

**Return of Private Foundation  
or Section 4947(a)(1) Nonexempt Charitable Trust  
Treated as a Private Foundation**

*Note: The organization may be able to use a copy of this return to satisfy state reporting requirements*

For calendar year 2005, or tax year beginning \_\_\_\_\_, and ending \_\_\_\_\_

**G** Check all that apply:  Initial return  Final return  Amended return  Address change  Name change

<p><b>Use the IRS label. Otherwise, print or type. See Specific Instructions.</b></p>	<p>Name of organization <b>Aequus Institute</b></p> <p>Number and street (or P O box number if mail is not delivered to street address) Room/suite <b>P.O. Box 3485</b></p> <p>City or town, state, and ZIP code <b>Elmira NY 14905</b></p>	<p><b>A Employer identification number</b> 52-1620982</p> <p><b>B Telephone number (see page 10 of the instructions)</b> 800-441-1963</p>
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**H** Check type of organization:  Section 501(c)(3) exempt private foundation  
 Section 4947(a)(1) nonexempt charitable trust  Other taxable private foundation

**I** Fair market value of all assets at end of year (from Part II, col. (c), line 16) ▶ \$ 5,565,684

**J** Accounting method:  Cash  Accrual  
 Other (specify) \_\_\_\_\_ (Part I, column (d) must be on cash basis)

**C** If exemption application is pending, check here ▶

**D** 1. Foreign organizations, check here ▶   
 2. Foreign organizations meeting the 85% test, check here and attach computation ▶

**E** If private foundation status was terminated under section 507(b)(1)(A), check here ▶

**F** If the foundation is in a 60-month termination under section 507(b)(1)(B), check here ▶

<b>Part I Analysis of Revenue and Expenses</b> (The total of amounts in columns (b), (c), and (d) may not necessarily equal the amounts in column (a) (see page 11 of the instructions))		(a) Revenue and expenses per books	(b) Net investment income	(c) Adjusted net income	(d) Disbursements for charitable purposes (cash basis only)
	1 Contributions, gifts, grants, etc., received (attach schedule)	158			
	2 Check <input checked="" type="checkbox"/> if the foundation is not required to attach Sch B				
	3 Interest on savings and temporary cash investments	63	63	63	
	4 Dividends and interest from securities	110,567	110,567	110,567	
	5 a Gross rents				
	b Net rental income or (loss)				
	6 a Net gain or (loss) from sale of assets not on line 10	765,027			
	b Gross sales price for all assets on line 6a 1,197,840				
	7 Capital gain net income (from Part IV, line 2)		765,027		
	8 Net short-term capital gain			38,547	
	9 Income modifications				
	10 a Gross sales less returns and allowances 2,346				
	b Less Cost of goods sold				
	c Gross profit or (loss) (attach schedule)	2,346			
	11 Other income (attach schedule)				
	12 <b>Total.</b> Add lines 1 through 11	878,161	875,657	149,177	
Operating and Administrative Expenses	13 Compensation of officers, directors, trustees, etc.	49,000	24,250		24,750
	14 Other employee salaries and wages	50,748	12,687		38,061
	15 Pension plans, employee benefits	11,762	2,941		8,821
	16 a Legal fees (attach schedule)	22,357	11,179		11,178
	b Accounting fees (attach schedule)	24,258	12,129		12,129
	c Other professional fees (attach schedule)	5,756	5,756		
	17 Interest				
	18 Taxes (attach schedule) (see page 14 of the instructions)	11,237	3,212		
	19 Depreciation (attach schedule) and depletion	4,988			
	20 Occupancy	7,641			7,641
21 Travel, conferences, and meetings	4,930	1,052		3,878	
22 Printing and publications	25,737			25,737	
23 Other expenses (attach schedule)	20,179			20,179	
24 <b>Total operating and administrative expenses.</b>					
Add lines 13 through 23	238,593	73,206			152,374
25 Contributions, gifts, grants paid	324,000				324,000
26 <b>Total expenses and disbursements.</b> Add lines 24 and 25	562,593	73,206			476,374
27 Subtract line 26 from line 12:					
a <b>Excess of revenue over expenses and disbursements</b>	315,568				
b <b>Net investment income</b> (if negative, enter -0-)		802,451			
c <b>Adjusted net income</b> (if negative, enter -0-)				149,177	

