

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

Department of the Treasury
Internal Revenue Service

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

For calendar year 2006, or tax year beginning _____, and ending _____

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

<p>Use the IRS label. Otherwise, print or type. See Specific Instructions.</p>	<p>Name of foundation Aequus Institute</p> <p>Number and street (or P O box number if mail is not delivered to street address) Room/suite P.O. Box 3485</p> <p>City or town, state, and ZIP code Elmira NY 14905</p>	<p>A Employer identification number 52-1620982</p> <p>B Telephone number (see page 11 of the instructions) 800-441-1963</p>
<p>H Check type of organization: <input checked="" type="checkbox"/> Section 501(c)(3) exempt private foundation <input type="checkbox"/> Section 4947(a)(1) nonexempt charitable trust <input type="checkbox"/> Other taxable private foundation</p>		<p>C If exemption application is pending, check here <input type="checkbox"/></p> <p>D 1. Foreign organizations, check here <input type="checkbox"/> 2. Foreign organizations meeting the 85% test, check here and attach computation <input type="checkbox"/></p> <p>E If private foundation status was terminated under section 507(b)(1)(A), check here <input type="checkbox"/></p> <p>F If the foundation is in a 60-month termination under section 507(b)(1)(B), check here <input type="checkbox"/></p>
<p>I Fair market value of all assets at end of year (from Part II, col. (c), line 16) \$ 5,527,908</p>		<p>J Accounting method: <input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual <input type="checkbox"/> Other (specify) _____</p>

Part I Analysis of Revenue and Expenses <small>(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))</small>		(a) Revenue and expenses per books	(b) Net investment income	(c) Adjusted net income	(d) Disbursements for charitable purposes (cash basis only)
Revenue	1 Contributions, gifts, grants, etc., received (attach schedule)	3,933			
	2 Check <input checked="" type="checkbox"/> if the foundation is not required to attach Sch B				
	3 Interest on savings and temporary cash investments	173	173	173	
	4 Dividends and interest from securities	96,325	96,325	96,325	
	5 a Gross rents				
	b Net rental income or (loss)				
	6 a Net gain or (loss) from sale of assets not on line 10	640,374			
	b Gross sales price for all assets on line 6a 1,273,631				
	7 Capital gain net income (from Part IV, line 2)		640,374		
	8 Net short-term capital gain			60,624	
	9 Income modifications				
	10 a Gross sales less returns and allowances 2,895				
b Less Cost of goods sold					
c Gross profit or (loss) (attach schedule)	2,895		2,895		
11 Other income (attach schedule)					
12 Total. Add lines 1 through 11	743,700	736,872	160,017		
Operating and Administrative Expenses	13 Compensation of officers, directors, trustees, etc. 2007	61,000	18,000		43,000
	14 Other employee salaries and wages	49,583	18,646		30,937
	15 Pension plans, employee benefits	11,594	2,899		8,695
	16 a Legal fees (attach schedule)	13,336	3,334		10,002
	b Accounting fees (attach schedule)	26,213	6,553		19,660
	c Other professional fees (attach schedule)	1,127	1,127		
	17 Interest				
	18 Taxes (attach schedule) (see page 14 of the instructions)	17,543	2,722	2,722	
	19 Depreciation (attach schedule) and depletion	3,500			
	20 Occupancy	874			874
	21 Travel, conferences, and meetings	16,140	3,912		12,228
	22 Printing and publications	6,486			6,486
	23 Other expenses (attach schedule)	34,669			34,669
	24 Total operating and administrative expenses. Add lines 13 through 23	242,065	57,193	2,722	166,551
	25 Contributions, gifts, grants paid	467,980			467,980
26 Total expenses and disbursements. Add lines 24 and 25	710,045	57,193	2,722	634,531	
27 Subtract line 26 from line 12:					
a Excess of revenue over expenses and disbursements	33,655				
b Net investment income (if negative, enter -0-)		679,679			
c Adjusted net income (if negative, enter -0-)			157,295		

