

Department of the Treasury Internal Revenue Service

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

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

A For the 1997 calendar year, OR tax year period beginning 1997, and ending 19

- B Check if: Change of address Initial return Final return Amended return (required also for State reporting)

C Name of organization: STATE POLICY NETWORK. Address: 816 MILL LAKE ROAD, FORT WAYNE, IN 46845

D Employer identification number: 57-0952531. E State registration number: 0005445167-000. F Check if exemption application is pending

G Type of organization: [X] Exempt under section 501(c) (3) (insert number) OR section 4947(a)(1) nonexempt charitable trust

Note: Section 501(c)(3) exempt organizations and 4947(a)(1) nonexempt charitable trusts MUST attach a completed Schedule A (Form 990).

H (a) Is this a group return filed for affiliates? [] Yes [X] No. (b) If "Yes," enter the number of affiliates for which this return is filed: . (c) Is this a separate return filed by an organization covered by a group ruling? [] Yes [X] No. J Accounting method: [X] Cash [] Accrual [] Other (specify)

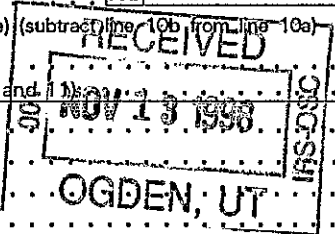
K Check here [] if the organization's gross receipts are normally not more than \$25,000. The organization need not file a return with the IRS; but if it received a Form 990 Package in the mail, it should file a return without financial data. Some states require a complete return.

Note: Form 990-EZ may be used by organizations with gross receipts less than \$100,000 and total assets less than \$250,000 at end of year.

Part I Revenue, Expenses, and Changes in Net Assets or Fund Balances (See Specific Instructions on page 11.)

Table with columns for Revenue, Expenses, and Net Assets. Rows include Contributions, program service revenue, membership dues, interest on savings, dividends, gross rents, other investment income, special events, and total revenue/expenses.

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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. (See Specific Instructions on page 15.)

Table with 5 columns: (A) Total, (B) Program services, (C) Management and general, (D) Fundraising. Rows include: 22 Grants and allocations, 23 Specific assistance to individuals, 24 Benefits paid to or for members, 25 Compensation of officers, directors, etc., 26 Other salaries and wages, 27 Pension plan contributions, 28 Other employee benefits, 29 Payroll taxes, 30 Professional fundraising fees, 31 Accounting fees, 32 Legal fees, 33 Supplies, 34 Telephone, 35 Postage and shipping, 36 Occupancy, 37 Equipment rental and maintenance, 38 Printing and publications, 39 Travel, 40 Conferences, conventions, and meetings, 41 Interest, 42 Depreciation, depletion, etc. (attach schedule), 43 Other expenses (itemize): a STMT 2, b, c, d, e, 44 Total functional expenses (add lines 22 through 43) Organizations completing columns (B)(D). carry these totals to lines 13-15

Reporting of Joint Costs. - Did you report in column (B) (Program services) any joint costs from a combined educational campaign and fundraising solicitation? [] Yes [X] No
If "Yes," enter (i) the aggregate amount of these joint costs \$; (ii) the amount allocated to Program services \$; (iii) the amount allocated to Management and general \$; and (iv) the amount allocated to Fundraising \$

Part III Statement of Program Service Accomplishments (See Specific Instructions on page 18.)

What is the organization's primary exempt purpose? SEE STATEMENT ATTACHED
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.)
a (Grants and allocations \$) 121,100.
b (Grants and allocations \$)
c (Grants and allocations \$)
d (Grants and allocations \$)
e Other program services (attach schedule) (Grants and allocations \$)
f Total of Program Service Expenses (should equal line 44, column (B), Program services) 121,100.

Part IV Balance Sheets (See Specific Instructions on page 18.)