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Part II Balance Sheets		Attached schedules and amounts in the description column should be for end-of-year amounts only (See instructions)		
		Beginning of year	End of year	
		(a) Book Value	(b) Book Value	(c) Fair Market Value
Assets	1 Cash—non-interest-bearing			
	2 Savings and temporary cash investments	104,016	295,102	295,102
	3 Accounts receivable ▶ 11			
	Less: allowance for doubtful accounts ▶	21,306	11	11
	4 Pledges receivable ▶			
	Less: allowance for doubtful accounts ▶			
	5 Grants receivable			
	6 Receivables due from officers, directors, trustees, and other disqualified persons (attach schedule) (see page 15 of the instructions)			
	7 Other notes and loans receivable (attach schedule) ▶			
	Less: allowance for doubtful accounts ▶			
	8 Inventories for sale or use			
	9 Prepaid expenses and deferred charges	9,164	1,139	1,139
	10 a Investments—U S and state government obligations (attach schedule)			
	b Investments—corporate stock (attach schedule)	698,044	264,492	264,492
	c Investments—corporate bonds (attach schedule)	728,354	703,831	703,831
	11 Investments—land, buildings, and equipment: basis ▶			
Less: accumulated depreciation (attach schedule) ▶				
12 Investments—mortgage loans				
13 Investments—other (attach schedule)	3,787,201	4,287,613	4,287,613	
14 Land, buildings, and equipment: basis ▶ 32,422				
Less: accumulated depreciation (attach schedule) ▶ 18,926	13,729	13,496	13,496	
15 Other assets (describe ▶ )				
16 <b>Total assets</b> (to be completed by all filers—see page 16 of the instructions Also, see page 1, item I)	5,361,814	5,565,684	5,565,684	
Liabilities	17 Accounts payable and accrued expenses	1,997	3,705	
	18 Grants payable	317,000	271,000	
	19 Deferred revenue			
	20 Loans from officers, directors, trustees, and other disqualified persons			
	21 Mortgages and other notes payable (attach schedule)			
	22 Other liabilities (describe ▶ )			
23 <b>Total liabilities</b> (add lines 17 through 22)	318,997	274,705		
Net Assets or Fund Balances	<b>Organizations that follow SFAS 117, check here</b> ▶ <input checked="" type="checkbox"/> <b>and complete lines 24 through 26 and lines 30 and 31.</b>			
	24 Unrestricted	5,042,817	5,290,979	
	25 Temporarily restricted			
	26 Permanently restricted			
	<b>Organizations that do not follow SFAS 117, check here</b> ▶ <input type="checkbox"/> <b>and complete lines 27 through 31.</b>			
	27 Capital stock, trust principal, or current funds			
	28 Paid-in or capital surplus, or land, bldg., and equipment fund			
29 Retained earnings, accumulated income, endowment, or other funds				
30 <b>Total net assets or fund balances</b> (see page 17 of the instructions)	5,042,817	5,290,979		
31 <b>Total liabilities and net assets/fund balances</b> (see page 17 of the instructions)	5,361,814	5,565,684		

**Part III Analysis of Changes in Net Assets or Fund Balances**

1 Total net assets or fund balances at beginning of year—Part II, column (a), line 30 (must agree with end-of-year figure reported on prior year's return)	1	5,042,817
2 Enter amount from Part I, line 27a	2	315,568
3 Other increases not included in line 2 (itemize) ▶	3	
4 Add lines 1, 2, and 3	4	5,358,385
5 Decreases not included in line 2 (itemize) ▶ <u>Unrealized losses on securities</u>	5	67,406
6 Total net assets or fund balances at end of year (line 4 minus line 5)—Part II, column (b), line 30	6	5,290,979

**Part IV Capital Gains and Losses for Tax on Investment Income**

(a) List and describe the kind(s) of property sold (e.g., real estate, 2-story brick warehouse, or common stock, 200 shs MLC Co)	(b) How acquired P—Purchase D—Donation	(c) Date acquired (mo., day, yr.)	(d) Date sold (mo., day, yr.)
<b>1a</b> BAC Capital Fund	P	8/9/2002	8/11/2005
<b>b</b> Pimco Real Return Fund distribution	P	Various	12/14/2005
<b>c</b> Acacia Partnership	P	Various	Various
<b>d</b> Merrill Lynch	P	Various	Various
<b>e</b>			

(e) Gross sales price	(f) Depreciation allowed (or allowable)	(g) Cost or other basis plus expense of sale	(h) Gain or (loss) (e) plus (f) minus (g)
<b>a</b> 103,928		100,002	3,926
<b>b</b> 7,085			7,085
<b>c</b> 768,822			768,822
<b>d</b> 418,007		432,813	-14,806
<b>e</b>			

Complete only for assets showing gain in column (h) and owned by the foundation on 12/31/69			(l) Gains (Col. (h) gain minus col. (k), but not less than -0-) or Losses (from col. (h))
(i) FMV as of 12/31/69	(j) Adjusted basis as of 12/31/69	(k) Excess of col. (i) over col. (j), if any	
<b>a</b>			3,926
<b>b</b>			7,085
<b>c</b>			768,822
<b>d</b>			-14,806
<b>e</b>			

<b>2</b> Capital gain net income or (net capital loss) { If gain, also enter in Part I, line 7 { If (loss), enter -0- in Part I, line 7	<b>2</b>	765,027
<b>3</b> Net short-term capital gain or (loss) as defined in sections 1222(5) and (6): If gain, also enter in Part I, line 8, column (c) (see pages 13 and 17 of the instructions). If (loss), enter -0- in Part I, line 8	<b>3</b>	38,547

**Part V Qualification Under Section 4940(e) for Reduced Tax on Net Investment Income**

(For optional use by domestic private foundations subject to the section 4940(a) tax on net investment income.)

If section 4940(d)(2) applies, leave this part blank.

Was the organization liable for the section 4942 tax on the distributable amount of any year in the base period?  Yes  No  
 If "Yes," the organization does not qualify under section 4940(e). Do not complete this part.

**1** Enter the appropriate amount in each column for each year; see page 18 of the instructions before making any entries.

(a) Base period years Calendar year (or tax year beginning in)	(b) Adjusted qualifying distributions	(c) Net value of noncharitable-use assets	(d) Distribution ratio (col. (b) divided by col. (c))
2004	791,564	4,893,872	0.161746
2003	458,280	4,670,246	0.098128
2002	650,354	5,127,783	0.126829
2001	467,880	5,212,098	0.089768
2000	509,626	5,337,214	0.095485

<b>2</b> Total of line 1, column (d)	<b>2</b>	0.571956
<b>3</b> Average distribution ratio for the 5-year base period—divide the total on line 2 by 5, or by the number of years the foundation has been in existence if less than 5 years	<b>3</b>	0.114391
<b>4</b> Enter the net value of noncharitable-use assets for 2005 from Part X, line 5	<b>4</b>	5,271,604
<b>5</b> Multiply line 4 by line 3	<b>5</b>	603,024
<b>6</b> Enter 1% of net investment income (1% of Part I, line 27b)	<b>6</b>	8,025
<b>7</b> Add lines 5 and 6	<b>7</b>	611,049
<b>8</b> Enter qualifying distributions from Part XII, line 4 If line 8 is equal to or greater than line 7, check the box in Part VI, line 1b, and complete that part using a 1% tax rate. See the Part VI instructions on page 18.	<b>8</b>	476,374

