camps," teaching computer assisted research and reporting skills to more than 200 journalists (Grants and allocations $ 14,687) If this amount includes foreign grants, check here ▶ ☐	6,508,484
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 activists for two days of workshops and discussions And our intern program provides young people an invaluable work-study experience in Washington We trained and graduated 50 young Hill staffers from our Congressional Fellows Program and hosted two national meetings and 17 regional meetings for our members, attracting more than 2500 total participants (Grants and allocations $ 2,556) If this amount includes foreign grants, check here ▶ ☐	7,027,327
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) . . . . ▶	32,532,683

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		7,526,263	**46**	7,578,073
47a	Accounts receivable	**47a**			
b	Less allowance for doubtful accounts	**47b**	195,011	**47c**	
48a	Pledges receivable	**48a** 8,196,200			
b	Less allowance for doubtful accounts	**48b**	10,891,224	**48c**	8,196,200
49	Grants receivable			**49**	
50a	Receivables from current and former officers, directors, trustees, and key employees (attach schedule)			**50a**	
b	Receivables from other disqualified persons (as defined under section 4958(c)(3)(B) (attach schedule)			**50b**	
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		389,800	**53**	646,207
54a	Investments—publicly-traded securities ► ☐ Cost ☑ FMV		78,956,499	**54a**	97,231,382
b	Investments—other securities (attach schedule) ► ☐ Cost ☐ FMV			**54b**	
55a	Investments—land, buildings, and equipment basis	**55a**			
b	Less accumulated depreciation (attach schedule)	**55b**		**55c**	
56	Investments—other (attach schedule)		22,304,406	**56**	25,294,246
57a	Land, buildings, and equipment basis	**57a** 50,851,124			
b	Less accumulated depreciation (attach schedule)	**57b** 12,929,364	38,602,334	**57c**	37,921,760
58	Other assets, including program-related investments (describe ►)		506,559	**58**	636,072
59	**Total assets** (must equal line 74) Add lines 45 through 58		159,372,096	**59**	177,503,940
Liabilities					
60	Accounts payable and accrued expenses		3,771,010	**60**	4,580,830
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)		4,626,294	**64b**	4,456,118
65	Other liabilities (describe ►)		13,693,711	**65**	14,160,493
66	**Total liabilities** Add lines 60 through 65		22,091,015	**66**	23,197,441
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		121,951,272	**67**	140,193,762
68	Temporarily restricted		14,138,924	**68**	12,915,026
69	Permanently restricted		1,190,885	**69**	1,197,711
	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 and column (B) **must** equal line 21)		137,281,081	**73**	154,306,499
74	**Total liabilities and net assets / fund balances** Add lines 66 and 73		159,372,096	**74**	177,503,940

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	57,563,746
b	Amounts included on line **a** but not on Part I, line 12				
1	Net unrealized gains on investments	b1	7,253,776		
2	Donated services and use of facilities	b2			
3	Recoveries of prior year grants	b3			
4	Other (specify)	b4	1,257,926		
	Add lines **b1** through **b4**			b	8,511,702
c	Subtract line **b** from line **a**			c	49,052,044
d	Amounts included on Part I, line 12, but not on line **a**				
1	Investment expenses not included on Part I, line 6b	d1			
2	Other (specify)	d2	4,769,041		
	Add lines **d1** and **d2**			d	8,511,702
e	**Total revenue** (Part I, line 12) Add lines **c** and **d**			e	53,821,085

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

a	Total expenses and losses per audited financial statements			a	40,538,328
b	Amounts included on line **a** but not on Part I, line 17				
1	Donated services and use of facilities	b1			
2	Prior year adjustments reported on Part I, line 20	b2			
3	Losses reported on Part I, line 20	b3			
4	Other (specify)	b4	1,199,737		
	Add lines **b1** through **b4**			b	1,199,737
c	Subtract line **b** from line **a**			c	39,338,591
d	Amounts included on Part I, line 17, but not on line **a:**				
1	Investment expenses not included on Part I, line 6b	d1			
2	Other (specify)	d2			
	Add lines **d1** and **d2**			d	
e	**Total expenses** (Part I, line 17) Add lines **c** and **d**			e	39,338,591

