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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)

Department of the Treasury Internal Revenue Service

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

OMB No 1545-0047

2007

Open to Public Inspection

A For the 2007 calendar year, or tax year beginning 01-01-2007 and ending 12-31-2007

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: ▶ www heritage org

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 ▶ 120,906,902

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	47,138,503		
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 $ 46,406,372 noncash $ 732,131)			1e	47,138,503
2	Program service revenue including government fees and contracts (from Part VII, line 93)			2	39,393
3	Membership dues and assessments			3	
4	Interest on savings and temporary cash investments			4	187,594
5	Dividends and interest from securities			5	2,689,186
6a	Gross rents	6a	792,400		
b	Less rental expenses	6b	1,124,967		
c	Net rental income or (loss) subtract line 6b from line 6a			6c	-332,567
7	Other investment income (describe ▶)			7	6,187,141

		(A) Securities		(B) Other
8a	Gross amount from sales of assets other than inventory	63,243,640	8a	160,350
b	Less cost or other basis and sales expenses	53,883,347	8b	133,341
c	Gain or (loss) (attach schedule)	9,360,293	8c	27,009

d	Net gain or (loss) Combine line 8c, columns (A) and (B)			8d	9,387,302
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	468,695
12	**Total revenue** Add lines 1e, 2, 3, 4, 5, 6c, 7, 8d, 9c, 10c, and 11			12	65,765,247

Expenses

13	Program services (from line 44, column (B))	13	37,925,707
14	Management and general (from line 44, column (C))	14	1,371,071
15	Fundraising (from line 44, column (D))	15	7,932,502
16	Payments to affiliates (attach schedule)	16	
17	**Total expenses** Add lines 16 and 44, column (A)	17	47,229,280

Net Assets

18	Excess or (deficit) for the year Subtract line 17 from line 12	18	18,535,967
19	Net assets or fund balances at beginning of year (from line 73, column (A))	19	154,306,499
20	Other changes in net assets or fund balances (attach explanation)	20	-2,123,356
21	Net assets or fund balances at end of year Combine lines 18, 19, and 20	21	170,719,110

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 $ 95,244 noncash $) If this amount includes foreign grants, check here ▶ ☐	22b	95,244	95,244		
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	4,194,685	3,533,723	277,391	383,571
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	15,305,537	13,241,612	513,883	1,550,042
27	Pension plan contributions not included on lines 25a, b and c	27	713,692	613,774	28,549	71,369
28	Employee benefits not included on lines 25a - 27	28	1,080,801	929,489	43,232	108,080
29	Payroll taxes	29	1,186,986	1,020,808	47,479	118,699
30	Professional fundraising fees	30	1,991,125	1,400,445	36,493	554,187
31	Accounting fees	31	53,473	44,512	8,839	122
32	Legal fees	32	293,070	243,955	48,446	669
33	Supplies	33	471,732	428,447	13,788	29,497
34	Telephone	34	355,971	319,960	10,905	25,106
35	Postage and shipping	35	3,954,448	2,736,947	4,095	1,213,406
36	Occupancy	36	267,443	256,601	10,832	10
37	Equipment rental and maintenance	37	414,177	397,669	16,508	
38	Printing and publications	38	5,750,821	3,896,970	24,153	1,829,698
39	Travel	39	379,092	112,546	1,153	265,393
40	Conferences, conventions, and meetings	40	4,062,509	3,159,363	50,681	852,465
41	Interest	41	188,204	180,243	7,961	
42	Depreciation, depletion, etc (attach schedule)	42	2,478,892	2,378,444	100,448	
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	47,229,280	37,925,707	1,371,071	7,932,502

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 $ 8,983,109, **(ii)** the amount allocated to Program services $ 5,165,004, **(iii)** the amount allocated to Management and general $, and **(iv)** the amount allocated to Fundraising $ 3,818,105

