

Return of Organization Exempt From Income Tax

2006

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

Open to Public Inspection

Department of the Treasury Internal Revenue Service

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

For the 2006 calendar year, or tax year beginning 7/01, 2006, and ending 6/30, 2007

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

C THE INDEPENDENT INSTITUTE 100 SWAN WAY #200 OAKLAND, CA 94621

D Employer Identification Number 94-3008370 E Telephone number (510) 632-1366 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? H (b) If 'Yes,' enter number of affiliates H (c) Are all affiliates included? H (d) Is this a separate return filed by an organization covered by a group ruling?

G Web site: N/A

J Organization type (check only one) [X] 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.

I Group Exemption Number M Check if the organization is not required to attach Schedule B (Form 990, 990-EZ, or 990-PF).

L Gross receipts Add lines 6b, 8b, 9b, and 10b to line 12 4,311,199.

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

Table with 21 rows and 2 columns. Rows include: 1 Contributions, gifts, grants, and similar amounts received; 2 Program service revenue including government fees and contracts; 3 Membership dues and assessments; 4 Interest on savings and temporary cash investments; 5 Dividends and interest from securities; 6a Gross rents; 6b Less rental expenses; 6c Net rental income or (loss); 7 Other investment income; 8a Gross amount from sales of assets other than inventory; 8b Less cost or other basis and sales expenses; 8c Gain or (loss); 8d Net gain or (loss); 9 Special events and activities; 9a Gross revenue; 9b Less direct expenses; 9c Net income or (loss); 10a Gross sales of inventory; 10b Less cost of goods sold; 10c Gross profit or (loss); 11 Other revenue; 12 Total revenue; 13 Program services; 14 Management and general; 15 Fundraising; 16 Payments to affiliates; 17 Total expenses; 18 Excess or (deficit) for the year; 19 Net assets or fund balances at beginning of year; 20 Other changes in net assets or fund balances; 21 Net assets or fund balances at end of year.

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

Do not include amounts reported on line 6b, 8b, 9b, 10b, or 16 of Part I.		(A) Total	(B) Program services	(C) Management and general	(D) Fundraising
<b>22a</b> Grants paid from donor advised funds (attach sch) (cash \$ _____) non-cash \$ _____) If this amount includes foreign grants, check here <input type="checkbox"/>	<b>22a</b>				
<b>22b</b> Other grants and allocations (att sch) (cash \$ <u>149,063.</u> ) non-cash \$ _____) If this amount includes foreign grants, check here <input type="checkbox"/>	<b>22b</b>	149,063.	149,063.		
<b>23</b> Specific assistance to individuals (attach schedule)	<b>23</b>				
<b>24</b> Benefits paid to or for members (attach schedule)	<b>24</b>				
<b>25a</b> Compensation of current officers, directors, key employees, etc listed in Part V-A (attach sch)	<b>25a</b>	115,702.	94,551.	13,121.	8,030.
<b>b</b> Compensation of former officers, directors, key employees, etc listed in Part V-B (attach sch)	<b>25b</b>	0.	0.	0.	0.
<b>c</b> Compensation and other distributions, not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B) (attach schedule)	<b>25c</b>	0.	0.	0.	0.
<b>26</b> Salaries and wages of employees not included on lines 25a, b, and c	<b>26</b>	990,973.	809,845.	112,343.	68,785.
<b>27</b> Pension plan contributions not included on lines 25a, b, and c	<b>27</b>				
<b>28</b> Employee benefits not included on lines 25a - 27	<b>28</b>	88,653.	67,642.	13,032.	7,979.
<b>29</b> Payroll taxes	<b>29</b>	81,124.	61,898.	11,925.	7,301.
<b>30</b> Professional fundraising fees	<b>30</b>				
<b>31</b> Accounting fees	<b>31</b>	20,738.	7,690.	13,048.	
<b>32</b> Legal fees	<b>32</b>				
<b>33</b> Supplies	<b>33</b>	28,082.	21,261.	4,547.	2,274.
<b>34</b> Telephone	<b>34</b>	20,007.	16,289.	2,321.	1,397.
<b>35</b> Postage and shipping	<b>35</b>	254,516.	245,038.	5,683.	3,795.
<b>36</b> Occupancy	<b>36</b>	24,000.	18,315.	3,545.	2,140.
<b>37</b> Equipment rental and maintenance	<b>37</b>	21,553.	16,443.	3,184.	1,926.
<b>38</b> Printing and publications	<b>38</b>	393,163.	386,701.	3,400.	3,062.
<b>39</b> Travel	<b>39</b>	9,863.	7,782.	1,228.	853.
<b>40</b> Conferences, conventions, and meetings	<b>40</b>	31,597.	27,247.	3,206.	1,144.
<b>41</b> Interest	<b>41</b>				
<b>42</b> Depreciation, depletion, etc (attach schedule)	<b>42</b>	17,002.	12,973.	2,499.	1,530.
<b>43</b> Other expenses not covered above (itemize)					
<b>a</b> ADVERTISING	<b>43a</b>	4,141.	3,701.	273.	167.
<b>b</b> BANK CHARGES	<b>43b</b>	4,235.	3,600.	242.	393.
<b>c</b> DUES & SUBSCRIPTIONS	<b>43c</b>	15,236.	10,553.	3,756.	927.
<b>d</b> INSURANCE	<b>43d</b>	14,012.	6,934.	6,260.	818.
<b>e</b> OUTSIDE SERVICES	<b>43e</b>	188,962.	158,686.	22,754.	7,522.
<b>f</b>	<b>43f</b>				
<b>g</b>	<b>43g</b>				
<b>44</b> Total functional expenses Add lines 22a through 43g (Organizations completing columns (B) - (D), carry these totals to lines 13 - 15)	<b>44</b>	2,472,622.	2,126,212.	226,367.	120,043.

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

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? ▶ See Statement 3
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) organizations and 4947(a)(1) trusts, but optional for others)

a See Statement 4

(Grants and allocations \$ 149,063. ) If this amount includes foreign grants, check here ▶

2,126,212.

b

(Grants and allocations \$ ) If this amount includes foreign grants, check here ▶

c

(Grants and allocations \$ ) If this amount includes foreign grants, check here ▶

d

(Grants and allocations \$ ) If this amount includes foreign grants, check here ▶

e Other program services

(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) ▶

2,126,212.