		(A) Beginning of year		(B) End of year	
Note: Where required, attached schedules and amounts within the description column should be for end-of-year amounts only.					
Assets	45	Cash - non-interest-bearing		45	
	46	Savings and temporary cash investments	60,467.	46	17,104.
	47a	Accounts receivable		47a	
	b	Less: allowance for doubtful accounts		47b	47c
	48a	Pledges receivable		48a	
	b	Less: allowance for doubtful accounts		48b	48c
	49	Grants receivable		49	
	50	Receivables from officers, directors, trustees, and key employees (attach schedule)		50	
	51a	Other notes and loans receivable (attach schedule)		51a	
	b	Less: allowance for doubtful accounts		51b	51c
	52	Inventories for sale or use		52	
	53	Prepaid expenses and deferred charges		53	
	54	Investments - securities (attach schedule)		54	
	55a	Investments - land, buildings, and equipment: basis		55a	
	b	Less: accumulated depreciation (attach schedule)		55b	55c
56	Investments - other (attach schedule)		56		
57a	Land, buildings, and equipment: basis	16,808.	57a		
b	Less: accumulated depreciation (attach schedule)	10,464.	57b	57c	
58	Other assets (describe ►)	7,146.	58	6,344.	
59	Total assets (add lines 45 through 58) (must equal line 74)	67,613.	59	23,448.	
Liabilities	60	Accounts payable and accrued expenses		60	
	61	Grants payable		61	
	62	Deferred revenue		62	
	63	Loans from officers, directors, trustees, and key employees (attach schedule)		63	
	64a	Tax-exempt bond liabilities (attach schedule)		64a	
	b	Mortgages and other notes payable (attach schedule)		64b	
	65	Other liabilities (describe ► SEE STATEMENT 3)	2,238.	65	4,704.
66	Total liabilities (add lines 60 through 65)	2,238.	66	4,704.	
Net Assets or Fund Balances	Organizations that follow SFAS 117, check here <input checked="" type="checkbox"/> and complete lines 67 through 69 and lines 73 and 74.				
	67	Unrestricted	40,721.	67	6,831.
	68	Temporarily restricted	24,654.	68	11,913.
	69	Permanently restricted		69	
	Organizations that do not follow SFAS 117, check here <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	Total net assets or fund balances (add lines 67 through 69 OR lines 70 through 72; column (A) must equal line 19 and column (B) must equal line 21)	65,375.	73	18,744.
	74	Total liabilities and net assets/fund balances (add lines 66 and 73)	67,613.	74	23,448.

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.

Part IV-A Reconciliation of Revenue per Audited Financial Statements with Revenue per Return (See Specific Instructions, page 20.)

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

a	Total revenue, gains, and other support per audited financial statements . . . ▶	a	120,022.	a	Total expenses and losses per audited financial statements ▶	a	166,653.
b	Amounts included on line a but not on line 12, Form 990: (1) Net unrealized gains on investments . . . \$ (2) Donated services and use of facilities \$ (3) Recoveries of prior year grants \$ (4) Other (specify): Add amounts on lines (1) through (4) ▶	b		b	Amounts included on line a but not on line 17, Form 990: (1) Donated services and use of facilities \$ (2) Prior year adjustments reported on line 20, Form 990 \$ (3) Losses reported on line 20, Form 990 \$ (4) Other (specify): Add amounts on lines (1) through (4) ▶	b	
c	Line a minus line b ▶	c	120,022.	c	Line a minus line b ▶	c	166,653.
d	Amounts included on line 12, Form 990 but not on line a: (1) Investment expenses not included on line 6b Form 990 . . . \$ (2) Other (specify): Add amounts on lines (1) and (2) ▶	d		d	Amounts included on line 17, Form 990 but not on line a: (1) Investment expenses not included on line 6b, Form 990 . . \$ (2) Other (specify): Add amounts on lines (1) and (2) . . ▶	d	
e	Total revenue per line 12, Form 990 (line c plus line d) ▶	e	120,022.	e	Total expenses per line 17, Form 990 (line c plus line d) ▶	e	166,653.

Part V List of Officers, Directors, Trustees, and Key Employees (List each one even if not compensated; see Specific Instructions on page 20.)

(A) Name and address	(B) Title and average hours per week devoted to position	(C) Compensation (If not paid, enter -0-)	(D) Contributions to employee benefit plans & deferred compensation	(E) Expense account and other allowances
SEE ATTACHED STATEMENT		50,769.	NONE	NONE

75 Did any officer, director, trustee, or key employee receive aggregate compensation of more than \$100,000 from your organization and all related organizations, of which more than \$10,000 was provided by the related organizations? Yes No
If "Yes," attach schedule - see Specific Instructions on page 20.

Part VI Other Information (See Specific Instructions on page 21.)