Part VI Excise Tax Based on Investment Income (Section 4940(a), 4940(b), 4940(e), or 4948—see page 18 of the instructions)

1 a Exempt operating foundations described in section 4940(d)(2), check here [ ] and enter "N/A" on line 1. Date of ruling letter: (attach copy of ruling letter if necessary—see instructions)
b Domestic organizations that meet the section 4940(e) requirements in Part V, check here [ ] and enter 1% of Part I, line 27b
c All other domestic organizations enter 2% of line 27b. Exempt foreign organizations enter 4% of Part I, line 12, col. (b)
2 Tax under section 511 (domestic section 4947(a)(1) trusts and taxable foundations only. Others enter -0-)
3 Add lines 1 and 2
4 Subtitle A (income) tax (domestic section 4947(a)(1) trusts and taxable foundations only. Others enter -0-)
5 Tax based on investment income. Subtract line 4 from line 3. If zero or less, enter -0-
6 Credits/Payments:
a 2005 estimated tax payments and 2004 overpayment credited to 2005
b Exempt foreign organizations—tax withheld at source
c Tax paid with application for extension of time to file (Form 8868)
d Backup withholding erroneously withheld
7 Total credits and payments. Add lines 6a through 6d
8 Enter any penalty for underpayment of estimated tax. Check here [X] if Form 2220 is attached.
9 Tax due. If the total of lines 5 and 8 is more than line 7, enter amount owed
10 Overpayment. If line 7 is more than the total of lines 5 and 8, enter the amount overpaid
11 Enter the amount of line 10 to be: Credited to 2006 estimated tax [ ] Refunded [ ]

Part VII-A Statements Regarding Activities

1 a During the tax year, did the organization attempt to influence any national, state, or local legislation or did it participate or intervene in any political campaign?
b Did it spend more than \$100 during the year (either directly or indirectly) for political purposes (see page 19 of the instructions for definition)?
c Did the organization file Form 1120-POL for this year?
d Enter the amount (if any) of tax on political expenditures (section 4955) imposed during the year:
e Enter the reimbursement (if any) paid by the organization during the year for political expenditure tax imposed on organization managers.
2 Has the organization engaged in any activities that have not previously been reported to the IRS?
3 Has the organization made any changes, not previously reported to the IRS, in its governing instrument, articles of incorporation, or bylaws, or other similar instruments?
4 a Did the organization have unrelated business gross income of \$1,000 or more during the year?
b If "Yes," has it filed a tax return on Form 990-T for this year?
5 Was there a liquidation, termination, dissolution, or substantial contraction during the year?
6 Are the requirements of section 508(e) (relating to sections 4941 through 4945) satisfied either:
7 Did the organization have at least \$5,000 in assets at any time during the year?
8 a Enter the states to which the foundation reports or with which it is registered (see page 19 of the instructions)
b If the answer is "Yes" to line 7, has the organization furnished a copy of Form 990-PF to the Attorney General (or designate) of each state as required by General Instruction G?
9 Is the organization claiming status as a private operating foundation within the meaning of section 4942(j)(3) or 4942(j)(5) for calendar year 2005 or the taxable year beginning in 2005 (see instructions for Part XIV on page 26)?
10 Did any persons become substantial contributors during the tax year?
11 Did the organization comply with the public inspection requirements for its annual returns and exemption application?
12 The books are in care of Nancy Padilla Telephone no. 800-441-1963
Located at Post Office Box 3485 Elmira NY ZIP+4 91711
13 Section 4947(a)(1) nonexempt charitable trusts filing Form 990-PF in lieu of Form 1041—Check here and enter the amount of tax-exempt interest received or accrued during the year

Part VII-B Statements Regarding Activities for Which Form 4720 May Be Required

File Form 4720 if any item is checked in the "Yes" column, unless an exception applies.

1a During the year did the organization (either directly or indirectly):
(1) Engage in the sale or exchange, or leasing of property with a disqualified person?
(2) Borrow money from, lend money to, or otherwise extend credit to (or accept it from) a disqualified person?
(3) Furnish goods, services, or facilities to (or accept them from) a disqualified person?
(4) Pay compensation to, or pay or reimburse the expenses of, a disqualified person?
(5) Transfer any income or assets to a disqualified person (or make any of either available for the benefit or use of a disqualified person)?
(6) Agree to pay money or property to a government official?
b If any answer is "Yes" to 1a(1)-(6), did any of the acts fail to qualify under the exceptions described in Regulations section 53.4941(d)-3 or in a current notice regarding disaster assistance (see page 20 of the instructions)?
c Did the organization engage in a prior year in any of the acts described in 1a, other than excepted acts, that were not corrected before the first day of the tax year beginning in 2005?
2 Taxes on failure to distribute income (section 4942) (does not apply for years the organization was a private operating foundation defined in section 4942(j)(3) or 4942(j)(5)):
a At the end of tax year 2005, did the organization have any undistributed income (lines 6d and 6e, Part XIII) for tax year(s) beginning before 2005?
b Are there any years listed in 2a for which the organization is not applying the provisions of section 4942(a)(2) (relating to incorrect valuation of assets) to the year's undistributed income?
c If the provisions of section 4942(a)(2) are being applied to any of the years listed in 2a, list the years here.
3a Did the organization hold more than a 2% direct or indirect interest in any business enterprise at any time during the year?
b If "Yes," did it have excess business holdings in 2005 as a result of (1) any purchase by the organization or disqualified persons after May 26, 1969; (2) the lapse of the 5-year period (or longer period approved by the Commissioner under section 4943(c)(7)) to dispose of holdings acquired by gift or bequest; or (3) the lapse of the 10-, 15-, or 20-year first phase holding period?
4a Did the organization invest during the year any amount in a manner that would jeopardize its charitable purposes?
b Did the organization make any investment in a prior year (but after December 31, 1969) that could jeopardize its charitable purpose that had not been removed from jeopardy before the first day of the tax year beginning in 2005?
5a During the year did the organization pay or incur any amount to:
(1) Carry on propaganda, or otherwise attempt to influence legislation (section 4945(e))?
(2) Influence the outcome of any specific public election (see section 4955); or to carry on, directly or indirectly, any voter registration drive?
(3) Provide a grant to an individual for travel, study, or other similar purposes?
(4) Provide a grant to an organization other than a charitable, etc., organization described in section 509(a)(1), (2), or (3), or section 4940(d)(2)?
(5) Provide for any purpose other than religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals?
b If any answer is "Yes" to 5a(1)-(5), did any of the transactions fail to qualify under the exceptions described in Regulations section 53.4945 or in a current notice regarding disaster assistance (see page 20 of the instructions)?
c If the answer is "Yes" to question 5a(4), does the organization claim exemption from the tax because it maintained expenditure responsibility for the grant?
6a Did the organization, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?
b Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?
If you answered "Yes" to 6b, also file Form 8870.