BAA

**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	2,241.	45	14,457.
	46 Savings and temporary cash investments	128,501.	46	215,791.
	47a Accounts receivable	13,545.		
	47b Less allowance for doubtful accounts		47c	13,545.
	48a Pledges receivable			
	48b Less allowance for doubtful accounts		48c	
	49 Grants receivable	1,316,000.	49	980,000.
	50a Receivables from current and former officers, directors, trustees, and key employees (attach schedule)		50a	
	50b Receivables from other disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B) (attach schedule)		50b	
	51a Other notes and loans receivable (attach schedule)			
	51b Less allowance for doubtful accounts		51c	
	52 Inventories for sale or use	156,798.	52	152,561.
	53 Prepaid expenses and deferred charges		53	
	54a Investments – publicly-traded securities Stmt 5 <input type="checkbox"/> Cost <input checked="" type="checkbox"/> FMV	3,041,432.	54a	4,083,684.
	54b Investments – other securities (attach sch) <input type="checkbox"/> Cost <input type="checkbox"/> FMV		54b	
55a Investments – land, buildings, & equipment basis				
55b Less accumulated depreciation (attach schedule)		55c		
56 Investments – other (attach schedule)		56		
57a Land, buildings, and equipment basis	224,461.			
57b Less accumulated depreciation (attach schedule) Statement 6	180,175.	57c	44,286.	
58 Other assets, including program-related investments (describe _____)		58		
59 <b>Total assets</b> (must equal line 74). Add lines 45 through 58	4,741,357.	59	5,504,324.	
LIABILITIES	60 Accounts payable and accrued expenses	92,091.	60	107,400.
	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	
	64b Mortgages and other notes payable (attach schedule)		64b	
	65 Other liabilities (describe _____)		65	
	66 <b>Total liabilities.</b> Add lines 60 through 65	92,091.	66	107,400.
NET ASSETS OR FUND BALANCES	<b>Organizations that follow SFAS 117, check here</b> <input checked="" type="checkbox"/> and complete lines 67 through 69 and lines 73 and 74.			
	67 Unrestricted	2,500,984.	67	3,490,217.
	68 Temporarily restricted	1,146,182.	68	888,225.
	69 Permanently restricted	1,002,100.	69	1,018,482.
	<b>Organizations that do not follow SFAS 117, check here</b> <input type="checkbox"/> 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 <b>Total net assets or fund balances.</b> Add lines 67 through 69 or lines 70 through 72. (Column (A) must equal line 19 and column (B) must equal line 21)	4,649,266.	73	5,396,924.	
74 <b>Total liabilities and net assets/fund balances.</b> Add lines 66 and 73	4,741,357.	74	5,504,324.	

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

<b>a</b>	Total revenue, gains, and other support per audited financial statements		<b>a</b>	3,461,855.
<b>b</b>	Amounts included on line <b>a</b> but not on Part I, line 12			
	1 Net unrealized gains on investments	<b>b1</b>	415,392.	
	2 Donated services and use of facilities	<b>b2</b>		
	3 Recoveries of prior year grants	<b>b3</b>		
	4 Other (specify) _____	<b>b4</b>		
	Add lines <b>b1</b> through <b>b4</b>		<b>b</b>	415,392.
<b>c</b>	Subtract line <b>b</b> from line <b>a</b>		<b>c</b>	3,046,463.
<b>d</b>	Amounts included on Part I, line 12, but not on line <b>a</b> :			
	1 Investment expenses not included on Part I, line 6b	<b>d1</b>		
	2 Other (specify) _____	<b>d2</b>		
	Add lines <b>d1</b> and <b>d2</b>		<b>d</b>	
<b>e</b>	<b>Total revenue</b> (Part I, line 12) Add lines <b>c</b> and <b>d</b>		<b>e</b>	3,046,463.

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

<b>a</b>	Total expenses and losses per audited financial statements		<b>a</b>	2,472,622.
<b>b</b>	Amounts included on line <b>a</b> but not on Part I, line 17.			
	1 Donated services and use of facilities	<b>b1</b>		
	2 Prior year adjustments reported on Part I, line 20	<b>b2</b>		
	3 Losses reported on Part I, line 20	<b>b3</b>		
	4 Other (specify) _____	<b>b4</b>		
	Add lines <b>b1</b> through <b>b4</b>		<b>b</b>	
<b>c</b>	Subtract line <b>b</b> from line <b>a</b>		<b>c</b>	2,472,622.
<b>d</b>	Amounts included on Part I, line 17, but not on line <b>a</b> :			
	1 Investment expenses not included on Part I, line 6b	<b>d1</b>		
	2 Other (specify) _____	<b>d2</b>		
	Add lines <b>d1</b> and <b>d2</b>		<b>d</b>	
<b>e</b>	<b>Total expenses</b> (Part I, line 17). Add lines <b>c</b> and <b>d</b>		<b>e</b>	2,472,622.

**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 and deferred compensation plans	(E) Expense account and other allowances
See Statement 7		115,702.	0.	0.
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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 as board meetings	9		
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)	See Statement 8	75b	X
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	X
d	Does the organization have a written conflict of interest policy?		75d	X

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
None				

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		X
77	Were any changes made in the organizing or governing documents but not reported to the IRS? If 'Yes,' attach a conformed copy of the changes.	77		X
78a	Did the organization have unrelated business gross income of \$1,000 or more during the year covered by this return?	78a		X
b	If 'Yes,' has it filed a tax return on Form 990-T for this year?	78b	N/A	
79	Was there a liquidation, dissolution, termination, or substantial contraction during the year? If 'Yes,' attach a statement	79		X
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	X	
b	If 'Yes,' enter the name of the organization			
	DAVID J. & MARY L.G. THEROUX FOUNDATION and check whether it is <input checked="" type="checkbox"/> exempt or <input type="checkbox"/> nonexempt.			
81a	Enter direct and indirect political expenditures (See line 81 instructions)	81a	0.	
b	Did the organization file Form 1120-POL for this year?	81b		X