Yes No

76	Did the organization engage in any activity not previously reported to the IRS? If "Yes," attach a detailed description of each activity	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
78b	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? b If "Yes," enter the name of the organization _____ and check whether it is <input type="checkbox"/> exempt OR <input type="checkbox"/> nonexempt.	80a		X
81a	Enter the amount of political expenditures, direct or indirect, as described in the instructions for line 81	81a	NONE	
81b	b Did the organization file Form 1120-POL for this year?	81b		X
82a	Did the organization receive donated services or the use of materials, equipment, or facilities at no charge or at substantially less than fair rental value? 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 for reporting in Part III.)	82a		X
82b		82b	N/A	
83a	Did the organization comply with the public inspection requirements for returns and exemption applications?	83a	X	
83b	b Did the organization comply with the disclosure requirements relating to quid pro quo contributions?	83b	X	
84a	Did the organization solicit any contributions or gifts that were not tax deductible? b If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	84a		X
84b		84b	N/A	
85a	501(c)(4), (5), or (6) organizations.-a Were substantially all dues nondeductible by members?	85a	N/A	
85b	b Did the organization make only in-house lobbying expenditures of \$2,000 or less? 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.	85b	N/A	
85c	c Dues, assessments, and similar amounts from members	85c	N/A	
85d	d Section 162(e) lobbying and political expenditures	85d	N/A	
85e	e Aggregate nondeductible amount of section 6033(e)(1)(A) dues notices	85e	N/A	
85f	f Taxable amount of lobbying and political expenditures (line 85d less 85e)	85f	N/A	
85g	g Does the organization elect to pay the section 6033(e) tax on the amount in 85f?	85g		N/A
85h	h If section 6033(e)(1)(A) dues notices were sent, does the organization agree to add the amount in 85f to its reasonable estimate of dues allocable to nondeductible lobbying and political expenditures for the following tax year?	85h		N/A
86a	501(c)(7) organizations.-Enter: a Initiation fees and capital contributions included on line 12	86a	N/A	
86b	b Gross receipts, included on line 12, for public use of club facilities	86b	N/A	
87a	501(c)(12) organizations.-Enter: a Gross income from members or shareholders	87a	N/A	
87b	b Gross income from other sources. (Do not net amounts due or paid to other sources against amounts due or received from them.)	87b	N/A	
88	At any time during the year, did the organization own a 50% or greater interest in a taxable corporation or partnership? If "Yes," complete Part IX	88		X
89a	501(c)(3) organizations.-Enter: Amount of tax paid during the year under: section 4911 _____; section 4912 _____; section 4955 _____			
89b	b 501(c)(3) and 501(c)(4) organizations.-Did the organization engage in any section 4958 excess benefit transaction during the year? If "Yes," attach a statement explaining each transaction	89b		X
89c	c Enter: Amount of tax imposed on the organization managers or disqualified persons during the year under sections 4912, 4955, and 4958			
89d	d Enter: Amount of tax in 89c, above, reimbursed by the organization			
90a	List the states with which a copy of this return is filed		INDIANA	
90b	b Number of employees employed in the pay period that includes March 12, 1997 (See instructions.)	90b	2	
91	The books are in care of		BYRON LAMM, EXEC. DIRECTOR	
	Located at		816 MILL LAKE ROAD	
	Telephone no.		(219) 637-7778	
	ZIP + 4		46845	
92	Section 4947(a)(1) nonexempt charitable trusts filing Form 990 in lieu of Form 1041-Check here and enter the amount of tax-exempt interest received or accrued during the tax year	92		N/A

Part VII Analysis of Income-Producing Activities (See Specific Instructions on page 25.)

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 _____					
b _____					
c _____					
d _____					
e _____					
f Medicare/Medicaid payments					
g Fees and contracts from government agencies					
94 Membership dues and assessments . . .					
95 Interest on savings and temporary cash investments . .			14	153.	
96 Dividends and interest from securities . . .			14	2,177.	
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					
101 Net income or (loss) from special events					
102 Gross profit or (loss) from sales inventory					
103 Other revenue: a _____					
b MISC _____			03	1,542.	
c _____					
d _____					
e _____					
104 Subtotal (add columns (B), (D), and (E)). . .				3,872.	
105 Total (add line 104, columns (B), (D), and (E))					3,872.

Note: (Line 105 plus line 1d, Part I, should equal the amount on line 12, Part I.)

Part VIII Relationship of Activities to the Accomplishment of Exempt Purposes (See Specific Instructions on page 26.)

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).
▼	N/A

Part IX Information Regarding Taxable Subsidiaries (Complete this Part if the "Yes" box on line 88 is checked.)

Name, address, and employer identification number of corporation or partnership	Percentage of ownership interest	Nature of business activities	Total income	End-of-year assets
	%			
	%			
	%			
	%			

this return, including accompanying schedules and statements, and to the best of my knowledge preparer (other than officer) is based on all information of which preparer has any knowledge.