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 . . . ▶ 21			
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 the organization? See the instructions for the definition of "related organization" . . . ▶	75c		No
	If "Yes," attach a statement that includes the information described in the instructions			
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 (If not paid enter -0-)	**(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 make a change in its activities or methods of conducting activities? If "Yes," attach a detailed statement of each change . . .	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		No
b	If "Yes," has it filed a tax return on **Form 990-T** for this year? . . .	78b		
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**			
88a	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	88a		No
b	At any time during the year, did the organization directly or indirectly own a controlled entity within the meaning of section 512(b)(13)? If yes complete Part XI	88b		No
89a	*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) 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 ▶ 0			
d	Enter Amount of tax on line 89c, above, reimbursed by the organization ▶			
e	*All organizations.* At any time during the tax year was the organization a party to a prohibited tax shelter transaction?	89e		No
f	*All organizations.* Did the organization acquire direct or indirect interest in any applicable insurance contract?	89f		No
g	*For supporting organizations and sponsoring organizations maintaining donor advised funds.* Did the supporting organization, or a fund maintained by a sponsoring organization, have excess business holdings at any time during the year?	89g		No

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, 2006 (See instructions) **90b** 207

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			

Part VI Other Information *(continued)*

			Yes	No
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 (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 publication sales					91,988
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			14	220,110	
96 Dividends and interest from securities . . .			14	2,605,657	
97 Net rental income or (loss) from real estate					
a debt-financed property					
b non debt-financed property			16	-560,869	
98 Net rental income or (loss) from personal property					
99 Other investment income			14	3,758,923	
100 Gain or (loss) from sales of assets other than inventory			18	3,076,248	
101 Net income or (loss) from special events . .					
102 Gross profit or (loss) from sales of inventory					
103 Other revenue **a** other income					163,918
b list rental income			15	301,553	
c royalties			15	534,020	
d					
e					
104 Subtotal (add columns (B), (D), and (E)) . .				9,935,642	255,906

105 Total (add line 104, columns (B), (D), and (E)) . . . . ▶ 10,191,548

Note: *Line 105 plus line 1e, 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
	[redacted]

Part IX Information Regarding Taxable Subsidiaries and D [redacted]

(A) Name, address, and EIN of corporation, partnership, or disregarded entity	(B) Percentage of ownership interest	Natur [redacted]
	%	
	%	
	%	
	%	

Part X Information Regarding Transfers Associated with [redacted] ***instructions.)***

(a) Did the organization, during the year, receive any funds, directly or indirectly, to pay pren [redacted]

(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).*

Part XI Information Regarding Transfers To and From Controlled Entities *Complete only if the organization is a controlling organization as defined in section 512(b)(13)*

		Yes	No
106	Did the reporting organization **make** any transfers **to** a controlled entity as defined in section 512(b)(13) of the Code? If "Yes," complete the schedule below for each controlled entity		

	(A) Name and address of each controlled entity	(B) Employer Identification Number	(C) Description of transfer	(D) Amount of transfer
	Totals			

		Yes	No
107	Did the reporting organization **receive** any transfers **from** a controlled entity as defined in section 512(b)(13) of the Code? If "Yes," complete the schedule below for each controlled entity		

	(A) Name and address of each controlled entity	(B) Employer Identification Number	(C) Description of transfer	(D) Amount of transfer
	Totals			

		Yes	No
108	Did the organization have a binding written contract in effect on August 17, 2006 covering the interests, rents, royalties and annuities described in question 107 above?		

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

****** | 2007-05-14
Signature of officer | Date

dr edwin j feulner jr President
Type or print name and title

Paid Preparer's Use Only

Preparer's signature ▶ Michael Sorrells CPA	Date	Check if self-empolyed ▶ ☐	Preparer's SSN or PTIN (See Gen Inst W)
Firm's name (or yours if self-employed), address, and ZIP + 4 ▶ BDO Seidman LLP 7101 Wisconsin Ave Suite 800 Bethesda, MD 208144827			EIN ▶ Phone no ▶ (301) 654-4900

efile GRAPHIC print - DO NOT PROCESS	As Filed Data -	DLN: 93490134008227

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

2006

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 2 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
WILLIAM BEACH 214 Massachusetts Ave NE WASHINGTON, DC 20002	DIRDATA ANALYSIS 40 00	131,750	41,981	1,267
HELLE DALE 214 Massachusetts Ave NE WASHINGTON, DC 20002	DIRFOREIGN POLICY 40 00	138,359	37,228	435
robert moffit 214 Massachusetts Ave NE WASHINGTON, DC 20002	dirdomestic policy 40 00	120,000	40,584	1,906
colin stewart 214 Massachusetts Ave NE WASHINGTON, DC 20002	dirdevelopment 40 00	147,981	16,945	610
VIRGINIA THOMAS 214 Massachusetts Ave NE WASHINGTON, DC 20002	DIREXEC BRAN REL 40 00	144,193	20,053	425
Total number of other employees paid over $50,000 ▶	86			