**Part VI Other Information** (continued)

		Yes	No
<b>82a</b>	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?	X	
<b>82b</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.)		
<b>83a</b>	Did the organization comply with the public inspection requirements for returns and exemption applications?	X	
<b>83b</b>	Did the organization comply with the disclosure requirements relating to <i>quid pro quo</i> contributions?	X	
<b>84a</b>	Did the organization solicit any contributions or gifts that were not tax deductible?		X
<b>84b</b>	If 'Yes,' did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	N/A	
<b>85a</b>	<b>501(c)(4), (5), or (6) organizations.</b> Were substantially all dues nondeductible by members?	N/A	
<b>85b</b>	Did the organization make only in-house lobbying expenditures of \$2,000 or less?	N/A	
If 'Yes' was answered to either 85a or 85b, do not complete 85c through 85h below unless the organization received a waiver for proxy tax owed for the prior year.			
<b>85c</b>	Dues, assessments, and similar amounts from members	N/A	
<b>85d</b>	Section 162(e) lobbying and political expenditures	N/A	
<b>85e</b>	Aggregate nondeductible amount of section 6033(e)(1)(A) dues notices	N/A	
<b>85f</b>	Taxable amount of lobbying and political expenditures (line 85d less 85e)	N/A	
<b>85g</b>	Does the organization elect to pay the section 6033(e) tax on the amount on line 85f?	N/A	
<b>85h</b>	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?	N/A	
<b>86a</b>	<b>501(c)(7) organizations.</b> Enter. a Initiation fees and capital contributions included on line 12	N/A	
<b>86b</b>	b Gross receipts, included on line 12, for public use of club facilities	N/A	
<b>87a</b>	<b>501(c)(12) organizations.</b> Enter. a Gross income from members or shareholders	N/A	
<b>87b</b>	b Gross income from other sources. (Do not net amounts due or paid to other sources against amounts due or received from them.)	N/A	
<b>88a</b>	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		X
<b>88b</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		X
<b>89a</b>	<b>501(c)(3) organizations.</b> Enter. Amount of tax imposed on the organization during the year under: section 4911 <u>0.</u> , section 4912 <u>0.</u> , section 4955 <u>0.</u>		
<b>89b</b>	<b>501(c)(3) and 501(c)(4) organizations.</b> 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		X
<b>89c</b>	Enter. Amount of tax imposed on the organization managers or disqualified persons during the year under sections 4912, 4955, and 4958 <u>0.</u>		
<b>89d</b>	Enter. Amount of tax on line 89c, above, reimbursed by the organization <u>0.</u>		
<b>89e</b>	<b>All organizations.</b> At any time during the tax year, was the organization a party to a prohibited tax shelter transaction?		X
<b>89f</b>	<b>All organizations.</b> Did the organization acquire a direct or indirect interest in any applicable insurance contract?		X
<b>89g</b>	<b>For supporting organizations and sponsoring organizations maintaining donor advised funds.</b> Did the supporting organization, or a fund maintained by a sponsoring organization, have excess business holdings at any time during the year?		X
<b>90a</b>	List the states with which a copy of this return is filed <u>CA</u>		
<b>90b</b>	Number of employees employed in the pay period that includes March 12, 2006 (See instructions.)		24
<b>91a</b>	The books are in care of <u>MARY L.G. THEROUX</u> Telephone number <u>(510) 632-1366</u> Located at <u>100 SWAN WAY, SUITE 200, OAKLAND CA</u> ZIP + 4 <u>94621-1428</u>		
<b>91b</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)? If 'Yes,' enter the name of the foreign country		X

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)**

c At any time during the calendar year, did the organization maintain an office outside of the United States?

	Yes	No
91 c		X

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

N/A	<input type="checkbox"/>
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and enter the amount of tax-exempt interest received or accrued during the tax year

92

N/A

**Part VII Analysis of Income-Producing Activities (See 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 ADVERTISING	511190				
b BOOK SALES & ROYALTY					122,198.
c CONFERENCES					10,771.
d MAIL LIST			13	3,235.	
e SCHOLARSHIP APPLICATIONS					5,391.
f Medicare/Medicaid payments					
g Fees & contracts from government agencies					
94 Membership dues and assessments					
95 Interest on savings & temporary cash investments			14	31,420.	
96 Dividends & interest from securities			14	139,429.	
97 Net rental income or (loss) from real estate					
a debt-financed property					
b not debt-financed property					
98 Net rental income or (loss) from personal property					
99 Other investment income					
100 Gain or (loss) from sales of assets other than inventory			18	38,824.	
101 Net income or (loss) from special events					
102 Gross profit or (loss) from sales of inventory					
103 Other revenue. a _____					
b _____					
c _____					
d _____					
e _____					
104 Subtotal (add columns (B), (D), and (E))				212,908.	138,360.
105 Total (add line 104, columns (B), (D), and (E))					351,268.

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).
93 b	Sales of publications disseminate the Institute's research.
93 c	Conferences disseminate the Institute's research and provide forums for discussing issues and current developments related to this work.
93 e	Scholarship eligibility is established through application processing.

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

(A)	(B)	(C)	(D)	(E)
Name, address, and EIN of corporation, partnership, or disregarded entity	Percentage of ownership interest			
N/A	%			
	%			
	%			
	%			

**Part X Information Regarding Transfers Associated with**

a Did the organization, during the year, receive any funds, directly or indirectly, to pay premiums?

b Did the organization, during the year, pay premiums, directly or indirectly, for...?

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
<b>106</b> 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	<input type="checkbox"/>	<input checked="" type="checkbox"/>

	(A) Name, address, of each controlled entity	(B) Employer Identification Number	(C) Description of transfer	(D) Amount of transfer
a	-----			
b	-----			
c	-----			
<b>Totals</b>				

	Yes	No
<b>107</b> 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	<input type="checkbox"/>	<input checked="" type="checkbox"/>

	(A) Name, address, of each controlled entity	(B) Employer Identification Number	(C) Description of transfer	(D) Amount of transfer
a	-----			
b	-----			
c	-----			
<b>Totals</b>				

	Yes	No
<b>108</b> Did the organization have a binding written contract in effect on August 17, 2006, covering the interest, rents, royalties, and annuities described in question 107 above?	<input type="checkbox"/>	<input checked="" type="checkbox"/>

**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.

*May Z. Sherant* Signature of officer  2-12-08 Date  
 *Mary Theroux, Senior Vice President* Type or print name and title

**Paid Preparer's Use Only**

Preparer's signature: *J. Barry Macdonald* Date: **JAN 30 2008**

Firm's name (or yours if self-employed), address, and ZIP + 4: **J. BARRY MACDONALD, CPA  
220 MONTGOMERY ST STE 990  
SAN FRANCISCO, CA 94104**

Check if self-employed:  Preparer's SSN or PTIN (See General Instruction W): **N/A**

EIN: **N/A** Phone no: **(415) 397-9300**

BAA

**SCHEDULE A**  
**(Form 990 or 990-EZ)**

**Organization Exempt Under**  
**Section 501(c)(3)**

OMB No 1545 0047

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

**2006**

Department of the Treasury  
Internal Revenue Service

**Supplementary Information — (See separate instructions.)**

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

Name of the organization

THE INDEPENDENT INSTITUTE

Employer identification number

94-3008370

**Part I Compensation of the Five Highest Paid Employees Other Than Officers, Directors, and Trustees**  
(See 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 and deferred compensation	(e) Expense account and other allowances
See Statement 9		436,412.	0.	0.