4/6/98

SCHEDULE A
(Form 990)

Organization Exempt Under Section 501(c)(3)
(Except Private Foundation) and Section 501(e), 501(f), 501(k),
501(n), or Section 4947(a)(1) Nonexempt Charitable Trust
Supplementary Information
See separate instructions.

OMB No. 1545-0047

1997

Department of the Treasury
Internal Revenue Service

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

Name of the organization

STATE POLICY NETWORK

Employer identification number

57-0952531

Part I Compensation of the Five Highest Paid Employees Other Than Officers, Directors, and Trustees
(See instructions on page 1. List each one. If there are none, enter "None.")

(a) Name and address of each employee paid more than \$50,000	(b) Title and average hours per week devoted to position	(c) Compensation	(d) Contributions to employee benefit plans & deferred compensation	(e) Expense account and other allowances
NONE				
Total number of other employees paid over \$50,000 ▶				

Part II Compensation of the Five Highest Paid Independent Contractors for Professional Services
(See instructions on page 1. 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
NONE		
Total number of others receiving over \$50,000 for professional services ▶		

For Paperwork Reduction Act Notice, see page 1 of the instructions for Form 990 and Form 990-EZ.

Schedule A (Form 990) 1997

Part III Statements About Activities

Table with 3 columns: Question, Yes, No. Contains questions 1 through 4 regarding lobbying activities, grants, and compensation.

Part IV Reason for Non-Private Foundation Status (See instructions on pages 2 through 4.)

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, page 4.)
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 [X] 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 supports organizations described in: (1) lines 5 through 12 above; or (2) section 501(c)(4), (5), or (6), if they meet the test of section 509(a)(2). (See section 509(a)(3).)

Provide the following information about the supported organizations. (See instructions on page 4.)

Table with 2 columns: (a) Name(s) of supported organization(s), (b) Line number from above.

- 14 [] An organization organized and operated to test for public safety. Section 509(a)(4). (See instructions on page 4.)

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) 1996	(b) 1995	(c) 1994	(d) 1993	(e) Total
15 Gifts, grants, and contributions received. (Do not include unusual grants. See line 28.)	144,900.	122,900.	86,830.	128,514.	483,144.
16 Membership fees received					
17 Gross receipts from admissions, merchandise sold or services performed, or furnishing of facilities in any activity that is not a business unrelated to the organization's charitable, etc., purpose					
18 Gross income from interest, dividends, amounts received from payments on securities loans (section 512(a)(5)), rents, royalties, and unrelated business taxable income (less section 511 taxes) from businesses acquired by the organization after June 30, 1975	4,912.	4,945.	4,686.	4,154.	18,697.
19 Net income from unrelated business activities not included in line 18					
20 Tax revenues levied for the organization's benefit and either paid to it or expended on its behalf					
21 The value of services or facilities furnished to the organization by a governmental unit without charge. Do not include the value of services or facilities generally furnished to the public without charge					
22 Other income. Attach a schedule. Do not include gain or (loss) from sale of capital assets	425.	2,650.			3,075.
23 Total of lines 15 through 22	150,237.	130,495.	91,516.	132,668.	504,916.
24 Line 23 minus line 17	150,237.	130,495.	91,516.	132,668.	504,916.
25 Enter 1% of line 23	1,502.	1,305.	915.	1,327.	
26 Organizations described in lines 10 or 11: a Enter 2% of amount in column (e), line 24 ▶ 26a					10,098.
b Attach a list (which is not open to public inspection) showing the name of and amount contributed by each person (other than a governmental unit or publicly supported organization) whose total gifts for 1993 through 1996 exceeded the amount shown in line 26a. Enter the sum of all these excess amounts STMT. 4. ▶ 26b					296,380.
c Total support for section 509(a)(1) test: Enter line 24, column (e) ▶ 26c					504,916.
d Add: Amounts from column (e) for lines: 18 <u>18,697.</u> 19 <u> </u> 22 <u>3,075.</u> 26b <u>296,380.</u> ▶ 26d					318,152.
e Public support (line 26c minus line 26d total) ▶ 26e					186,764.
f Public support percentage (line 26e (numerator) divided by line 26c (denominator)) ▶ 26f					36.98912 %
27 Organizations described on line 12: a For amounts included in lines 15, 16, and 17 that were received from a "disqualified person," attach a list to show the name of, and total amounts received in each year from, each "disqualified person." Enter the sum of such amounts for each year: NOT APPLICABLE (1996) _____ (1995) _____ (1994) _____ (1993) _____					
b For any amount included in line 17 that was received from a nondisqualified person, attach a list 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 11, as well as individuals.) 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: (1996) _____ (1995) _____ (1994) _____ (1993) _____					
c Add: Amounts from column (e) for lines: 15 _____ 16 _____ 17 _____ 20 _____ 21 _____ ▶ 27c					
d Add: Line 27a total _____ and line 27b total _____ ▶ 27d					
e Public support (line 27c total minus line 27d total) ▶ 27e					
f Total support for section 509(a)(2) test: Enter amount on line 23, column (e). ▶ 27f					
g Public support percentage (line 27e (numerator) divided by line 27f (denominator)). ▶ 27g					%
h Investment income percentage (line 18, column (e) (numerator) divided by line 27f (denominator)) ▶ 27h					%
28 Unusual Grants: For an organization described in line 10, 11, or 12 that received any unusual grants during 1993 through 1996, attach a list (which is not open to public inspection) for each year showing the name of the contributor, the date and amount of the grant, and a brief description of the nature of the grant. Do not include these grants in line 15. (See instructions on page 4.)					