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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 (a) Book Value	End of year (b) Book Value (c) Fair Market Value	
Assets	*1 Cash—non-interest-bearing			
	2 Savings and temporary cash investments	295,102	767,951	767,951
	3 Accounts receivable ▶			
	Less: allowance for doubtful accounts ▶	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 16 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	1,139	8,464	8,464
	10 a Investments—U S and state government obligations (attach schedule)			
	b Investments—corporate stock (attach schedule)	264,492	154,837	154,837
	c Investments—corporate bonds (attach schedule)	703,831	278,119	278,119
	11 Investments—land, buildings, and equipment: basis ▶			
Less: accumulated depreciation (attach schedule) ▶				
12 Investments—mortgage loans				
13 Investments—other (attach schedule)	4,287,613	4,308,541	4,308,541	
14 Land, buildings, and equipment: basis ▶ 18,792				
Less: accumulated depreciation (attach schedule) ▶ 8,796	13,496	9,996	9,996	
15 Other assets (describe ▶)				
16 Total assets (to be completed by all filers—see page 17 of the instructions Also, see page 1, item I)	5,565,684	5,527,908	5,527,908	
Liabilities	17 Accounts payable and accrued expenses	3,705		
	18 Grants payable	271,000	213,000	
	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 Total liabilities (add lines 17 through 22)	274,705	213,000		
Net Assets or Fund Balances	Foundations that follow SFAS 117, check here ▶ <input checked="" type="checkbox"/> and complete lines 24 through 26 and lines 30 and 31.			
	24 Unrestricted	5,290,979	5,314,908	
	25 Temporarily restricted			
	26 Permanently restricted			
	Foundations that do not follow SFAS 117, check here ▶ <input type="checkbox"/> and complete lines 27 through 31.			
	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 Total net assets or fund balances (see page 18 of the instructions)	5,290,979	5,314,908		
31 Total liabilities and net assets/fund balances (see page 18 of the instructions)	5,565,684	5,527,908		

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	5,290,979
2	Enter amount from Part I, line 27a	2	33,655
3	Other increases not included in line 2 (itemize) ▶	3	
4	Add lines 1, 2, and 3	4	5,324,634
5	Decreases not included in line 2 (itemize) ▶ Unrealized losses on securities	5	9,726
6	Total net assets or fund balances at end of year (line 4 minus line 5)—Part II, column (b), line 30	6	5,314,908

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.)
1a Publicly traded securities		P	Various	Various
b Acacia partnership		P	Various	Various
c				
d				
e				
(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)	
a 612,903		633,257	-20,354	
b 660,728			660,728	
c				
d				
e				
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		
a			-20,354	
b			660,728	
c				
d				
e				
2 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 }			2	640,374
3 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 18 of the instructions) If (loss), enter -0- in Part I, line 8			3	60,624

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 foundation liable for the section 4942 tax on the distributable amount of any year in the base period? Yes No
If "Yes," the foundation 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 19 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))
2005	476,374	5,271,604	0.090366
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
2 Total of line 1, column (d)			2 0.566837
3 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			3 0.113367
4 Enter the net value of noncharitable-use assets for 2006 from Part X, line 5			4 5,462,219
5 Multiply line 4 by line 3			5 619,235
6 Enter 1% of net investment income (1% of Part I, line 27b)			6 6,797
7 Add lines 5 and 6			7 626,032
8 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 19.			8 634,531

Part VI Excise Tax Based on Investment Income (Section 4940(a), 4940(b), 4940(e), or 4948—see page 19 of the instructions)

Table with 11 rows for excise tax calculations. Includes sub-rows 6a-6d for credits and payments. Values include 6,797 and 15,261.

Part VII-A Statements Regarding Activities

Table with 10 rows for activity statements. Columns include question number, Yes, and No. Includes questions about political activities, tax on political expenditures, and substantial contributors.

Part VII-A Statements Regarding Activities Continued

11a	At any time during the year, did the foundation, directly or indirectly, own a controlled entity within the meaning of section 512(b)(13)? If "Yes," attach schedule. (see instructions)			X
b	If "Yes," did the foundation have a binding written contract in effect on August 17, 2006, covering the interest, rents, royalties, and annuities described in the attachment for line 11a?	N/A		
12	Did the foundation acquire a direct or indirect interest in any applicable insurance contract?			X
13	Did the foundation comply with the public inspection requirements for its annual returns and exemption application?	X		
Website address ▶ <u>www.aequus.org</u>				
14	The books are in care of ▶ <u>Nancy Padilla</u>	Telephone no. ▶ <u>800-441-1963</u>		
	Located at ▶ <u>Post Office Box 3485 Elmira NY</u>	ZIP+4 ▶ <u>91711</u>		
15	Section 4947(a)(1) nonexempt charitable trusts filing Form 990-PF in lieu of Form 1041—Check here			<input type="checkbox"/>
	and enter the amount of tax-exempt interest received or accrued during the year	▶ 15	N/A	