Total number of other employees paid over \$50,000 ▶

0

**Part II - A Compensation of the Five Highest Paid Independent Contractors for Professional Services**  
(See 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
ROBERT HIGGS 100 SWAN WAY, SUITE 200 OAKLAND, CS 94621	EDITOR INDEP REVIEW	60,000.

Total number of others receiving over \$50,000 for professional services ▶

0

**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 instructions.)

(a) Name and address of each independent contractor paid more than \$50,000	(b) Type of service	(c) Compensation
None		

Total number of other contractors receiving over \$50,000 for other services ▶

0

**Part III** Statements About Activities (See instructions.)

**1** During the year, has the organization attempted to influence national, state, or local legislation, including any attempt to influence public opinion on a legislative matter or referendum? If 'Yes,' enter the total expenses paid or incurred in connection with the lobbying activities ▶ \$ N/A  
(Must equal amounts on line 38, Part VI-A, or line i of Part VI-B.)

	Yes	No
<b>1</b>		X

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.)

See Statement 10

**a** Sale, exchange, or leasing of property?

<b>2a</b>	X	
-----------	---	--

**b** Lending of money or other extension of credit?

<b>2b</b>		X
-----------	--	---

**c** Furnishing of goods, services, or facilities?

<b>2c</b>	X	
-----------	---	--

See Form 990, Part V

**d** Payment of compensation (or payment or reimbursement of expenses if more than \$1,000)?

<b>2d</b>	X	
-----------	---	--

**e** Transfer of any part of its income or assets?

<b>2e</b>		X
-----------	--	---

**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.)

<b>3a</b>	X	
-----------	---	--

**b** Did the organization have a section 403(b) annuity plan for its employees?

<b>3b</b>	X	
-----------	---	--

**c** Did the organization receive or hold an easement for conservation purposes, including easements to preserve open space, the environment, historic land areas or historic structures? If 'Yes,' attach a detailed statement

<b>3c</b>		X
-----------	--	---

**d** Did the organization provide credit counseling, debt management, credit repair, or debt negotiation services?

<b>3d</b>		X
-----------	--	---

**4a** Did the organization maintain any donor advised funds? If 'Yes,' complete lines 4b through 4g. If 'No,' complete lines 4f and 4g.

<b>4a</b>		X
-----------	--	---

**b** Did the organization make any taxable distributions under section 4966?

<b>4b</b>	N/A	
-----------	-----	--

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

<b>4c</b>	N/A	
-----------	-----	--

**d** Enter the total number of donor advised funds owned at the end of the tax year ▶ N/A

**e** Enter the aggregate value of assets held in all donor advised funds owned at the end of the tax year ▶ N/A

**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 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 33-1/3% of its support from contributions, membership fees, and gross receipts from activities related to its charitable, etc., functions – subject to certain exceptions, and (2) no more than 33-1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975. See section 509(a)(2). (Also complete the **Support Schedule** in Part IV-A.)
- 13  An organization that is not controlled by any disqualified persons (other than foundation managers) and 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 instructions.)

(a) Name(s) of supported organization(s)	(b) Employer identification number (EIN)	(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?		(e) Amount of support
			Yes	No	
<b>Total</b>					0.

- 14  An organization organized and operated to test for public safety. Section 509(a)(4). (See 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
<b>15</b> Gifts, grants, and contributions received. (Do not include unusual grants. See line 28.)	2,265,673.	2,622,715.	2,156,920.	2,292,703.	9,338,011.
<b>16</b> Membership fees received					0.
<b>17</b> 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	228,181.	223,932.	165,531.	196,810.	814,454.
<b>18</b> 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	163,324.	86,771.	43,393.	32,630.	326,118.
<b>19</b> Net income from unrelated business activities not included in line 18					0.
<b>20</b> Tax revenues levied for the organization's benefit and either paid to it or expended on its behalf					0.
<b>21</b> 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.
<b>22</b> Other income. Attach a schedule. Do not include gain or (loss) from sale of capital assets					0.
<b>23</b> Total of lines 15 through 22	2,657,178.	2,933,418.	2,365,844.	2,522,143.	10,478,583.
<b>24</b> Line 23 minus line 17	2,428,997.	2,709,486.	2,200,313.	2,325,333.	9,664,129.
<b>25</b> Enter 1% of line 23	26,572.	29,334.	23,658.	25,221.	

<b>26 Organizations described on lines 10 or 11:</b>	a Enter 2% of amount in column (e), line 24	<b>26a</b>	193,283.
<b>b</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		<b>26b</b>	3,797,508.
<b>c</b> Total support for section 509(a)(1) test. Enter line 24, column (e).		<b>26c</b>	9,664,129.
<b>d</b> Add. Amounts from column (e) for lines	18 <u>326,118.</u> 19 _____	<b>26d</b>	4,123,626.
	22 _____ 26b <u>3,797,508.</u>	<b>26e</b>	5,540,503.
<b>e</b> Public support (line 26c minus line 26d total)		<b>26e</b>	5,540,503.
<b>f</b> Public support percentage (line 26e (numerator) divided by line 26c (denominator))		<b>26f</b>	57.33 %

<b>27 Organizations described on line 12:</b>	N/A		
<b>a</b> 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>b</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) _____		
<b>c</b> Add. Amounts from column (e) for lines:	15 _____	16 _____	
	17 _____	20 _____	21 _____
<b>d</b> Add. Line 27a total _____ and line 27b total _____			<b>27c</b> _____
<b>e</b> Public support (line 27c total minus line 27d total)			<b>27d</b> _____
<b>f</b> Total support for section 509(a)(2) test. Enter amount from line 23, column (e)		<b>27f</b> _____	<b>27e</b> _____
<b>g</b> Public support percentage (line 27e (numerator) divided by line 27f (denominator))			<b>27g</b> _____ %
<b>h</b> Investment income percentage (line 18, column (e) (numerator) divided by line 27f (denominator))			<b>27h</b> _____ %

**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 instructions.)  
 (To be completed ONLY by schools that checked the box on line 6 in Part IV)

N/A

**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?

	Yes	No
29		

**30** Does the organization include a statement of its racially nondiscriminatory policy toward students in all its brochures, catalogues, and other written communications with the public dealing with student admissions, programs, and scholarships?