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, foreign and social policy issues These publications analyze both current public policies and alternative policy recommendations for substance and merit The results of our research are available in print format and at no charge through our website, which is visited by millions Additional information is available in our 2007 annual report (Grants and allocations $ 49,527) If this amount includes foreign grants, check here ▶ ☐	19,721,368
b Media and Government RelationsThe Heritage Foundation distributes its research product to Members of Congress, congressional staff, policymakers in the executive branch of the federal government, to state officials, journalists, members of the academic community, other non-profit organizations, the general public and donors - who total more than 330,000 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 1700 radio and television appearances in 2007 Our scholars wrote more than 450 op-eds and conducted in-depth issues-related seminars for journalists addressing topics such as healthcare, homeland security and defense Heritage also conducted "boot camps," teaching computer assisted research and reporting skills to more than 200 journalists Additional information is available in our 2007 annual report (Grants and allocations $ 20,001) If this amount includes foreign grants, check here ▶ ☐	7,964,398
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 700 conservative policy experts and activists for two days of workshops and discussions And our intern program provides more than 100 young people an invaluable work-study experience in Washington, DC We trained and graduated more than 30 young Hill staffers from our Congressional Fellows Program and hosted two national meetings and 46 regional meetings for our members, attracting more than 9,600 total participants Additional information is available in our 2007 annual report (Grants and allocations $ 25,716) If this amount includes foreign grants, check here ▶ ☐	10,239,941
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) . . . . ▶	37,925,707

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			7,578,073	46	7,159,395
47a Accounts receivable	47a				
b Less allowance for doubtful accounts	47b			47c	
48a Pledges receivable	48a	10,080,267			
b Less allowance for doubtful accounts	48b		8,196,200	48c	10,080,267
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			646,207	53	850,166
54a Investments—publicly-traded securities ► ☐ Cost ☑ FMV			97,231,382	54a	117,068,938
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)			25,294,246	56	22,950,074
57a Land, buildings, and equipment basis	57a	53,569,476			
b Less accumulated depreciation (attach schedule)	57b	15,349,001	37,921,760	57c	38,220,475
58 Other assets, including program-related investments (describe ► ____________)			636,072	58	516,983
59 **Total assets** (must equal line 74) Add lines 45 through 58			177,503,940	59	196,846,298
Liabilities					
60 Accounts payable and accrued expenses			4,580,830	60	6,448,110
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)			4,456,118	64b	4,209,968
65 Other liabilities (describe ► ____________)			14,160,493	65	15,469,110
66 **Total liabilities** Add lines 60 through 65			23,197,441	66	26,127,188
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			140,193,762	67	156,099,355
68 Temporarily restricted			12,915,026	68	13,419,755
69 Permanently restricted			1,197,711	69	1,200,000
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)			154,306,499	73	170,719,110
74 **Total liabilities and net assets / fund balances** Add lines 66 and 73			177,503,940	74	196,846,298

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**	64,766,858
b	Amounts included on line **a** but not on Part I, line 12				
1	Net unrealized gains on investments	**b1**	5,019,429		
2	Donated services and use of facilities	**b2**			
3	Recoveries of prior year grants	**b3**			
4	Other (specify)	**b4**	955,429		
	Add lines **b1** through **b4**			**b**	5,974,858
c	Subtract line **b** from line **a**			**c**	58,792,000
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**	6,973,247		
	Add lines **d1** and **d2**			**d**	5,974,858
e	**Total revenue** (Part I, line 12) Add lines **c** and **d**			**e**	65,765,247

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

a	Total expenses and losses per audited financial statements			**a**	48,354,247
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**	1,124,967		
	Add lines **b1** through **b4**			**b**	1,124,967
c	Subtract line **b** from line **a**			**c**	47,229,280
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**	47,229,280

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 ▶ 22			
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" ▶ If "Yes," attach a statement that includes the information described in the instructions	75c		No
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? If "Yes," attach a conformed copy of the changes	77		No
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**		No
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**		

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, 2007 (See instructions) **90b** 226