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.		Yes	No
1a	During the year did the foundation (either directly or indirectly):		
(1)	Engage in the sale or exchange, or leasing of property with a disqualified person? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
(2)	Borrow money from, lend money to, or otherwise extend credit to (or accept it from) a disqualified person? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
(3)	Furnish goods, services, or facilities to (or accept them from) a disqualified person? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
(4)	Pay compensation to, or pay or reimburse the expenses of, a disqualified person? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		
(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)? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
(6)	Agree to pay money or property to a government official? (Exception. Check "No" if the foundation agreed to make a grant to or to employ the official for a period after termination of government service, if terminating within 90 days.) <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
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 22 of the instructions)? Organizations relying on a current notice regarding disaster assistance check here <input type="checkbox"/>	1b	X
c	Did the foundation 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 2006?	1c	X
2	Taxes on failure to distribute income (section 4942) (does not apply for years the foundation was a private operating foundation defined in section 4942(j)(3) or 4942(j)(5)):		
a	At the end of tax year 2006, did the foundation have any undistributed income (lines 6d and 6e, Part XIII) for tax year(s) beginning before 2006? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If "Yes," list the years ▶ 20____, 20____, 20____, 20____		
b	Are there any years listed in 2a for which the foundation is not applying the provisions of section 4942(a)(2) (relating to incorrect valuation of assets) to the year's undistributed income? (If applying section 4942(a)(2) to all years listed, answer "No" and attach statement—see page 22 of the instructions.)	2b	N/A
c	If the provisions of section 4942(a)(2) are being applied to any of the years listed in 2a, list the years here. ▶ 20____, 20____, 20____, 20____		
3a	Did the foundation hold more than a 2% direct or indirect interest in any business enterprise at any time during the year? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
b	If "Yes," did it have excess business holdings in 2006 as a result of (1) any purchase by the foundation 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? (Use Schedule C, Form 4720, to determine if the foundation had excess business holdings in 2006.)	3b	N/A
4a	Did the foundation invest during the year any amount in a manner that would jeopardize its charitable purposes?	4a	X
b	Did the foundation 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 2006?	4b	X

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

5a During the year did the foundation pay or incur any amount to:

(1) Carry on propaganda, or otherwise attempt to influence legislation (section 4945(e))? Yes No

(2) Influence the outcome of any specific public election (see section 4955); or to carry on, directly or indirectly, any voter registration drive? Yes No

(3) Provide a grant to an individual for travel, study, or other similar purposes? Yes No

(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)? (see instructions) Yes No

(5) Provide for any purpose other than religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals? Yes No

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 23 of the instructions)? **5b** N/A

Organizations relying on a current notice regarding disaster assistance check here

c If the answer is "Yes" to question 5a(4), does the foundation claim exemption from the tax because it maintained expenditure responsibility for the grant? Yes No

If "Yes," attach the statement required by Regulations section 53.4945–5(d).

6a Did the foundation, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract? Yes No

b Did the foundation, during the year, pay premiums, directly or indirectly, on a personal benefit contract? **6b** X

If you answered "Yes" to 6b, also file Form 8870.

7a At any time during the tax year, was the foundation a party to a prohibited tax shelter transaction? Yes No

b If yes, did the foundation receive any proceeds or have any net income attributable to the transaction? **7b** N/A

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 23 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		
Edwin Feulner P.O. Box 3485 Elmira NY 14905	Director/Secretary 2 hours/week	9,000		
David Keyston P.O. Box 3485 Elmira NY 14905	Director/V.P. 2 hours/week	9,000		
Patrick Parker P.O. Box 3485 Elmira NY 14905	Director/President 2 hours/week	9,000		

2 Compensation of five highest-paid employees (other than those included on line 1—see page 24 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

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

3 Five highest-paid independent contractors for professional services (see page 24 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
None		
.....		
.....		
.....		
.....		
.....		