30		
----	--	--

**31** Has the organization publicized its racially nondiscriminatory policy through newspaper or broadcast media during the period of solicitation for students, or during the registration period if it has no solicitation program, in a way that makes the policy known to all parts of the general community it serves?  
 If 'Yes,' please describe, if 'No,' please explain. (If you need more space, attach a separate statement.)

31		
----	--	--

-----  
 -----  
 -----

**32** Does the organization maintain the following.

**a** Records indicating the racial composition of the student body, faculty, and administrative staff?

32a		
-----	--	--

**b** Records documenting that scholarships and other financial assistance are awarded on a racially nondiscriminatory basis?

32b		
-----	--	--

**c** Copies of all catalogues, brochures, announcements, and other written communications to the public dealing with student admissions, programs, and scholarships?

32c		
-----	--	--

**d** Copies of all material used by the organization or on its behalf to solicit contributions?

32d		
-----	--	--

If you answered 'No' to any of the above, please explain. (If you need more space, attach a separate statement.)

-----  
 -----

**33** Does the organization discriminate by race in any way with respect to.

**a** Students' rights or privileges?

33a		
-----	--	--

**b** Admissions policies?

33b		
-----	--	--

**c** Employment of faculty or administrative staff?

33c		
-----	--	--

**d** Scholarships or other financial assistance?

33d		
-----	--	--

**e** Educational policies?

33e		
-----	--	--

**f** Use of facilities?

33f		
-----	--	--

**g** Athletic programs?

33g		
-----	--	--

**h** Other extracurricular activities?

33h		
-----	--	--

If you answered 'Yes' to any of the above, please explain. (If you need more space, attach a separate statement.)

-----  
 -----  
 -----

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

N/A

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												
<b>36</b>	Total lobbying expenditures to influence public opinion (grassroots lobbying)	<b>36</b>													
<b>37</b>	Total lobbying expenditures to influence a legislative body (direct lobbying)	<b>37</b>													
<b>38</b>	Total lobbying expenditures (add lines 36 and 37)	<b>38</b>													
<b>39</b>	Other exempt purpose expenditures	<b>39</b>													
<b>40</b>	Total exempt purpose expenditures (add lines 38 and 39)	<b>40</b>													
<b>41</b>	Lobbying nontaxable amount. Enter the amount from the following table -- <table border="0" style="width: 100%; margin-top: 5px;"> <tr> <td style="width: 50%;"><b>If the amount on line 40 is --</b></td> <td style="width: 50%;"><b>The lobbying nontaxable amount is --</b></td> </tr> <tr> <td>Not over \$500,000</td> <td>20% of the amount on line 40</td> </tr> <tr> <td>Over \$500,000 but not over \$1,000,000</td> <td>\$100,000 plus 15% of the excess over \$500,000</td> </tr> <tr> <td>Over \$1,000,000 but not over \$1,500,000</td> <td>\$175,000 plus 10% of the excess over \$1,000,000</td> </tr> <tr> <td>Over \$1,500,000 but not over \$17,000,000</td> <td>\$225,000 plus 5% of the excess over \$1,500,000</td> </tr> <tr> <td>Over \$17,000,000</td> <td>\$1,000,000</td> </tr> </table>	<b>If the amount on line 40 is --</b>	<b>The lobbying nontaxable amount is --</b>	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	<b>41</b>	
<b>If the amount on line 40 is --</b>	<b>The lobbying nontaxable amount is --</b>														
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														
<b>42</b>	Grassroots nontaxable amount (enter 25% of line 41)	<b>42</b>													
<b>43</b>	Subtract line 42 from line 36. Enter -0- if line 42 is more than line 36	<b>43</b>													
<b>44</b>	Subtract line 41 from line 38. Enter -0- if line 41 is more than line 38	<b>44</b>													

**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.)

Calendar year (or fiscal year beginning in) ▶	Lobbying Expenditures During 4-Year Averaging Period				
	(a) 2006	(b) 2005	(c) 2004	(d) 2003	(e) Total
<b>45</b> Lobbying nontaxable amount					
<b>46</b> Lobbying ceiling amount (150% of line 45(e))					
<b>47</b> Total lobbying expenditures					
<b>48</b> Grassroots non-taxable amount					
<b>49</b> Grassroots ceiling amount (150% of line 48(e))					
<b>50</b> 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 instructions.)

N/A

During the year, did the organization attempt to influence national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of:

- 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.)

Yes	No	Amount

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 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?

- a Transfers from the reporting organization to a noncharitable exempt organization of:
  - (i) Cash
  - (ii) Other assets
- b Other transactions.
  - (i) Sales or exchanges of assets with a noncharitable exempt organization
  - (ii) Purchases of assets from a noncharitable exempt organization
  - (iii) Rental of facilities, equipment, or other assets
  - (iv) Reimbursement arrangements
  - (v) Loans or loan guarantees
  - (vi) Performance of services or membership or fundraising solicitations
- c Sharing of facilities, equipment, mailing lists, other assets, or paid employees

	Yes	No
51 a (i)		X
a (ii)		X
b (i)		X
b (ii)		X
b (iii)		X
b (iv)		X
b (v)		X
b (vi)		X
c		X

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

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

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
N/A		



## THE INDEPENDENT INSTITUTE

94-3008370

**Statement 1**  
**Form 990, Part I, Line 8**  
**Net Gain (Loss) from Noninventory Sales**

Publicly Traded Securities

Gross Sales Price: 1,303,560.  
 Cost or Other Basis: 1,264,736.

Total Gain (Loss) Publicly Traded Securities \$ 38,824.

Total Net Gain (Loss) From Noninventory Sales \$ 38,824.