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		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					39,393
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	187,594	
96 Dividends and interest from securities . . .			14	2,689,186	
97 Net rental income or (loss) from real estate					
a debt-financed property					
b non debt-financed property			16	-332,567	
98 Net rental income or (loss) from personal property					
99 Other investment income			14	6,187,141	
100 Gain or (loss) from sales of assets other than inventory			18	9,387,302	
101 Net income or (loss) from special events . .					
102 Gross profit or (loss) from sales of inventory					
103 Other revenue **a** other income					90,929
b list rental income			15	351,993	
c royalties			15	25,773	
d					
e					
104 Subtotal (add columns (B), (D), and (E)) . .				18,496,422	130,322

105 Total (add line 104, columns (B), (D), and (E)) . . . . ▶ 18,626,744

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

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, on a personal benefit contract? . . . ☐ **Yes** ☑ **No**

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
a				
b				
c				
	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
a				
b				
c				
	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

****** 2008-05-12
Signature of officer Date

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

[redacted]

Paid Preparer's Use Only

Preparer's signature Joyce M Underwood CPA

Date

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

BDO Seidman LLP

7101 Wisconsin Ave Suite 800

Bethesda, MD 208144827

efile GRAPHIC print - DO NOT PROCESS	As Filed Data -	DLN: 93490135025248

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

2007

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
Dale Helle 214 Massachusetts Ave NE WASHINGTON, DC 20002	DirForeign Policy 40 00	143,000	39,282	683
Istook Ernest 214 Massachusetts Ave NE WASHINGTON, DC 20002	Distinguished Fellow 40 00	200,847	21,121	1,072
Stewart Colin 214 Massachusetts Ave NE WASHINGTON, DC 20002	DirDevelopment 40 00	179,731	32,339	984
Talent James 214 Massachusetts Ave NE WASHINGTON, DC 20002	Distinguished Fellow 20 00	169,615	1,009	1,433
Thomas Virginia 214 Massachusetts Ave NE WASHINGTON, DC 20002	DirExec Branch Rel 40 00	145,544	36,268	670
Total number of other employees paid over $50,000 ▶	112			

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
FACTER DIRECT INC 11500 OLYMPIC BLVD STE 540 LOS ANGELES, CA 90064	MKTG & FUNDRAISING SERVICES	983,810
ODELL SIMMS ASSOCIATES 7704 LEESBURG PIKE FALLS CHURCH, VA 22043	MAILING CONTACT MANAGEMENT	422,688
KMA DIRECT COMMUNICATIONS 7160 DALLAS PARKWAY SUITE 400 PLANO, TX 75024	MKTG & FUNDRAISING SERVICES	349,430
WEBSTER CHAMBERLAIN BEAN 1747 PENNSYLVANIA AVE NW WASHINGTON, DC 20006	LEGAL SERVICES	118,423
WARFIELD WALSH INC 601 S WASHINGTON STREET ALEXANDRIA, VA 22314	FUNDRAISING CONSULTANT	94,652
Total number of others receiving over $50,000 for professional services ▶ 3		

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 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 CONSULTANT	253,058
CONRAD DIRECT 300 KNICKERBOCKER ROAD CRESSKILL, NJ 07626	MAILING CONTACT MANAGEMENT	248,680
JAMES G DAVIS CONSTRUCTION CORP 12530 PARKLAWN DR ROCKVILLE, MD 20852	CONSTRUCTION SERVICES	234,700
HARTSOOK COMPANIES INC PO BOX 26147 SHAWNEE MISSION, KS 66225	CONSULTING	177,969
YEVGENY VOLK	FOREIGN POLICY RESEARCH	147,597
Total number of other contractors receiving over $50,000 for other services ▶ 10		

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		
c	Did the organization make a distribution to a donor, donor advisor, or related person?	4c		