**Part VIII Information About Officers, Directors, Trustees, Foundation Managers, Highly Paid Employees, and Contractors**

**1 List all officers, directors, trustees, foundation managers and their compensation (see page 21 of 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	(e) Expense account, other allowances
Larry Arnn P.O. Box 3485 Elmira NY 14905	Director/Ex Director - 6 hours/week	31,000	0	0
Edwin Feulner P.O. Box 3485 Elmira NY 14905	Director/Secretary - 2 hours/week	6,000	0	0
David Keyston P.O. Box 3485 Elmira NY 14905	Director/V P - 2 hours/week	6,000	0	0
Patrick Parker P.O. Box 3485 Elmira NY 14905	Director/President - 2 hours/week	6,000	0	0

**2 Compensation of five highest-paid employees (other than those included on line 1—see page 21 of the instructions). If 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, other allowances
None				

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

**3 Five highest-paid independent contractors for professional services—(see page 21 of the instructions). If none, enter "NONE."**

(a) Name and address of each person paid more than \$50,000	(b) Type of service	(c) Compensation

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

**Part IX-A Summary of Direct Charitable Activities**

List the foundation's four largest direct charitable activities during the tax year. Include relevant statistical information such as the number of organizations and other beneficiaries served, conferences convened, research papers produced, etc.	Expenses
1	
2	
3	
4	

**Part IX-B Summary of Program-Related Investments** (see page 22 of the instructions)

Describe the two largest program-related investments made by the foundation during the tax year on lines 1 and 2	Amount
1 .....	
2 .....	
All other program-related investments See page 22 of the instructions	
3 .....	
<b>Total.</b> Add lines 1 through 3 <span style="float: right;">▶</span>	

**Part X Minimum Investment Return** (All domestic foundations must complete this part. Foreign foundations, see page 22 of the instructions.)

1 Fair market value of assets not used (or held for use) directly in carrying out charitable, etc., purposes:		
a Average monthly fair market value of securities	1a	5,244,942
b Average of monthly cash balances	1b	79,858
c Fair market value of all other assets (see page 23 of the instructions)	1c	27,082
d <b>Total</b> (add lines 1a, b, and c)	1d	5,351,882
e Reduction claimed for blockage or other factors reported on lines 1a and 1c (attach detailed explanation)	1e	
2 Acquisition indebtedness applicable to line 1 assets	2	
3 Subtract line 2 from line 1d	3	5,351,882
4 Cash deemed held for charitable activities. Enter 1½% of line 3 (for greater amount, see page 23 of the instructions)	4	80,278
5 <b>Net value of noncharitable-use assets.</b> Subtract line 4 from line 3. Enter here and on Part V, line 4	5	5,271,604
6 <b>Minimum investment return.</b> Enter 5% of line 5	6	263,580

**Part XI Distributable Amount** (see page 23 of the instructions) (Section 4942(j)(3) and (j)(5) private operating foundations and certain foreign organizations check here  and do not complete this part.)

1 Minimum investment return from Part X, line 6	1	263,580
2a Tax on investment income for 2005 from Part VI, line 5	2a	16,049
b Income tax for 2005 (This does not include the tax from Part VI)	2b	
c Add lines 2a and 2b	2c	16,049
3 Distributable amount before adjustments Subtract line 2c from line 1	3	247,531
4 Recoveries of amounts treated as qualifying distributions	4	
5 Add lines 3 and 4	5	247,531
6 Deduction from distributable amount (see page 24 of the instructions)	6	
7 <b>Distributable amount as adjusted.</b> Subtract line 6 from line 5. Enter here and on Part XIII, line 1	7	247,531

**Part XII Qualifying Distributions** (see page 24 of the instructions)

1 Amounts paid (including administrative expenses) to accomplish charitable, etc., purposes:		
a Expenses, contributions, gifts, etc.—total from Part I, column (d), line 26	1a	476,374
b Program-related investments—total from Part IX-B	1b	
2 Amounts paid to acquire assets used (or held for use) directly in carrying out charitable, etc., purposes	2	
3 Amounts set aside for specific charitable projects that satisfy the:		
a Suitability test (prior IRS approval required)	3a	
b Cash distribution test (attach the required schedule)	3b	
4 <b>Qualifying distributions.</b> Add lines 1a through 3b. Enter here and on Part V, line 8, and Part XIII, line 4	4	476,374
5 Organizations that qualify under section 4940(e) for the reduced rate of tax on net investment income. Enter 1% of Part I, line 27b (see page 24 of the instructions)	5	
6 <b>Adjusted qualifying distributions.</b> Subtract line 5 from line 4	6	476,374

**Note:** The amount on line 6 will be used in Part V, column (b), in subsequent years when calculating whether the foundation qualifies for the section 4940(e) reduction of tax in those years.