Total number of others receiving over \$50,000 for professional services ▶ 1

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 24 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	
3 All other program-related investments. See page 25 of the instructions	
Total. Add lines 1 through 3 ▶	

Part X Minimum Investment Return (All domestic foundations must complete this part. Foreign foundations, see page 25 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	5,302,517
b	Average of monthly cash balances	1b	222,921
c	Fair market value of all other assets (see page 25 of the instructions)	1c	19,962
d	Total (add lines 1a, b, and c)	1d	5,545,400
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	5,545,400
4	Cash deemed held for charitable activities. Enter 1½% of line 3 (for greater amount, see page 26 of the instructions)	4	83,181
5	Net value of noncharitable-use assets. Subtract line 4 from line 3. Enter here and on Part V, line 4	5	5,462,219
6	Minimum investment return. Enter 5% of line 5	6	273,111

Part XI Distributable Amount (see page 26 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	273,111
2a	Tax on investment income for 2006 from Part VI, line 5	2a	6,797
b	Income tax for 2006. (This does not include the tax from Part VI.)	2b	
c	Add lines 2a and 2b	2c	6,797
3	Distributable amount before adjustments. Subtract line 2c from line 1	3	266,314
4	Recoveries of amounts treated as qualifying distributions	4	
5	Add lines 3 and 4	5	266,314
6	Deduction from distributable amount (see page 26 of the instructions)	6	
7	Distributable amount as adjusted. Subtract line 6 from line 5. Enter here and on Part XIII, line 1	7	266,314

Part XII Qualifying Distributions (see page 26 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	634,531
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	Qualifying distributions. Add lines 1a through 3b. Enter here and on Part V, line 8, and Part XIII, line 4	4	634,531
5	Foundations 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 27 of the instructions)	5	6,797
6	Adjusted qualifying distributions. Subtract line 5 from line 4	6	627,734

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 27 of the instructions)

	(a) Corpus	(b) Years prior to 2005	(c) 2005	(d) 2006
1 Distributable amount for 2006 from Part XI, line 7				266,314
2 Undistributed income, if any, as of the end of 2005:				
a Enter amount for 2005 only				
b Total for prior years: 20 02 , 20 03 , 20 04				
3 Excess distributions carryover, if any, to 2006:				
a From 2001	678,330			
b From 2002	805,558			
c From 2003	231,934			
d From 2004	553,210			
e From 2005	228,843			
f Total of lines 3a through e	2,497,875			
4 Qualifying distributions for 2006 from Part XII, line 4: ► \$ 634,531				
a Applied to 2005, but not more than line 2a				
b Applied to undistributed income of prior years (Election required—see page 27 of the instructions)				
c Treated as distributions out of corpus (Election required—see page 27 of the instructions)				
d Applied to 2006 distributable amount				266,314
e Remaining amount distributed out of corpus	368,217			
5 Excess distributions carryover applied to 2006 (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	2,866,092			
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 27 of the instructions				
e Undistributed income for 2005. Subtract line 4a from line 2a. Taxable amount—see page 27 of the instructions				
f Undistributed income for 2006. Subtract lines 4d and 5 from line 1. This amount must be distributed in 2007				
7 Amounts treated as distributions out of corpus to satisfy requirements imposed by section 170(b)(1)(E) or 4942(g)(3) (see page 28 of the instructions)				
8 Excess distributions carryover from 2001 not applied on line 5 or line 7 (see page 28 of the instructions)	678,330			
9 Excess distributions carryover to 2007. Subtract lines 7 and 8 from line 6a	2,187,762			
10 Analysis of line 9:				
a Excess from 2002	805,558			
b Excess from 2003	231,934			
c Excess from 2004	553,210			
d Excess from 2005	228,843			
e Excess from 2006	368,217			

Part XIV Private Operating Foundations (see page 28 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 2006, enter the date of the ruling

[Empty box for ruling date]

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

2 a Enter the lesser of the adjusted net income from Part I or the minimum investment return from Part X for each year listed

Table with 5 columns: (a) 2006, (b) 2005, (c) 2004, (d) 2003, (e) Total. Rows include 85% of line 2a, Qualifying distributions from Part XII, and 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 28 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).

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 foundation only makes contributions to preselected charitable organizations and does not accept unsolicited requests for funds.