**Statement 2**  
**Form 990, Part I, Line 20**  
**Other Changes in Net Assets or Fund Balances**

DECREASE IN TEMPORARILY RESTRICTED NET ASSETS	\$	-257,957.
INCREASE IN PERMANENTLY RESTRICTED NET ASSETS		16,382.
UNREALIZED INVESTMENT INCOME		415,392.
Total	\$	<u>173,817.</u>

**Statement 3**  
**Form 990, Part III**  
**Organization's Primary Exempt Purpose**

Independent Research & Educational Organization

**Statement 4**  
**Form 990, Part III, Line a**  
**Statement of Program Service Accomplishments**

<u>Description</u>	<u>Grants and Allocations</u>	<u>Program Service Expenses</u>
<p>Research. Independent and non-partisan research and analysis of government, economic and social issues through Centers on Educational Excellence, Entrepreneurial Innovation, Health &amp; the Environment, Law &amp; Justice, Peace &amp; Liberty and Global Prosperity.</p> <p style="text-align: right;">Includes Foreign Grants: No</p>		587,617.
<p>Books and Publications. Published books, a quarterly journal, policy studies and commentary for policy makers, civic and business leaders, scholars and students. All publications are subject to peer-review and propose sound solutions to major social and economic issues.</p> <p style="text-align: right;">Includes Foreign Grants: No</p>		1,091,290.
<p>Newsletters &amp; Conferences. Sponsored Independent Policy Forums and other events, which are also shown on TV and are available on Web site as transcripts and audio files. Institute programs are reported in The Independent</p>		

## THE INDEPENDENT INSTITUTE

94-3008370

Statement 4 (continued)  
Form 990, Part III, Line a  
Statement of Program Service Accomplishments

Description	Grants and Allocations	Program Service Expenses
Newsletter and The Lighthouse (weekly email update). Includes Foreign Grants: No		233,930.
The Independent Scholarship Fund awarded tuition assistance to low- to moderate-income families in Contra Costa and Alameda Counties in California helping families achieve better education for their children by enabling greater choice among competing schools. Includes Foreign Grants: No	149,063.	213,375.
	<u>\$ 149,063.</u>	<u>\$ 2,126,212.</u>

Statement 5  
Form 990, Part IV, Line 54a  
Investments - Publicly Traded Securities

Corporate Stocks	Valuation Method	Amount
PUBLICLY TRADED CORPORATE STOCK	Market Value	\$ 1,926,848.
	Total	\$ 1,926,848.
Other Publicly Traded Securities	Valuation Method	Amount
PUBLICLY TRADED MUTUAL FUNDS	Market Value	1,952,303.
PUBLICLY TRADED REIT	Market Value	204,533.
	Total	\$ 2,156,836.
Publicly Traded Securities		<u>\$ 4,083,684.</u>

Statement 6  
Form 990, Part IV, Line 57  
Land, Buildings, and Equipment

Category	Basis	Accum. Deprec.	Book Value
Furniture and Fixtures	\$ 38,040.	\$ 15,338.	\$ 22,702.
Machinery and Equipment	168,784.	148,209.	20,575.
Improvements	17,637.	16,628.	1,009.
Total	<u>\$ 224,461.</u>	<u>\$ 180,175.</u>	<u>\$ 44,286.</u>

## THE INDEPENDENT INSTITUTE

94-3008370

**Statement 7**  
**Form 990, Part V-A**  
**List of Officers, Directors, Trustees, and Key Employees**

<u>Name and Address</u>	<u>Title and Average Hours Per Week Devoted</u>	<u>Compen- sation</u>	<u>Contri- bution to EBP &amp; DC</u>	<u>Expense Account/ Other</u>	
ROBERT ERWIN 100 SWAN WAY, SUITE 200 OAKLAND, CA 94621	Director 0	\$ 0.	\$ 0.	\$ 0.	
JAMES D. FAIR III 100 SWAN WAY, SUITE 200 OAKLAND, CA 94621	Director 0	0.	0.	0.	
PETER HOWLEY 100 SWAN WAY, SUITE 200 OAKLAND, CA 94621	Director 0	0.	0.	0.	
DIETER TEDE 100 SWAN WAY, SUITE 200 OAKLAND, CA 94621	Director 0	0.	0.	0.	
DAVID J. THEROUX 100 SWAN WAY, SUITE 200 OAKLAND, CA 94621	Director & Pres 40	9,600.	0.	0.	
MARY L.G. THEROUX 100 SWAN WAY, SUITE 200 OAKLAND, CA 94621	Director & VP 0	0.	0.	0.	
SALLY VON BEHREN 100 SWAN WAY, SUITE 200 OAKLAND, CA 94621	Director 0	0.	0.	0.	
ISABELLA JOHNSON 100 SWAN WAY, SUITE 200 OAKLAND, CA 94621	Director 0	0.	0.	0.	
GILBERT COLLINS 100 SWAN WAY, SUITE 200 OAKLAND, CA 94621	Director 0	0.	0.	0.	
MARTIN BUERGER 100 SWAN WAY, SUITE 200 OAKLAND, CA 94621	Vice President 40	106,102.	0.	0.	
		Total \$	<u>115,702.</u>	\$ <u>0.</u>	\$ <u>0.</u>

**Statement 8**  
**Form 990, Part V-A, Line 75b**  
**Compensation Paid to Related Individuals**

Name and Relationship

DAVID THEROUX

## THE INDEPENDENT INSTITUTE

94-3008370

**Statement 8 (continued)**  
**Form 990, Part V-A, Line 75b**  
**Compensation Paid to Related Individuals**

RELATED TO MARY THEROUX BY MARRIAGE.

MARY THEROUX  
 RELATED TO DAVID THEROUX BY MARRIAGE.

**Statement 9**  
**Schedule A, Part I**  
**Compensation of Five Highest Paid Employees**

Name and Address	Title & Average Hours Worked	Compen- sation	Contribut. EBP & DC	Expense Account
IVAN ELAND 100 SWAN WAY, SUITE 200 OAKLAND, CA 94621	SENIOR FELLOW 40	110,986.	0.	0.
CARL CLOSE 100 SWAN WAY, SUITE 200 OAKLAND, CA 94621	ACADEMIC AFFAIR 40	59,519.	0.	0.
ALVARO VARGAS LLOSA 100 SWAN WAY, SUITE 200 OAKLAND, CA 94621	SENIOR FELLOW 40	104,600.	0.	0.
PATRICIA ROSE 100 SWAN WAY, SUITE 200 OAKLAND, CA 94621	PUBLIC AFFAIRS 40	72,992.	0.	0.
FRED HAMDEN 100 SWAN WAY, SUITE 200 OAKLAND, 94621 94621	SALES & MARKET 40	88,315.	0.	0.
Total		<u>\$ 436,412.</u>	<u>\$ 0.</u>	<u>\$ 0.</u>

**Statement 10**  
**Schedule A, Part III, Line 2**  
**Transactions with Trustees, Directors, Etc.**

THE INSTITUTE'S ADMINISTRATIVE OFFICES ARE RENTED FROM A TAXABLE ENTITY THAT IS RELATED TO A DIRECTOR. RENT CHARGED IS SUBSTANTIALLY BELOW FAIR MARKET VALUE.