**Part XIII Undistributed Income** (see page 24 of the instructions)

	(a) Corpus	(b) Years prior to 2004	(c) 2004	(d) 2005
1 Distributable amount for 2005 from Part XI, line 7				247,531
2 Undistributed income, if any, as of the end of 2004:				
a Enter amount for 2004 only				
b Total for prior years 20 01 20 02 20 03				
3 Excess distributions carryover, if any, to 2005:				
a From 2000	256,555			
b From 2001	678,330			
c From 2002	805,558			
d From 2003	231,934			
e From 2004	553,210			
f Total of lines 3a through e	2,525,587			
4 Qualifying distributions for 2005 from Part XII, line 4: ▶\$ 476,374				
a Applied to 2004, but not more than line 2a				
b Applied to undistributed income of prior years (Election required—see page 25 of the instructions)				
c Treated as distributions out of corpus (Election required—see page 25 of the instructions)				
d Applied to 2005 distributable amount				247,531
e Remaining amount distributed out of corpus	228,843			
5 Excess distributions carryover applied to 2005 (If an amount appears in column (d), the same amount must be shown in column (a).)				
6 Enter the net total of each column as indicated below:				
a Corpus. Add lines 3f, 4c, and 4e. Subtract line 5	2,754,430			
b Prior years' undistributed income. Subtract line 4b from line 2b				
c Enter the amount of prior years' undistributed income for which a notice of deficiency has been issued, or on which the section 4942(a) tax has been previously assessed				
d Subtract line 6c from line 6b. Taxable amount—see page 25 of the instructions				
e Undistributed income for 2004. Subtract line 4a from line 2a. Taxable amount—see page 25 of the instructions				
f Undistributed income for 2005. Subtract lines 4d and 5 from line 1. This amount must be distributed in 2006				
7 Amounts treated as distributions out of corpus to satisfy requirements imposed by section 170(b)(1)(E) or 4942(g)(3) (see page 25 of the instructions)				
8 Excess distributions carryover from 2000 not applied on line 5 or line 7 (see page 25 of the instructions)	256,555			
9 Excess distributions carryover to 2006. Subtract lines 7 and 8 from line 6a	2,497,875			
10 Analysis of line 9:				
a Excess from 2001	678,330			
b Excess from 2002	805,558			
c Excess from 2003	231,934			
d Excess from 2004	553,210			
e Excess from 2005	228,843			



Part XIV Private Operating Foundations (see page 26 of the instructions and Part VII-A, question 9) N/A

1 a If the foundation has received a ruling or determination letter that it is a private operating foundation, and the ruling is effective for 2005, enter the date of the ruling

b Check box to indicate whether the organization is a private operating foundation described in section 4942(j)(3) or 4942(j)(5)

Table with 5 columns: Tax Year (a) 2005, (b) 2004, (c) 2003, (d) 2002, (e) Total. Rows include 2a (Adjusted net income), 2b (85% of line 2a), 2c (Qualifying distributions), 2d (Amounts included in line 2c), 2e (Qualifying distributions made directly), 3 (Alternative tests: Assets, Endowment, Support).

Part XV Supplementary Information (Complete this part only if the organization had \$5,000 or more in assets at any time during the year—see page 26 of the instructions.)

1 Information Regarding Foundation Managers: a List any managers of the foundation who have contributed more than 2% of the total contributions received by the foundation before the close of any tax year (but only if they have contributed more than \$5,000). (See section 507(d)(2).)

None

b List any managers of the foundation who own 10% or more of the stock of a corporation (or an equally large portion of the ownership of a partnership or other entity) of which the foundation has a 10% or greater interest

None

2 Information Regarding Contribution, Grant, Gift, Loan, Scholarship, etc., Programs: Check here if the organization only makes contributions to preselected charitable organizations and does not accept unsolicited requests for funds. If the organization makes gifts, grants, etc. (see page 26 of the instructions) to individuals or organizations under other conditions, complete items 2a, b, c, and d.

a The name, address, and telephone number of the person to whom applications should be addressed:

Nancy Padilla P.O. Box 3485 Elmira NY 14905 800-441-1963

b The form in which applications should be submitted and information and materials they should include:

Letter of proposal with a budget attached

c Any submission deadlines:

None

d Any restrictions or limitations on awards, such as by geographical areas, charitable fields, kinds of institutions, or other factors:

Study of Christian Science religion. The free market system and related areas.

**Part XV Supplementary Information (continued)**

**3 Grants and Contributions Paid During the Year or Approved for Future Payment**

Recipient	If recipient is an individual, show any relationship to any foundation manager or substantial contributor	Foundation status of recipient	Purpose of grant or contribution	Amount
Name and address (home or business)				
<p><b>a</b> <i>Paid during the year</i></p> <p>Statement #5</p>				324,000
<p><b>Total</b> . . . . .</p>			▶ 3a	324,000
<p><b>b</b> <i>Approved for future payment</i></p>				
<p><b>Total</b> . . . . .</p>			▶ 3b	



Part XVII Information Regarding Transfers To and Transactions and Relationships With Noncharitable Exempt Organizations

1 Did the organization directly or indirectly engage in any of the following with any other organization described in section 501(c) of the Code... a Transfers from the reporting organization to a noncharitable exempt organization of: (1) Cash (2) Other assets b Other transactions: (1) Sales of assets to a noncharitable exempt organization (2) Purchases of assets from a noncharitable exempt organization (3) Rental of facilities, equipment, or other assets (4) Reimbursement arrangements (5) Loans or loan guarantees (6) Performance of services or membership or fundraising solicitations c Sharing of facilities, equipment, mailing lists, other assets, or paid employees d If the answer to any of the above is "Yes," complete the following schedule.