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

Nancy Padilla Post Office 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>a <i>Paid during the year</i></p> <p>See listing attached</p>				467,980
Total				▶ 3a 467,980
<p>b <i>Approved for future payment</i></p>				
Total				▶ 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 foundation 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 foundation directly or indirectly affiliated with, or related to, one or more tax-exempt organizations described in section 501(c) of the Code...
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 section containing signature of officer or trustee, preparer's signature, and firm's name (Howard J. Levine C.P.A., 1660 Sherman Way #280, V)

AEQUUS INSTITUTE
GRANTS AWARDED YEAR 2006

RECIPIENT	DATE AWARDED	AMOUNT AWARDED
FIRST CHURCH C.S. SAN FRAN, CA 1700 Franklin Street San Francisco, California Purpose Roof Renovation	01/29/99	-5,000
LOCAL GOVERNMENT COUNCIL P.O. Box 16145 Washington, DC 20041 Purpose General Operations	04/05/02	-1,000
FORESIGHT INSTITUTE P O. Box 61058 Palo Alto, CA 94306 Purpose: General Operations	01/31/06	1,000
MACKINAC CENTER P O. Box 568 Midland, Michigan 48640 Purpose General Operations	01/31/06	2,500
INTERCOLLEGIATE STUDIES INSTITUTE 3901 Centerville Rd Wilmington, Delaware 19807-0431 Purpose: General Operations	02/08/06	3,000
ST JAMES SCHOOL 17641 College Road St James, Maryland 21781 Purpose: General Operations	02/08/06	1,000
REGIS UNIVERSITY 3333 Regis Boulevard, Mail Stop F-20 Denver, Colorado 80221-1099 Purpose. General Operations	02/08/06	3,000
ACTON INSTIUTE 161 Ottawa NW, Ste. 301 Grand Rapids, MI 49503 Purpose General Operations	02/08/06	1,000
VICTIMS OF COMMUNISM MEMORIAL FOUNDATION 1521 Sixteenth Street, NW Washington, DC 20036 Purpose General Operations	02/08/06	2,000
DORIS GRECKEL AWARD Box 128 Ahwahnee, CA 93601 Purpose: Support for Past Work	03/14/06	5,000
BOOKMARK P O Box 881143 Santa Clarita, CA 91380 Purpose: ERG for Costs for Distributing Catalog	04/08/06	7,200

AEQUUS INSTITUTE
GRANTS AWARDED YEAR 2006

RECIPIENT	DATE AWARDED	AMOUNT AWARDED
CATO INSTITUTE 1000 Massachusetts Avenue, N.W Washington D.C. 20001-5403 Purpose: Support for Magazine, Regulation	04/08/06	2,500
COMPETITIVE ENTERPRISE INSTITUTE 1001 Connecticut Avenue, NW, Suite 1250 Washington, D C. 20036 Purpose. General Operations	04/08/06	2,500
GEORGE MASON UNIVERSITY: L&EC 4400 University Drive, MSN 3G4 Fairfax, VA 22030-4444 Purpose: Program for Judges	04/08/06	5,000
THE HERITAGE FOUNDATION 214 Massachusetts Avenue Washington, DC 20002 Purpose. General Operations	04/08/06	100,000
LANDMARK LEGAL FOUNDATION 3100 Broadway, Suite 1110 Kansas City, MO 64111 Purpose: General Operations	04/08/06	2,500
THE PHILADELPHIA SOCIETY 11620 Rutan Circle Jerome, Michigan 49249 Purpose General Operations	04/08/06	5,000
ARDEN WOOD 445 Wawona Street San Francisco, CA 94116 Purpose Renovations to Nursing Floor	04/08/06	5,000
ASHER STUDENT FOUNDATION P O Box 491296 Los Angeles, CA 90049 Purpose General Operations	04/08/06	5,000
CLIFTON HOUSE 3440 Beltline Boulevard, Suite 1-2 St. Louis Park, MN 55416 Purpose: Capital Campaign	04/08/06	1,000
HEALING ULIMITED P.O Box 732 Sand Point, ID 83864 Purpose. General Operations	04/08/06	6,000
PLAINFIELD CHRISTIAN SCIENCE CHURCH P O Box 5619 Plainfield, NJ 07061 Purpose. General Operations	04/08/06	5,000