Part II-A **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 INC 11500 OLYMPIC BLVD STE 540 LOS ANGELES, CA 90064	mktg & fundraising services	635,648
ODELL SIMM ASSOCIATES 7704 LEESBURG PIKE FALLS CHURCH, VA 22043	MAILING CONTACT MANAGEMENT	351,957
WARFIELD WALSH INC 601 S WASHINGTON STREET ALEXANDRIA, VA 22314	FUNDRAISING CONSULTING	107,189
DELOITTE TOUCHE LLC 1750 Tysons Boulevard Suite 800 McLean, VA 22102	AUDIT & accounting	80,870
KMA DIRECT COMMUNICATIONS 7160 DALLAS PARKWAY SUITE 400 PLANO, TX 75024	mktg & fundraising services	80,158
Total number of others receiving over $50,000 for professional services ▶	2	

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 individuals or firms. If there are none, enter "None". See page 2 for instructions.)

(a) Name and address of each independent contractor paid more than $50,000	(b) Type of service	(c) Compensation
ROBERT RUSSELL & ASSOCIATES 12 SOUTH 5TH STREET GENEVA, IL 60134	FUNDRAISING CONSULTING	259,609
NORTEC COMPUTER NETWORK PROFESSIONALS 7531 LEESBURG PIKE FALLS CHURCH, VA 22043	IT CONSULTING & PROJECTS	164,967
YEVGENI VOLK	foreign policy research	150,720
JOHN SIEG 1285 WESTBORO ROAD BIRMINGHAM, MI 48009	marketing consulting	129,063
CONRAD DIRECT 300 KNICKERBOCKER ROAD CRESSKILL, NJ 07626	MAILING CONTACT MANAGEMENT	107,185
Total number of other contractors receiving over $50,000 for other services ▶	5	

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	Did the organization make grants for scholarships, fellowships, student loans, etc ? (If "Yes," attach an explanation of how the organization determines that recipients qualify to receive payments)	3a		Yes	
b	Did the organization have a section 403(b) annuity plan for its employees?	3b		Yes	
c	Did the organization receive or hold an easement for conservation purposes, including easements to preserve open space, the environment , historic land areas or structures? If "Yes" attach a detailed statement	3c			No
d	Did the organization provide credit counseling, debt management, credit repair, or debt negotiation services?	3d			No
4a	Did the organization maintain any donor advised funds? If "Yes," complete lines 4b through 4g If "No," complete lines 4f and 4g	4a		Yes	
b	Did the organization make any taxable distributions under section 4966?	4b			No
c	Did the organization make a distribution to a donor, donor advisor, or related person?	4c			No

d Enter the total number of donor advised funds owned at the end of the tax year ▶0

e Enter the aggregate value of assets held in all donor advised funds owned at the end of the tax year ▶0

f Enter the total number of separate funds or accounts owned at the end of the tax year (excluding donor advised funds included on line 4d) where donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts ▶0

g Enter the aggregate value of assets held in all funds or accounts included on line 4f at the end of the tax year ▶0

Part IV Reason for Non-Private Foundation Status (See pages 4 through 7 of the instructions.)

I certify that 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 331/3%** 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 331/3%** 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 otherwise meets the requirements of section 509(a)(3) Check the box that describes the type of supporting organization

☐ Type I ☐ Type II ☐ Type III - Functionally Integrated ☐ Type III - Other

Provide the following information about the supported organizations. (see page 7 of the instructions.)