Table with 4 columns: (a) Line no, (b) Amount involved, (c) Name of noncharitable exempt organization, (d) Description of transfers, transactions, and sharing arrangements.

2a 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. Table with 3 columns: (a) Name of organization, (b) Type of organization, (c) Description of relationship.

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 taxpayer or fiduciary) is based on all information of which preparer has any knowledge. Sign Here: Signature of officer or trustee, Preparer's signature, Firm's name (or yours if self-employed), address, and ZIP code.

Name as shown on return Aequus Institute	ID number 52-1620982
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**STATEMENT #1 - DETAIL OF SALES (Part I, Line 10a)**

Sales of books, C D.'s and pamphlets	2,346
<b>GROSS PROFIT</b>	<u>2,346</u>

**STATEMENT #2 - OTHER PROFESSIONAL FEES (Part I, Line 16c)**

Investment management fees	5,756
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**STATEMENT #3 - TAXES (Part I, Line 18)**

Foreign income taxes	3,212
Federal excise taxes	8,025
<b>TOTAL TAXES</b>	<u>11,237</u>

**STATEMENT #4 - OTHER EXPENSES (Part I, Line 23)**

Bank charges	721
Dues and subscriptions	3,609
Entertainment and meals	1,344
Insurance	5,432
Miscellaneous	62
Office supplies	1,994
Outside services	4,748
Postage	1,005
Telephone	1,264
<b>TOTAL OTHER EXPENSES</b>	<u>20,179</u>

**Aequus Institute  
Detail of Investments (Part II)  
December 31, 2005**

Stock Name	Quantity	Buy Date	Cost	Market Value
<b>Stocks (Line 10b):</b>				
John Hancock	5,600	07/13/2000	99,670	99,120
ING Group	4,000	07/18/2002	100,002	102,360
Newmont Mining	1,180	10/30/2003	50,208	63,012
Total			<u>249,880</u>	<u>264,492</u>
<b>Bonds (Line 10c):</b>				
Sears Roebuck Bond	100,000	07/13/2000	97,097	100,885
Mellon Financial Note	75,000	05/14/98	76,370	78,997
Pimco Real Return Fund	47,287.810	07/24/2002	533,587	523,949
Total			<u>707,054</u>	<u>703,831</u>
<b>Pooled Investment Partnership (line 13):</b>				
Acacia Partners			<u>2,253,577</u>	<u>4,287,613</u>
Total			<u>2,253,577</u>	<u>4,287,613</u>

Name: The Acton Institute for the Study of Religion & Liberty  
 Address: 161 Ottawa Avenue, N.W., Suite 301  
 Grand Rapids, MI 49503  
 Foundation Status: Public Charity  
 Purpose: General Operations  
 Amount: \$1,000

Name: The Acton Institute for the Study of Religion & Liberty  
 Address: 161 Ottawa Avenue, N.W., Suite 301  
 Grand Rapids, MI 49503  
 Foundation Status: Public Charity  
 Purpose: General Operations  
 Amount: \$2,500

Name: Ashland University  
 Address: 401 College Avenue  
 Ashland, OH 44805  
 Foundation Status: Public Charity  
 Purpose: General Operations  
 Amount: \$1,000

Name: Ashland University  
 Address: 401 College Avenue  
 Ashland, OH 44805  
 Foundation Status: Public Charity  
 Purpose: Scholarship Program  
 Amount: \$2,500

Name: Bill of Rights Institute  
 Address: 200 N. Glebe Road, Suite 1050  
 Arlington, VA 22203  
 Foundation Status: Public Charity  
 Purpose: Project Teaching What is Good About America.  
 Amount: \$1,000

Name: Christian Science Association of the Pupils of Betty Ridley  
 Address: 3000 United Founders Boulevard, Suite 110G  
 Oklahoma City, OK 73112  
 Foundation Status: Public Charity  
 Purpose: Support to purchase a Copier Sharp AR NS3  
 Amount: \$16,000

Name: Christian Science Association of the Pupils of Betty Ridley  
 Address: 3000 United Founders Boulevard, Suite 110G  
 Oklahoma City, OK 73112  
 Foundation Status: Public Charity  
 Purpose: To support travel costs for students.  
 Amount: \$2,000

Name:	Campus Crusade for Christ
Address:	100 Lake Hart Drive Orlando, FL 32832
Foundation Status:	Public Charity
Purpose:	General Operations
Amount:	\$2,500
Name:	Capital Research Center
Address:	1513 16 <sup>th</sup> Street, N.W. Washington, DC 20036
Foundation Status:	Public Charity
Purpose:	General Operations
Amount:	\$3,000
Name:	Cato Institute
Address:	1000 Massachusetts Avenue, N.W. Washington, DC 20001
Foundation Status:	Public Charity
Purpose:	Publication, <i>Regulation</i>
Amount:	\$2,500
Name:	Center for Freedom and Prosperity
Address:	6023 Shafer Drive Alexandria, VA 22310
Foundation Status:	Public Charity
Purpose:	General Operations
Amount:	\$1,000
Name:	St. Vincent College - Cntr for Pol. & Economic Thought
Address:	300 Fraser Purchase Road Latrobe, PA 15650-2690
Foundation Status:	Public Charity
Purpose:	Governmental and Political series of the college's CPET
Amount:	\$1,000
Name:	Churchill Centre
Address:	1150 Seventeenth Street, N.W. Suite 307 Washington, DC 20036
Foundation Status:	Public Charity
Purpose:	General Operations
Amount:	\$1,000
Name:	Claremont Institute
Address:	937 W. Foothill Boulevard Claremont, CA 91711
Foundation Status:	Public Charity
Purpose:	General Operations
Amount:	\$3,000