AEQUUS INSTITUTE
GRANTS AWARDED YEAR 2006

RECIPIENT	DATE AWARDED	AMOUNT AWARDED
2405 Grand Boulevard, Suite 1040 Kansas City, MO 64108 Purpose. Local Committee Gathering/General Operations	04/08/06	5,000
TWELVEACREAS, INC. 595 Millich Drive Campbell, CA 95008 Purpose. General Operations	04/08/06	5,000
BRUIN ALUMNI ASSOCIATION P O Box 221 Culver City, CA 90232 Purpose. General Operations	04/08/06	1,000
FORESIGHT INSTITUTE P O Box 61058 Palo Alto, CA 94306 Purpose General Operations	04/08/06	2,000
FOUNDATION 8001 Braddock Road Springfield, Virginia 22160 Purpose General Operations	04/08/06	2,000
SHIMER COLLEGE 3424 South State Street Chicago, IL 60616 Purpose Moving Expenses, Capital Campaign	04/08/06	10,000
LUDWIG VON MISES 518 W Magnolia Avenue Auburn, Alabama 36832 Purpose General Operations	05/01/06	1,000
INSTITUTE FOR HEALTH FREEDOM 1875 Eye Street, N.W , Suite 500 Washington, DC 20006 Purpose General Operations	05/15/06	1,000
NOVUS ORDO SECLORUM Box 11 Mount Joy, PA 17552 Purpose General Operations	06/01/06	2,000
BOOKMARK P O Box 881143 Santa Clarita, CA 91380 Purpose ERG for Costs for Distributing Catalog	07/28/08	980
ATLAS ECONOMIC RESEARCH FOUNDATION 2000 N 14th Street Arlington, VA 22201 Purpose Asia and Middle East Projects	08/09/06	5,000

AEQUUS INSTITUTE
GRANTS AWARDED YEAR 2006

RECIPIENT	DATE AWARDED	AMOUNT AWARDED
COALITION FOR URBAN DEVELOPMENT 6033 W Century Boulevard, Suite 590 Los Angeles, CA 90045 Purpose. Cure.net Outreach Project	08/09/06	2,500
CAPITAL RESEARCH CENTER 1513 16th Street, N W. Washington, DC 20036 Purpose General Operations	08/09/06	3,000
CLAREMONT INSTITUTE 937 W Foothill Boulevard Claremont, CA 91711 Purpose. General Operations	08/09/06	30,000
FUND FOR AMERICAN STUDIES 1706 New Hampshire Avenue, N W. Washington, DC 2009 Purpose Teaching Project	08/09/06	1,000
INSTITUTE FOF WORLD POLITICS 1521 16th Street, N.W Washington, DC 20036 Purpose General Operations	08/09/06	15,000
INTERCOLLEGIATE STUDIES INSTITUTE 3901 Centerville Road Wilmington, DE 19807 Purpose Marketing Campaign, New College Guide	08/09/06	30,000
REASON FOUNDATION 3415 S Sepulveda Boulevard, Suite 400 Los Angeles, CA 90034 Purpose General Operations	08/09/06	2,500
ALBERT BAKER FUND 777 Campus Commons Road, Suite 165 Sacramento, CA 95825 Purpose General Operations	08/09/06	5,000
NETWK 5103 South Sheridan road, Suite 403 Tulsa, OK 74145 Purpose General Operations	08/09/06	500
DAY STAR FOUNDATION 3000 United Founders Boulevard, Suite 104G Oklahoma City, OK 73112 Purpose. Legal Expenses	08/09/06	5,000
FRIENDS OF FIRST CHURCH, BERKELEY 146 Brookfield Drive Moraga, CA 94556 Purpose. Refurbishment	08/09/06	5,000