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

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

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) 2006	(b) 2005	(c) 2004	(d) 2003	(e) Total
15	Gifts, grants, and contributions received (Do not include unusual grants See line 28)	46,853,892	43,185,255	37,869,324	29,399,533	157,308,004
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	927,562	409,138	880,005	613,331	2,830,036
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	3,244,525	2,945,352	2,189,888	1,791,926	10,171,691
19	Net income from unrelated business activities not included in line 18		101,599	344,706	85,881	532,186
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	3,922,121	2,184,889	97,325		6,204,335
23	Total of lines 15 through 22	54,948,100	48,826,233	41,381,248	31,890,671	177,046,252
24	Line 23 minus line 17	54,020,538	48,417,095	40,501,243	31,277,340	174,216,216
25	Enter 1% of line 23	549,481	488,262	413,812	318,907	

26 **Organizations described on lines 10 or 11:** **a** Enter 2% of amount in column (e), line 24 ▶ **26a** 3,484,324

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** 4,097,108

c Total support for section 509(a)(1) test Enter line 24, column (e) ▶ **26c** 174,216,216

d Add Amounts from column (e) for lines 18 10,171,691 19 532,186
22 ______ 26b 4,097,108 ▶ **26d** 21,005,320

e Public support (line 26c minus line 26d total) ▶ **26e** 153,210,896

f **Public support percentage (line 26e (numerator) divided by line 26c (denominator))** ▶ **26f** 8794 30 %

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

(2006) ______ (2005) ______ (2004) ______ (2003) ______

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

(2006) ______ (2005) ______ (2004) ______ (2003) ______

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 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)** 2007	**(b)** 2006	**(c)** 2005	**(d)** 2004	**(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			
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 12 of the instructions.)

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

		Yes	No
a Transfers from the reporting organization to a noncharitable exempt organization of			
(i) Cash	51a(i)		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**	327,970	310,932	10,104	6,934
b INSURANCE	**43b**	194,730	186,839	7,891	
c SUBSCRIPTIONS	**43c**	201,787	192,487	4,304	4,996
d TAXES AND LICENSES	**43d**	257,593	197,280	52,670	7,643
e MISCELLANEOUS	**43e**	157,596	108,709	1,587	47,300
f ADVERTISING	**43f**	253,244	76,878	1,813	174,553
g TEMP AGENCY FEES	**43g**	59,033	47,866	126	11,041
h ONLINE SERVICE FEES	**43h**	248,203	197,449	4,184	46,570
i other professional fees	**43i**	2,229,679	1,560,862	41,321	627,496
j storage costs	**43j**	61,543	55,653	2,235	3,655

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	211,501	90,648	3,379
Becky Norton Dunlop 214 Massachusetts Avenue NE WASHINGTON, DC 20002	VP External Relations 50 00	160,500	71,457	1,742
Edwin J Feulner 214 Massachusetts Avenue NE WASHINGTON, DC 20002	President & CEO 50 00	843,250	130,497	10,928
Michael G Franc 214 Massachusetts Avenue NE WASHINGTON, DC 20002	VP Government Relations 50 00	204,150	53,694	983
Rebecca R Hagelin 214 Massachusetts Avenue NE WASHINGTON, DC 20002	VP Communic & Marketing 50 00	203,250	45,264	592
Kim R Holmes 214 Massachusetts Avenue NE WASHINGTON, DC 20002	VP Foreign Policy 50 00	202,250	75,043	1,654
Edwin Meese III 214 Massachusetts Avenue NE WASHINGTON, DC 20002	Ronald Reagan Sr Fellow 50 00	293,500	94,887	4,953
Kathleen M Rowan 214 Massachusetts Avenue NE WASHINGTON, DC 20002	Assistant Secretary 50 00	86,850	27,671	1,265
Ted E Schelenski 214 Massachusetts Avenue NE WASHINGTON, DC 20002	VP Finance & Operations 50 00	156,750	69,987	4,647
Michael A Spiller 214 Massachusetts Avenue NE WASHINGTON, DC 20002	VP Information Technology 50 00	162,700	61,869	364