Name: Claremont Institute  
Address: 937 W. Foothill Boulevard  
Claremont, CA 91711  
Foundation Status: Public Charity  
Purpose: General Operations  
Amount: \$20,000

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Name: Clifton House  
Address: 3440 Beltline Boulevard, Suite 102  
St. Louis Park, MN 55416  
Foundation Status: Public Charity  
Purpose: General Operations  
Amount: \$1,000

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Name: Coalition for Urban Renewal and Education  
Address: 6033 W. Century Boulevard, Suite 950  
Los Angeles, CA 90045  
Foundation Status: Public Charity  
Purpose: To support CURE.net project.  
Amount: \$2,500

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Name: Foresight Institute  
Address: Box 61058  
Palo Alto, CA 94306  
Foundation Status: Public Charity  
Purpose: General Operations  
Amount: \$1,000

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Name: Foundation Francisco Marroquin  
Address: P.O. Box 1806  
Santa Monica, CA 90403  
Foundation Status: Public Charity  
Purpose: General Operations  
Amount: \$1,000

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Name: Friends of First Church, Berkeley  
Address: 2617 Dwight Way  
Berkeley, CA 94704  
Foundation Status: Public Charity  
Purpose: Roof restoration project.  
Amount: \$10,000

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Name:	Fund for American Studies
Address:	1706 New Hampshire Avenue, N.W. Washington, DC 20009
Foundation Status:	Public Charity
Purpose:	Scholarship Support
Amount:	\$1,000
Name:	George Mason University Foundation: Law & Economics
Address:	3401 Fairfax Drive Arlington, VA 22201
Foundation Status:	Public Charity
Purpose:	General Operations of the Law & Economics Center
Amount:	\$5,000
Name:	Healing Unlimited
Address:	P.O. Box 1168 Priest River, ID 83856
Foundation Status:	Public Charity
Purpose:	General Operations
Amount:	\$10,000
Name:	Healing Unlimited
Address:	P.O. Box 1168 Priest River, ID 83856
Foundation Status:	Public Charity
Purpose:	General Operations
Amount:	\$11,000
Name:	Heritage Foundation
Address:	214 Massachusetts Avenue, N.E. Washington, DC 20002
Foundation Status:	Public Charity
Purpose:	General Operations
Amount:	\$100,000
Name:	Institute for Humane Studies
Address:	3301 North Fairfax Drive, Suite 3301 Arlington, VA 22201
Foundation Status:	Public Charity
Purpose:	General Operations
Amount:	\$2,500

Name:	Institute of World Politics
Address:	1521 16 <sup>th</sup> Street, N.W. Washington, DC 20036
Foundation Status:	Public Charity
Purpose:	General Operations
Amount:	\$10,000
Name:	Intercollegiate Studies Institute
Address:	3901 Centerville Road Wilmington, DE 19807
Foundation Status:	Public Charity
Purpose:	General Operations
Amount:	\$2,000
Name:	Intercollegiate Studies Institute
Address:	3901 Centerville Road Wilmington, DE 19807
Foundation Status:	Public Charity
Purpose:	To support the Institute's expanding educational operations.
Amount:	\$25,000
Name:	Intercollegiate Studies Institute
Address:	3901 Centerville Road Wilmington, DE 19807
Foundation Status:	Public Charity
Purpose:	General Operations
Amount:	\$1,500
Name:	Landmark Legal Foundation
Address:	3100 Broadway, Suite 1110 Kansas City, MO 64111
Foundation Status:	Public Charity
Purpose:	Marketing Operations
Amount:	\$1,000
Name:	Landmark Legal Foundation
Address:	3100 Broadway, Suite 1110 Kansas City, MO 64111
Foundation Status:	Public Charity
Purpose:	General Operations
Amount:	\$1,000

Name:	Mississippi Center for Public Policy
Address:	P.O. Box 13514 Jackson, MS 39236
Foundation Status:	Public Charity
Purpose:	General Operations
Amount:	\$5,000
Name:	Mont Pelerin Society
Address:	P.O. Box 7031 Alexandria, VA 22307
Foundation Status:	Public Charity
Purpose:	General Operations
Amount:	\$1,000
Name:	Mont Pelerin Society
Address:	P.O. Box 7031 Alexandria, VA 22307
Foundation Status:	Public Charity
Purpose:	Hayek Essay Contest
Amount:	\$40,000
Name:	National Right to Work Legal Defense Fund
Address:	8001 Braddock Road Springfield, VA 22160
Foundation Status:	Public Charity
Purpose:	To support their Legal Aid program.
Amount:	\$1,000
Name:	Novus Ordo Seclorum
Address:	Box 11 Mount Joy, PA 17552
Foundation Status:	Public Charity
Purpose:	General Operations
Amount:	\$2,500
Name:	Novus Ordo Seclorum
Address:	Box 11 Mount Joy, PA 17552
Foundation Status:	Public Charity
Purpose:	General Operations
Amount:	\$5,000

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Name:	Omaha Zoological Society
Address:	3701 S. Tenth Street Omaha, NE 68107
Foundation Status:	Public Charity
Purpose:	To support their educational programs.
Amount:	\$1,000

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Name:	Pacific Research Institute
Address:	755 Sansome Street, Suite 450 San Francisco, CA 94111
Foundation Status:	Public Charity
Purpose:	Education Studies Program
Amount:	\$2,500

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Name:	Philadelphia Society
Address:	11620 Rutan Circle Jerome, MI 49249
Foundation Status:	Public Charity
Purpose:	General Operations
Amount:	\$1,000

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Name:	Philadelphia Society
Address:	11620 Rutan Circle Jerome, MI 49249
Foundation Status:	Public Charity
Purpose:	General Operations
Amount:	\$5,000