(a) Name(s) of supported organization(s)	(b) Employer identification number	(c) Type of organization (described in lines 5 through 12 above or IRC section)	(d) Is the supported organization listed in the supporting organization's governing documents? Yes	No	(e) Amount of support?
Total				▶	

14 ☐ An organization organized and operated to test for public safety Section 509(a)(4) (See page 7 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) 2005	(b) 2004	(c) 2003	(d) 2002	(e) Total
15	Gifts, grants, and contributions received (Do not include unusual grants See line 28)	43,185,255	37,869,324	29,399,533	44,229,690	154,683,802
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	409,138	880,005	613,331	217,874	2,120,348
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	2,945,352	2,189,888	1,791,926	1,561,817	8,488,983
19	Net income from unrelated business activities not included in line 18	101,599	344,706	85,881	104,653	636,839
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	2,184,889	97,325		57,470	2,339,684
23	Total of lines 15 through 22	48,826,233	41,381,248	31,890,671	46,171,504	168,269,656
24	Line 23 minus line 17	48,417,095	40,501,243	31,277,340	45,953,630	166,149,308
25	Enter 1% of line 23	488,262	413,812	318,907	461,715	

26 **Organizations described on lines 10 or 11:** **a** Enter 2% of amount in column (e), line 24 ▶ **26a** 3,322,986

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 2002 through 2005 exceeded the amount shown in line 26a **Do not file this list with your return.** Enter the total of all these excess amounts ▶ **26b** 2,881,474

c Total support for section 509(a)(1) test Enter line 24, column (e) ▶ **26c** 166,149,308

d Add Amounts from column (e) for lines 18 8,488,983 19 636,839
22 ______ 26b 2,881,474 ▶ **26d** 14,346,980

e Public support (line 26c minus line 26d total) ▶ **26e** 151,802,328

f **Public support percentage (line 26e (numerator) divided by line 26c (denominator))** ▶ **26f** 9136 50 %

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
(2005) ______ (2004) ______ (2003) ______ (2002) ______

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 11b, 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
(2005) ______ (2004) ______ (2003) ______ (2002) ______

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 2002 through 2005, 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)

			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 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)			
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?	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		

Part VI-A **Lobbying Expenditures by Electing Public Charities** (See page 10 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 13 of the instructions)

	Lobbying Expenditures During 4-Year Averaging Period				
Calendar year (or fiscal year beginning in) ▶	**(a)** 2006	**(b)** 2005	**(c)** 2004	**(d)** 2003	**(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 13 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			
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.**)			

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 13 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

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**	254,717	229,436	10,545	14,736
b INSURANCE	**43b**	224,220	214,823	9,361	36
c SUBSCRIPTIONS	**43c**	332,241	314,904	8,977	8,360
d TAXES AND LICENSES	**43d**	243,588	231,136	5,679	6,773
e MISCELLANEOUS	**43e**	126,034	78,601	1,952	45,481
f ADVERTISING	**43f**	27,132	23,982	1,222	1,928
g TEMP AGENCY FEES	**43g**	86,586	63,537	1,839	21,210
h ONLINE SERVICE FEES	**43h**	156,541	151,495	4,137	909
i other professional fees	**43i**	1,964,513	1,406,769	71,904	485,840
j storage costs	**43j**	37,126	33,560	1,159	2,407

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 POLicy 50 00	203,500	88,526	2,140
BECKY NORTON DUNLOP 214 Massachusetts Avenue NE WASHINGTON, DC 20002	VP EXTERNAL RELATIONS 50 00	165,000	61,866	1,648
EDWIN J FEULNER JR 214 Massachusetts Avenue NE WASHINGTON, DC 20002	President CEO & Trustee 50 00	738,000	162,814	12,275
MICHAEL G FRANC 214 Massachusetts Avenue NE WASHINGTON, DC 20002	VP GOVERNMENT RELATIONS 50 00	197,150	46,729	603
REBECCA R HAGELIN 214 Massachusetts Avenue NE WASHINGTON, DC 20002	VP COMMUNic & MARKETing 50 00	194,500	38,410	539
KIM R HOLMES 214 Massachusetts Avenue NE WASHINGTON, DC 20002	VP foreign policy 50 00	221,500	43,101	779
EDWIN MEESE III 214 Massachusetts Avenue NE WASHINGTON, DC 20002	ronald reagan senior fellow 50 00	280,000	93,265	4,963
KATHLEEN M ROWAN 214 Massachusetts Avenue NE WASHINGTON, DC 20002	ASSISTant secretary 50 00	83,350	24,548	1,196
TED E ScHELENSKI 214 Massachusetts Avenue NE WASHINGTON, DC 20002	VP FINANCE & OPERATIONS 50 00	148,750	67,448	4,275
MICHAEL A SPILLER 214 Massachusetts Avenue NE WASHINGTON, DC 20002	VP INFOrmaton technology 50 00	151,350	60,486	334