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	486,000	129,427	5,534
John Von Kannon 214 Massachusetts Avenue NE WASHINGTON, DC 20002	Treasurer VP Development 50 00	207,248	88,126	2,125
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 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
Beldon 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 Dector 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 Herbold 214 Massachusetts Avenue NE WASHINGTON,DC 20002	Trustee 2 00	0	0	0
Todd Herrick 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 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

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
Barb Van Andel-Gaby 214 Massachusetts Avenue NE WASHINGTON,DC 20002	Trustee 2 00	0	0	0
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 2007 Cash Grants Paid Schedule

Name: The Heritage Foundation
EIN: 23-7327730

Class of Activity	Recipient's name	Address	Amount	Relationship
Historical Preservation	Business Improvement District Capitol Hill	30 Massachusetts Ave NE Washington, DC 20002	32,361	
Research and Education	The Federalist Society for Law & Public Policy Studies	1015 18TH ST NW Suite 425 Washington, DC 20036	25,000	
Humanitarian Aid	Victims of Communism Memorial Foundation	1521 16TH ST NW Washington, DC 20036	13,280	
Research	Council for National Policy	1411 K ST NW Suite 601 Washington, DC 20005	7,500	
Educational	The Fund for American Studies	1706 New Hampshire Ave NW Washington, DC 20009	3,590	
Civil Service	Capitol Hill Community Foundation	419 East Capitol ST SE Washington, DC 20003	2,600	
Education of Journalists	National Press Foundation	1211 Conneticut Ave NW Suite 310 Washington, DC 20036	2,550	
Historical Preservation	Evermay Society	1623 28TH ST NW Washington, DC 20007	2,500	

Class of Activity	Recipient's name	Address	Amount	Relationship
Education of Journalists	Radio & Television News Directors Foundation	1600 K ST NW Suite 700 Washington, DC 20006	2,000	
Educational	Black Alliance for Educational Options	PO Box 29219 Washington, DC 20017	1,000	
Religious Education	Movieguide Awards Gala	6695 Peachtree Industrial Blvd Suite 101 Atlanta, GA 30360	750	
Research	National Taxpayers Union Foundation	108 N Alfred ST Alexandria, VA 22314	500	
Research	Institute for Marriage & Public Policy	PO Box 1231 Manassas, VA 20108	500	
Civil Service	The Stanton Park Neihborhood Association	PO Box 75085 Washington, DC 20013	500	
Civil Service	DC Firefighters Association	2120 Bladensburg Rd NE Suite 210 Washington, DC 20018	250	
Civil Service	Fraternal Order of Police	711 4TH ST NW Washington, DC 20001	250	

Class of Activity	Recipient's name	Address	Amount	Relationship
Historical Preservation	Mount Vernon Ladies' Association	PO Box 110 Mount Vernon, VA 22121	113	

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TY 2007 Compensation Explanation

Name: The Heritage Foundation

EIN: 23-7327730

Person Name	Explanation
Stuart M Butler VP DOMESTIC POLic	compensation reported in part v-a, column c is comprised of base pay of $151,500 and bonus of $60,000
Becky Norton Dunlop VP EXTERNAL RE	compensation reported in part v-a, column c is comprised of base pay of $122,500 and bonus of $38,000
Edwin J Feulner Jr President C	compensation reported in part v-a, column c is comprised of base pay of $358,250 and bonus of $485,000
Michael G Franc VP GOVERNMENT REL	compensation reported in part v-a, column c is comprised of base pay of $154,150 and bonus of $50,000
Rebecca R Hagelin VP COMMUNic	compensation reported in part v-a, column c is comprised of base pay of $153,250 and bonus of $50,000
Kim R Holmes VP foreign policy	compensation reported in part v-a, column c is comprised of base pay of $155,250 and bonus of $47,000