Independent Scholarship Fund Recipients

6/30/2007

Wesley-Long	Isaiah	P.O. Box 273685	Concord	CA	\$1,500.00
Orozco	Mary	2359 35th Avenue	Oakland	CA	\$1,500.00
Diermier	Jamie	2262 Mt. Whitney Drive	Pittsburg	CA	\$1,500.00
Ma	Jessica	1121 Minerva Street	San Leandro	CA	\$1,500.00
Orozco	Alfonso	2359 35th Avenue	Oakland	CA	\$1,500.00
Gavin	Zachary	2961 Crawford Street	Concord	CA	\$1,500.00
Fosbery	Peter	P. O. Box 485	Clayton	CA	\$1,500.00
Fosbery	Anabella	P. O. Box 485	Clayton	CA	\$1,462.50
Esteban	Valerie Anne	P.O. Box 2682	Antioch	CA	\$1,500.00
Johnson	Janiyah	4730 Castilla Avenue	Richmond	CA	\$1,500.00
Hollman	Nailah	4730 Castilla Avenue	Richmond	CA	\$1,500.00
Paniagua	Natali	3121 Barrett Avenue	Richmond	CA	\$1,500.00
Trujillo	Jennifer	4332 Ferdinanda Place	Castro Valley	CA	\$1,500.00
Tancioco	Roland	P. O. Box 272515	Concord	CA	\$1,500.00
Vizcarra	Anthony	504 West Madill Street	Antioch	CA	\$1,500.00
Yu	Florence	1922 Nome Street	San Leandro	CA	\$1,500.00
Yu	Etienne	1922 Nome Street	San Leandro	CA	\$1,500.00
Bulnes	Shekanah	1807 - 104th Avenue	Oakland	CA	\$1,500.00
Lucido	Mikaila	11 Fawn Court	Oakley	CA	\$1,500.00
Rodriguez	Josue	1515 Rutherford Lane	Oakley	CA	\$1,500.00
Belcher	T'arri	2490 Taylor Way	Antioch	CA	\$1,500.00
Stevenson	Kelsey	2400 Shady Willow Lane, #22G	Brentwood	CA	\$1,500.00
Washington	Isaiah	1369 61st Avenue	Oakland	CA	\$1,500.00
Haile	Lingo	215 W. MacArthur Boulevard #450	Oakland	CA	\$1,500.00
Truong	Davis	3124 Coolidge Avenue	Oakland	CA	\$1,500.00
Williams	Corinne	4401 Camden Street	Oakland	CA	\$1,500.00
Lee	Brandon	2267 Tringo Court	San Leandro	CA	\$1,500.00
Rodriguez	Elizabeth	1515 Rutherford Lane	Oakley	CA	\$1,500.00
Reyes	Aleena	725 McLaughlin Street	Richmond	CA	\$1,500.00
Klein	Rebecca	2867 Richard Avenue	Concord	CA	\$1,500.00
Wong	Holly	2716 Moyers Road	Richmond	CA	\$1,500.00
Morris	Jane't	8606 MacArthur Boulevard	Oakland	CA	\$1,500.00
Batiste	Adrienne	5815 Leona Street	Oakland	CA	\$1,500.00
Batiste	Simone	5815 Leona Street	Oakland	CA	\$1,500.00
Van Krieken	Vance	2006 Santa Clara Avenue	Alameda	CA	\$1,500.00
Duenas	Ashley	6116 Bromley Avenue	Oakland	CA	\$1,500.00
Zhang	George	15056 Andover Street	San Leandro	CA	\$1,500.00
Kazmi	Aliza	P. O. Box 5810	Hercules	CA	\$1,500.00
Moosa	Reema	785 Rock Rose Court	Hayward	CA	\$1,500.00
Mai	Kevin	3708 Arlington Circle	Pittsburg	CA	\$1,500.00
Mai	Raymond	3708 Arlington Circle	Pittsburg	CA	\$1,500.00
Gallagher	Andrea	937 Ventura Drive	Pittsburg	CA	\$1,500.00
Pearsall	Olivia	1024 Kenston Drive	Clayton	CA	\$1,500.00
Gallager	James	1815 Highland Place	Berkeley	CA	\$1,500.00
Saini	Navdeep	5208 Elm Lane	Oakley	CA	\$1,500.00
Frame-Rice	Heidi	603 Winslow	Crockett	CA	\$1,500.00
Philips	Julia	9837 Lawlor Street	Oakland	CA	\$1,500.00
Fabian	Meghan	3720 Mosswood Drive	Lafayette	CA	\$1,500.00
Lee	Crystal	2930 Bona Street	Oakland	CA	\$1,500.00
Lee	Alvin	2930 Bona Street	Oakland	CA	\$1,500.00
Gavin	Nicholas	2961 Crawford Street	Concord	CA	\$1,500.00