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 & Trustee 50 00	419,000	126,897	4,388
JOHN VON KANNON 214 Massachusetts Avenue NE WASHINGTON,DC 20002	Treasurer vp development 50 00	199,500	86,429	2,032
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
MIDGE DECTER 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
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
NERSI NAZARI 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
MARION WELLS 214 Massachusetts Avenue NE WASHINGTON,DC 20002	TRUSTEE 2 00	0	0	0

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

TY 2006 Cash Grants Paid Schedule

Name: The Heritage Foundation
EIN: 23-7327730

Class of Activity	Recipient's name	Address	Amount	Relationship
Legal Defense	Pacific Justice Institute	PO Box 276600 Sacramento, CA 95827	223	
Family Advocacy	Louisiana Family Forum	655 Saint Ferdinand Street Baton Rouge, LA 70802	16	
Research	Institute of Marriage and Public Policy	PO Box 1231 Manassas, VA 20108	500	
Medical	Children's National Medical Center	111 Michigan Avenue NW Washington, DC 20010	500	
Research	Atlas Economic Research Foundation	2000 N 14th Street Suite 550 Arlington, VA 22201	450	
Educational	Thomas Aquinas College	10000 N Ojai Rd Santa Paula, CA 93060	1,500	
Historical Preservation	United States Capitol Historical Society	200 Maryland Avenue NE Washington, DC 20002	1,000	
Research	The American Ditchley Foundation	445 Park Avenue Ninth Floor New York, NY 10022	10,000	

Class of Activity	Recipient's name	Address	Amount	Relationship
Research and Education	Woodrow Wilson International Center for Scholars	1 Woodrow Wilson Plaza 1300 Pennsylvania Avenue NW Washington, DC 20004	2,000	
Educational	Intercollegiate Studies Institute	3901 Centerville Road Wilmington, DE 19807	6,645	
Historical Preservation	Capitol Hill Business Improvement District	Union Station Garage 30 Massachuset s Avenue NE Washington, DC 20002	23,999	
Religious Education	National Religious Broadcasting	9510 Technology Drive Manassas, VA 20110	5,000	
Humanitarian Aid	Victims of Communism	1521 16th Street NW Washington, DC 20036	10,000	
Civil Service	DC Firefighter's Association	2120 Bladensburg Road NE Suite 210 Washington, DC 20018	250	
Civil Service	Fraternal Order of Police	711 4th Street NW Washington, DC 20001	250	
Civil Service	Stanton Park Neighborhood Association	PO Box 75085 Washington, DC 20013	250	

Class of Activity	Recipient's name	Address	Amount	Relationship
Education of Journalists	National Press Foundation	1211 Connecticut Avenue NW Suite 310 Washington, DC 20036	2,550	
Media Watch	The American Spectator	PO Box 1611 Newburgh, NY 12551	640	
Educational	International Policy Network	3rd Floor Bedford Chambers The Piazza Covent Gardents London, WC2E8HA UK	4,080	
School Choice Advocacy	DC Parents for School Choice	2099 Hawaii Avenue NE Washington, DC 20011	1,000	

TY 2006 Compensation Explanation

Name: The Herıtage Foundatıon

EIN: 23-7327730

Person Name	Explanation
Stuart M Butler VP DOMESTIC POLıc	compensatıon reported ın part v-a, column c ıs comprısed of base pay of $143,500 and bonus of $60,000
Becky Norton Dunlop VP EXTERNAL RE	compensatıon reported ın part v-a, column c ıs comprısed of base pay of $125,000 and bonus of $40,000
Edw ın J Feulner Jr Presıdent C	compensatıon reported ın part v-a, column c ıs comprısed of base pay of $348,000 and bonus of $390,000
Mıchael G Franc VP GOVERNMENT REL	compensatıon reported ın part v-a, column c ıs comprısed of base pay of $147,150 and bonus of $50,000
Rebecca R Hagelın VP COMMUNıc	compensatıon reported ın part v-a, column c ıs comprısed of base pay of $151,500 and bonus of $43,000
Kım R Holmes VP foreıgn polıcy	compensatıon reported ın part v-a, column c ıs comprısed of base pay of $174,500 and bonus of $47,000
John Von Kannon Treasurer vp deve	compensatıon reported ın part v-a, column c ıs comprısed of base pay of $139,500 and bonus of $60,000
Edw ın Meese III ronald reagan sen	compensatıon reported ın part v-a, column c ıs comprısed of base pay of $225,000 and bonus of $55,000
Kathleen M Row an ASSISTant secret	compensatıon reported ın part v-a, column c ıs comprısed of base pay of $69,350 and bonus of $14,000
Ted E Schelenskı VP FINANCE OPE	compensatıon reported ın part v-a, column c ıs comprısed of base pay of $113,750 and bonus of $35,000
Mıchael A Spıller VP INFOrmaton t	compensatıon reported ın part v-a, column c ıs comprısed of base pay of $119,350 and bonus of $32,000
Phıllıp N Truluck Executıve VP	compensatıon reported ın part v-a, column c ıs comprısed of base pay of $219,000 and bonus of $200,000