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Name:	Public Service Research Foundation
Address:	320-D Maple Avenue East Vienna, VA 22180
Foundation Status:	Public Charity
Purpose:	Convention Exhibit Program
Amount:	\$1,000

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Name:	Reason Foundation
Address:	3415 S. Sepulveda Boulevard, Suite 400 Los Angeles, CA 90034
Foundation Status:	Public Charity
Purpose:	General Operations
Amount:	\$2,500

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Name:	Regis University
Address:	3333 Regis Boulevard Denver, CO 80221
Foundation Status:	Public Charity
Purpose:	General Operations
Amount:	\$2,000

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Name:	Russell Kirk Center for Cultural Renewal
Address:	P.O. Box 4 Mecosta, MI 49332
Foundation Status:	Public Charity
Purpose:	General Operations
Amount:	\$1,000

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Name:	St. James School
Address:	St. James, MD 21781
Foundation Status:	Public Charity
Purpose:	General Operations
Amount:	\$1,000

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Name:	Tax Foundation
Address:	1900 M. Street, N.W. Suite 550 Washington, DC 20036
Foundation Status:	Public Charity
Purpose:	General Operations
Amount:	\$1,000

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Name:	U.S. English Foundation
Address:	1747 Pennsylvania Avenue, N.W. Washington, DC 20006
Foundation Status:	Public Charity
Purpose:	National Assimilation Index project.
Amount:	\$1,000

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Name:	Victims of Communism Memorial Foundation
Address:	1521 Sixteenth Street, N.W. Washington, DC 20036
Foundation Status:	Public Charity
Purpose:	Victims of Communism Memorial
Amount:	\$5,000

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Department of the Treasury  
Internal Revenue Service

▶ See separate instructions.

▶ Attach to the corporation's tax return.

Name: **Aequus Institute** Employer identification number: **52-1620982**

**Note:** Generally, the corporation is not required to file Form 2220 (see Part II below for exceptions) because the IRS will figure any penalty owed and bill the corporation. However, the corporation may still use Form 2220 to figure the penalty. If so, enter the amount from page 2, line 34 on the estimated tax penalty line of the corporation's income tax return, but **do not** attach Form 2220.

**Part I Required Annual Payment**

<b>1</b>	Total tax (see instructions)		<b>1</b>	16,049
<b>2 a</b>	Personal holding company tax (Schedule PH (Form 1120), line 26) included on line 1	<b>2a</b>		
<b>b</b>	Look-back interest included on line 1 under section 460(b)(2) for completed long-term contracts or section 167(g) for depreciation under the income forecast method	<b>2b</b>		
<b>c</b>	Credit for Federal tax paid on fuels (see instructions)	<b>2c</b>		
<b>d</b>	Total. Add lines 2a through 2c		<b>2d</b>	
<b>3</b>	Subtract line 2d from line 1. If the result is less than \$500, do not complete or file this form. The corporation does not owe the penalty		<b>3</b>	16,049
<b>4</b>	Enter the tax shown on the corporation's 2004 income tax return (see instructions) <b>Caution: If the tax is zero or the tax year was for less than 12 months, skip this line and enter the amount from line 3 on line 5</b>		<b>4</b>	9,164
<b>5</b>	<b>Required Annual Payment.</b> Enter the smaller of line 3 or line 4. If the corporation is required to skip line 4, enter the amount from line 3		<b>5</b>	9,164

**Part II Reasons for Filing**—Check the boxes below that apply. If any boxes are checked, the corporation must file Form 2220 even if it does not owe a penalty (see instructions).

- 6** The corporation is using the adjusted seasonal installment method.
- 7** The corporation is using the annualized income installment method
- 8** The corporation is a "large corporation" figuring its first required installment based on the prior year's tax.

**Part III Figuring the Underpayment**

	(a)	(b)	(c)	(d)	
<b>9</b> <b>Installment due dates.</b> Enter in columns (a) through (d) the 15th day of the 4th ( <b>Form 990-PF filers:</b> Use 5th month), 6th, 9th, and 12th months of the corporation's tax year	<b>9</b>	5/15/2005	6/15/2005	9/15/2005	12/15/2005
<b>10</b> <b>Required installments.</b> If the box on line 6 and/or line 7 above is checked, enter the amounts from Schedule A, line 38. If the box on line 8 (but not 6 or 7) is checked, see instructions for the amounts to enter. If none of these boxes are checked, enter 25% of line 5 above in each column	<b>10</b>	2,291	2,291	2,291	2,291
<b>11</b> Estimated tax paid or credited for each period (see instructions). For column (a) only, enter the amount from line 11 on line 15	<b>11</b>	9,164			
<b>Complete lines 12 through 18 of one column before going to the next column.</b>					
<b>12</b> Enter amount, if any, from line 18 of the preceding column	<b>12</b>		6,873	4,582	2,291
<b>13</b> Add lines 11 and 12	<b>13</b>		6,873	4,582	2,291
<b>14</b> Add amounts on lines 16 and 17 of the preceding column	<b>14</b>				
<b>15</b> Subtract line 14 from line 13. If zero or less, enter -0-	<b>15</b>	9,164	6,873	4,582	2,291
<b>16</b> If the amount on line 15 is zero, subtract line 13 from line 14. Otherwise, enter -0-	<b>16</b>				
<b>17</b> <b>Underpayment.</b> If line 15 is less than or equal to line 10, subtract line 15 from line 10. Then go to line 12 of the next column. Otherwise, go to line 18	<b>17</b>				
<b>18</b> <b>Overpayment.</b> If line 10 is less than line 15, subtract line 10 from line 15. Then go to line 12 of the next column	<b>18</b>	6,873	4,582	2,291	

**Go to Part IV on page 2 to figure the penalty. Do not go to Part IV if there are no entries on line 17—no penalty is owed.**

**For Paperwork Reduction Act Notice, see separate instructions.**