AEQUUS INSTITUTE
GRANTS AWARDED YEAR 2006

RECIPIENT	DATE AWARDED	AMOUNT AWARDED
HEALING ULIMITED P O Box 732 Sand Point, ID 83864 Purpose Travel Expenses to Conduct Research	08/09/06	3,800
LONGYEAR MUSEUM & FOUNDATION 1125 Boylston Street Chestnut Hill, MA 02467 Purpose Purchase Home for Museum	08/09/06	10,000
10000 N Ojai Road Santa Paula, CA 93060 Purpose Anniversary Celebration	10/02/06	1,000
ACTON INSTIUTE 161 Ottawa NW, Ste 301 Grand Rapids, MI 49503 Purpose General Operations	11/07/06	2,500
BOOKMARK P O Box 881143 Santa Clarita, CA 91380 Purpose ERG for Printing and Publishing Books	11/07/06	10,000
FIRST CHURCH OF C.S.. OLYMPIA, WA 120 Fourth Avenue, E Olympia, WA 98501 Purpose Building Expenses	11/07/06	20,000
HEALING ULIMITED P O Box 732 Sand Point, ID 83864 Purpose Printing Books	11/07/06	2,000
INSTITUTE FOR HUMANE STUDIES 3301 North Fairfax Drive, Suite 440 Arlington, VA 22201 Purpose General Operations	11/07/06	2,500
INSTITUE OF ECONOMIC AFFAIRS 2000 North 14th Street, Suite 550 Arlington, VA 22201 Purpose Work of Ralph Harris & Arthur Seldon	11/07/06	2,000
LONGYEAR FOUNDATION AND MUSEUM 1125 Boylston Street Chestnut Hill, MA 02467 Purpose Towards Purachse of Home for Museum	11/07/06	50,000
PACIFIC RESEARCH INSTITUTE 755 Sansome Street, Suite 450 San Francisco, CA 94111 Purpose Education Studies Program	11/07/06	2,500

AEQUUS INSTITUTE
GRANTS AWARDED YEAR 2006

RECIPIENT	DATE AWARDED	AMOUNT AWARDED
SHIMER COLLEGE 3424 South State Street Chicago, IL 60616 Purpose: Capital Campaign	11/07/06	50,000
TAX FOUNDATION 2001 L Street, N W. Suite 1050 Washington, DC 20036 Purpose Tax Foundation	11/07/06	1,000
VICTIMS OF COMMUNISM MEMORIAL FOUNDATION 1521 Sixteenth Street, NW Washington, DC 20036 Purpose: General Operations	11/07/06	5,000
ORTHODOX CHRISTIAN MISSION - Hogar Orphanage P O Box 4319 At Augustine, FL 32085 Purpose: General Operations	11/16/06	1,000
BOOKMARK P O Box 881143 Santa Clarita, CA 91380 Purpose ERG for Book Reprinting	11/28/06	3,000
CLAREMONT INSTITUTE 937 W Foothill Boulevard Claremont, CA 91711 General Operations	12/22/06	3,000
CHURCHILL CENTRE 1150 17th Street NW, Suite 307 Washington, DC 20036 Purpose General Operations	12/22/06	1,000
INTERCOLLEGIATE STUDIES INSTITUTE 3901 Centerville Rd Wilmington, Delaware 19807-0431 Purpose General Operations	12/22/06	1,000
OMAHA ZOOLOGICAL SOCIETY 3701 S 10th Street Omaha, NE 68107 Purpose: General Operations	12/22/06	1,000
SALVATORI CENTER OF CMC 500 E 9th Street Claremont, CA 91711 Purpose. General Operations	12/22/06	1,000
HILLSDALE COMMUNITY CENTER 168 S Howell Street Hillsdale, MI 49242 Purpose General Operations	12/22/06	1,000
2006 TOTALS		467,980

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	2,895
GROSS PROFIT	<u>2,895</u>

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

Investment management fees	1,127
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STATEMENT #3 - TAXES (Part I, Line 18)

Foreign income taxes	2,722
Federal excise taxes	14,821
TOTAL TAXES	<u>17,543</u>

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

Bank charges	620
Dues and subscriptions	3,809
Entertainment and meals	958
Insurance	646
Miscellaneous	14,811
Office supplies	2,471
Outside services	5,592
Postage	2,786
Telephone	2,976
TOTAL OTHER EXPENSES	<u>34,669</u>

Aequus Institute
Detail of Investments (Part II)
December 31, 2006

Type	Stock Name	Buy Qty.	Buy Date	Cost	Market Value
Stocks (Line 10b):					
	ING Group	4,000	07/18/2002	100,002	101,560
	Newmont Mining	1,180	10/30/2003	50,208	53,277
	Total			150,210	154,837
Bonds (Line 10c):					
	Sears Roebuck Bond	100,000	07/13/2000	97,097	100,255
	Mellon Financial Note	75,000	05/14/1998	76,370	77,864
	Federal Home Loan bond	10,000	10/20/2006	100,142	100,000
	Total			273,609	278,119
Pooled Investment Partnership (Line 13):					
	Acacia Partners			2,281,980	4,308,541
	Total			2,281,980	4,308,541