TY 2006 Depreciation and Depletion Schedule

Name: The Heritage Foundation

EIN: 23-7327730

Asset	Amount
property and equipment	2,001,797

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

TY 2006 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
sale of fixed assets	2001-03	PURCHASED	2006-02	c frazier	10,000	37,003	0	10,000	37,003
Loss on sale of office equipment	2005-09	PURCHASED	2006-09	various		68,875	0	-68,875	

TY 2006 Gain/Loss from Sale of Public Securities Schedule

Name:	The Heritage Foundation
EIN:	23-7327730
Gross Sales Price:	45,439,600
Basis:	42,304,477
Sales Expenses:	0
Total (net):	3,135,123

TY 2006 Investments - Other Schedule

Name: The Heritage Foundation

EIN: 23-7327730

Description	Book Value	Cost/FMV
investments in limited partnerships	19,017,138	F
irrevocable trusts	5,344,705	F
supplemental retirement plan investments	932,403	F

TY 2006 Land etc. Schedule

Name: The Heritage Foundation

EIN: 23-7327730

Category/Item	Cost/Other Basis	Accumulated Depreciation	Book Value
land building and improvements	44,588,719	9,330,519	35,258,200
office furniture and equipment	6,262,405	3,598,845	2,663,560

TY 2006 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	127800
Balance Due	96119
Date of Note	2006-03
Maturity Date	2009-04
Repayment Terms	entire balance due 04/01/09
Interest Rate	0.0000
Security Provided by Borrower	leased equipment
Purpose of Loan	buyout xerox copier leases
Description of Lender Consideration	cash
Consideration FMV	127800

Item No.	2
Lender's Name	suntrust bank
Lender's Title	
Relationship to Insider	none
Original Amount of Loan	10000000
Balance Due	4349999
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	5 year interest-only balloon due 8/10
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

TY 2006 Other Assets Schedule

Name: The Heritage Foundation

EIN: 23-7327730

Description	Beginning of Year Amount	End of Year Amount
cash surrender value of insurance	435,221	509,230
contributed stock to be sold	71,338	126,842

TY 2006 Other Changes in Net Assets Schedule

Name: The Heritage Foundation

EIN: 23-7327730

Description	Amount
unrealized gains on securities	7,237,955
change in value of split interest agreement	-1,010,118
partnership investment income	-3,758,923
increase in cash surrender value of life insurance	74,010

TY 2006 Other Expenses Included Schedule

Name: The Heritage Foundation

EIN: 23-7327730

Description	Amount
rental expenses reported on line 6b	1,199,737

TY 2006 Other Investment Income Schedule

Name: The Heritage Foundation

EIN: 23-7327730

Description	Amount
partnership investment income	3,758,923

TY 2006 Other Liabilities Schedule

Name: The Heritage Foundation

EIN: 23-7327730

Description	Beginning of Year Amount	End of Year Amount
deferred pension compensation	2,913,576	3,163,857
split-interest agreements	10,750,712	10,996,636

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TY 2006 Other Revenues Included Schedule

Name: The Heritage Foundation

EIN: 23-7327730

Description	Amount
unrealized loss - loan swap	-15,821
rental expenses reported on line 6b	1,199,737
change in surrender value of life insurance	74,010

TY 2006 Other Revenues Not Included Schedule

Name: The Heritage Foundation

EIN: 23-7327730

Description	Amount
change in value of split interest agreement	1,010,118
partnership investment income	3,758,923

TY 2006 Other Income Schedule

Name: The Heritage Foundation

EIN: 23-7327730

Description	2003	2002	2001	2000	Total
Miscellaneous	2,184,889	97,325		57,470	2,339,684

TY 2006 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 Heritage's 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.

TY 2006 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.