Independent Scholarship Fund Recipients

6/30/2007

Galdamez, Jr.	Saul	2225 35th Avenue, Apt. B	Oakland	CA	\$1,500.00
Fields II	Gary	2077 Washington Avenue #108	San Leandro	CA	\$1,500.00
Fenta	Michelle	2250 Sleepy Hollow Avenue	Hayward	CA	\$1,500.00
Fenta	Danielle	2250 Sleepy Hollow Avenue	Hayward	CA	\$1,500.00
Ku	Justin	1358 Devonshire Ave.	San Leandro	CA	\$1,500.00
Lucido	Dante	11 Fawn Court	Oakley	CA	\$1,500.00
Saini	Navneet	5208 Elm Lane	Oakley	CA	\$1,500.00
Silva	Peter	568 Pomona St.	San Lorenzo	CA	\$1,500.00
Wilson	Stacey	1072 Sandpoint Dr.	Rodeo	CA	\$1,500.00
Gonzalez	Brenda	15731 Via Nueva	San Lorenzo	CA	\$1,500.00
Halloran	Lauren	3315 Baddin Rd.	Castro Valley	CA	\$1,500.00
Ross	Jada	2465 Manchester Avenue	San Pablo	CA	\$1,500.00
Batiste	Camille	5815 Leona Street	Oakland	CA	\$1,500.00
Fosbery	Allison	P. O. Box 485	Clayton	CA	\$1,500.00
Humphreys	Kayla	912 Union Street	Oakland	CA	\$1,500.00
Love	Aubrey	499 Chetwood St. Apt. #6	Oakland	CA	\$1,500.00
Mafi	Tevita	1278 79th Ave.	Oakland	CA	\$1,500.00
Sandoval	Martha	3421 Hudson Court Apt. #44	Antioch	CA	\$1,500.00
Delgado	Javier	221 Sunset Drive, Apt #6	Antioch	CA	\$1,500.00
Nishi	Stephanie	15 Alida Court	Oakland	CA	\$1,500.00
McNamara	Rachael	1919 Jacqueline Way	Concord	CA	\$1,500.00
Mei	Benny	4001 Quigley Street, Apt.1	Oakland	CA	\$1,500.00
Orozco	Nestor	2359 35th Avenue	Oakland	CA	\$1,500.00
Tran	Thomas	2646 Moyers Road	Richmond	CA	\$1,500.00
Tran	Jennifer	2646 Moyers Road	Richmond	CA	\$1,500.00
Tran	Heather	2646 Moyers Road	Richmond	CA	\$1,500.00
Wong	Lily	1620 38th Avenue #3	Oakland	CA	\$1,500.00
Lopez	Nadia	919 Elgin Street	San Lorenzo	CA	\$1,500.00
Archie	Chloe	1067 57th Street	Oakland	CA	\$1,500.00
Crego-Emley	Amanda	321 Tunnel Avenue	Richmond	CA	\$1,500.00
Garcia	Edwin	1519 52nd Avenue	Oakland	CA	\$1,500.00
Craig	Kayla	1781 Cedarwood Terrace	Brentwood	CA	\$1,500.00
Coulthard	Lauren	38474 Blacow Road	Fremont	CA	\$1,500.00
Kerns	Travis	1564-A Fitzgerald Drive #415	Pinole	CA	\$1,500.00
Dunbar	Christian	2922 Bluebell Circle	Antioch	CA	\$1,500.00
Moffett	Roy	4319 Thornhill Place	Pittsburg	CA	\$1,500.00
Macklin	Rikki	130 Army Street	Pittsburg	CA	\$1,500.00
Newcomb	Megan	5635 Grisborne Avenue	Oakland	CA	\$1,500.00
Penate	Marina	1072 Craftsman Drive	Hercules	CA	\$1,500.00
Tucker	Nielah	3074 Broadmoor VW	Oakland	CA	\$1,500.00
Yarnell	Tiffany	424 Maureen Lane	Pleasant Hill	CA	\$1,500.00
Wallace	Otische	459 Laurel Avenue	Hayward	CA	\$1,500.00
Wallace	Deztiny	459 Laurel Avenue	Hayward	CA	\$1,500.00
Casco	Victor	1326 California Avenue	San Pablo	CA	\$1,500.00
Kwon	Jeremy	1363 High Street #C	Alameda	CA	\$1,500.00
Walker	Lashai	1219 106th Avenue	Oakland	CA	\$1,500.00
Kazmi	Rida	P. O. Box 5810	Hercules	CA	\$1,500.00
Allen	Darius	25658 University Street	Hayward	CA	\$600.00
Baltazar	Vanessa	4287 Brentwood Circle	Concord	CA	\$1,500.00

- If you are filing for an **Additional (not automatic) 3-Month Extension**, complete only **Part II** and check this box  **Note.** Only complete Part II if you have already been granted an automatic 3-month extension on a previously filed Form 8868
- If you are filing for an **Automatic 3-Month Extension**, complete only **Part I** (on page 1)

**Part II Additional (not automatic) 3-Month Extension of Time.** You must file original and one copy.

Type or print	Name of Exempt Organization <b>THE INDEPENDENT INSTITUTE</b>	Employer identification number <b>94 3008370</b>
	Number, street, and room or suite no. If a P O box, see instructions <b>100 SWAN WAY #200</b>	For IRS use only
	City, town or post office, state, and ZIP code For a foreign address, see instructions <b>OAKLAND, CA 94621</b>	

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

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

**STOP! Do not complete Part II if you were not already granted an automatic 3-month extension on a previously filed Form 8868.**

• The books are in the care of **MARY THEROUX**

Telephone No. **( 510 ) 632-1366** FAX No. **( 510 ) 568-6040**

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

- I request an additional 3-month extension of time until **MAY 15**, 20**08**.
- For calendar year \_\_\_\_\_, or other tax year beginning **JUL 1**, 20**06**, and ending **JUN 30**, 20**07**.
- If this tax year is for less than 12 months, check reason:  Initial return  Final return  Change in accounting period
- State in detail why you need the extension  
**ADDITIONAL TIME IS REQUIRED TO GATHER INFORMATION NECESSARY FOR A COMPLETE RETURN.**

<b>8a</b> If this application is for Form 990-BL, 990-PF, 990-T, 4720, or 6069, enter the tentative tax, less any nonrefundable credits. See instructions.	<b>8a</b>	\$
<b>b</b> If this application is for Form 990-PF, 990-T, 4720, or 6069, enter any refundable credits and estimated tax payments made. Include any prior year overpayment allowed as a credit and any amount paid previously with Form 8868.	<b>8b</b>	\$
<b>c Balance Due.</b> Subtract line 8b from line 8a. Include your payment with this form, or, if required, deposit with FTD coupon or, if required, by using EFTPS (Electronic Federal Tax Payment System). See instructions.	<b>8c</b>	\$

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

Signature *J. Barry Macdonald* Title **CERTIFIED PUBLIC ACCOUNTANT**  
**220 MONTGOMERY STREET, SUITE 990**  
**SAN FRANCISCO, CA 94104** **JAN 7 2008**

- We have approved this application. Please attach this form to the organization's return.
- We have not approved this application. However, we have granted a 10-day grace period from the later of the date shown below or the due date of the organization's return (including any prior extensions). This grace period is considered to be a valid extension of time for elections otherwise required to be made on a timely return. Please attach this form to the organization's return.
- We have not approved this application. After considering the reasons stated in Item 7, we cannot grant your request for an extension of time to file. We are not granting a 10-day grace period.
- We cannot consider this application because it was filed after the extended due date of the return for which an extension was requested.
- Other \_\_\_\_\_

Director \_\_\_\_\_ By \_\_\_\_\_ Date \_\_\_\_\_

**Alternate Mailing Address.** Enter the address if you want the copy of this application for an additional 3-month extension returned to an address different than the one entered above.

Type or print	Name <b>J. BARRY MACDONALD, CPA</b>
	Number and street (include suite, room, or apt. no.) or a P.O. box number <b>220 MONTGOMERY ST, STE 990</b>
	City or town, province or state, and country (including postal or ZIP code) <b>SAN FRANCISCO, CA 94104</b>