Person Name	Explanation
John Von Kannon Treasurer vp deve	compensation reported in part v-a, column c is comprised of base pay of $147,248 and bonus of $60,000
Edwin Meese III ronald reagan sen	compensation reported in part v-a, column c is comprised of base pay of $233,500 and bonus of $60,000
Kathleen M Rowan ASSISTant secret	compensation reported in part v-a, column c is comprised of base pay of $72,850 and bonus of $14,000
Ted E Schelenski VP FINANCE OPE	compensation reported in part v-a, column c is comprised of base pay of $117,750 and bonus of $39,000
Michael A Spiller VP INFOrmaton t	compensation reported in part v-a, column c is comprised of base pay of $127,700 and bonus of $35,000
Phillip N Truluck Executive VP	compensation reported in part v-a, column c is comprised of base pay of $226,000 and bonus of $260,000

TY 2007 Depreciation and Depletion Schedule

Name: The Heritage Foundation

EIN: 23-7327730

Asset	Amount
property and equipment	2,478,892

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

TY 2007 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	Basis Method	Sales Expenses	Total (net)	Accumulated Depreciation
sale of fixed assets	2007-06	PURCHASED	2007-06	various	160,350	110,433		0	49,917	
sale of fixed assets	2007-06	PURCHASED	2007-06	various		22,908		0	-22,908	

TY 2007 Gain/Loss from Sale of Public Securities Schedule

Name:	The Heritage Foundation
EIN:	23-7327730
Gross Sales Price:	63,243,640
Basis:	53,883,347
Sales Expenses:	0
Total (net):	9,360,293

TY 2007 Investments - Other Schedule

Name: The Heritage Foundation

EIN: 23-7327730

Description	Book Value	Cost/FMV
investments in limited partnerships	15,814,824	F
irrevocable trusts	6,143,091	F
supplemental retirement plan investments	992,159	F

TY 2007 Land etc. Schedule

Name: The Heritage Foundation

EIN: 23-7327730

Category/Item	Cost/Other Basis	Accumulated Depreciation	Book Value
property and equipment	53,569,476	15,349,001	38,220,475

TY 2007 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	49969
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	4149999
Date of Note	2002-09
Maturity Date	2009-05
Repayment Terms	7 year term 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 2007 Other Assets Schedule

Name: The Heritage Foundation

EIN: 23-7327730

Description	Beginning of Year Amount	End of Year Amount
cash surrender value of insurance	509,230	516,983

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TY 2007 Other Changes in Net Assets Schedule

Name: The Heritage Foundation

EIN: 23-7327730

Description	Amount
unrealized gains on securities	4,842,138
change in value of split interest agreement	-786,106
book to tax partnership investment income adjustment	-6,187,141
increase in cash surrender value of life insurance	7,753

TY 2007 Other Expenses Included Schedule

Name: The Heritage Foundation

EIN: 23-7327730

Description	Amount
rental expenses reported on line 6b	1,124,967

TY 2007 Other Investment Income Schedule

Name: The Heritage Foundation

EIN: 23-7327730

Description	Amount
partnership investment income	6,187,141

TY 2007 Other Liabilities Schedule

Name: The Heritage Foundation

EIN: 23-7327730

Description	Beginning of Year Amount	End of Year Amount
deferred pension compensation	3,163,857	3,519,555
split-interest agreements	10,996,636	11,840,723
Interest rate Swap		108,832

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TY 2007 Other Revenues Included Schedule

Name: The Heritage Foundation

EIN: 23-7327730

Description	Amount
unrealized loss - loan swap	-177,071
rental expenses reported on line 6b	1,124,967
change in surrender value of life insurance	7,753
keysop dissolution unrealized loss	-220

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TY 2007 Other Revenues Not Included Schedule

Name: The Heritage Foundation

EIN: 23-7327730

Description	Amount
change in value of split interest agreement	786,106
partnership investment income per schedules K-1	6,187,141

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TY 2007 Other Income Schedule

Name: The Heritage Foundation

EIN: 23-7327730

Description	2006	2005	2004	2003	Total
Miscellaneous	3,922,121	2,184,889	97,325		6,204,335

TY 2007 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 2007 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.