Part V Private School Questionnaire (See instructions on page 4.)

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

NOT APPLICABLE

		Yes	No
29	Does the organization have a racially nondiscriminatory policy toward students by statement in its charter, bylaws, other governing instrument, or in a resolution of its governing body?		
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?		
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.)		
32	Does the organization maintain the following:		
a	Records indicating the racial composition of the student body, faculty, and administrative staff?		
b	Records documenting that scholarships and other financial assistance are awarded on a racially nondiscriminatory basis?		
c	Copies of all catalogues, brochures, announcements, and other written communications to the public dealing with student admissions, programs, and scholarships?		
d	Copies of all material used by the organization or on its behalf to solicit contributions?		
	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?		
b	Admissions policies?		
c	Employment of faculty or administrative staff?		
d	Scholarships or other financial assistance?		
e	Educational policies?		
f	Use of facilities?		
g	Athletic programs?		
h	Other extracurricular activities?		
	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?		
b	Has the organization's right to such aid ever been revoked or suspended? 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		

Part VI-A Lobbying Expenditures by Electing Public Charities (See instructions on page 6.)

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

NOT APPLICABLE

Check here a if the organization belongs to an affiliated group.
Check here b if you checked "a" above and "limited control" provisions apply.

Limits on Lobbying Expenditures

(a) Affiliated group totals
(b) To be completed for ALL electing organizations

(The term "expenditures" means amounts paid or incurred.)

Table with 4 columns: Line number, Description, (a) Affiliated group totals, (b) To be completed for ALL electing organizations. Rows include Total lobbying expenditures, Total exempt purpose expenditures, and Lobbying nontaxable amount.

Caution: if there is an amount on either line 43 or line 44, file Form 4720.

4-Year Averaging Period Under Section 501(h)

(Some organizations that made a section 501(h) election do not have to complete all of the five columns below. See the instructions for lines 45 through 50 on page 7.)

Lobbying Expenditures During 4-Year Averaging Period

Table with 6 columns: Calendar year (or fiscal year beginning in), (a) 1997, (b) 1996, (c) 1995, (d) 1994, (e) Total. Rows include Lobbying nontaxable amount, Lobbying ceiling amount, Total lobbying expenditures, Grassroots nontaxable amount, Grassroots ceiling amount, and 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 on page 7.)

Table with 4 columns: Question, Yes, No, Amount. Rows include: During the year, did the organization attempt to influence national, state or local legislation...; a Volunteers; b Paid staff or management; c Media advertisements; d Mailings to members, legislators, or the public; e Publications, or published or broadcast statements; f Grants to other organizations for lobbying purposes; g Direct contact with legislators, their staffs, government officials, or a legislative body; h Rallies, demonstrations, seminars, conventions, speeches, lectures, or any other means; i Total lobbying expenditures (add lines c through h).

If "Yes" to any of the above, also attach a statement giving a detailed description of the lobbying activities.

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

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?

Table with 2 columns: Yes, No. Rows include: a Transfers from the reporting organization to a noncharitable exempt organization of: (i) Cash, (ii) Other assets; b Other transactions: (i) Sales of assets to a noncharitable exempt organization, (ii) Purchases of assets from a noncharitable exempt organization, (iii) Rental of facilities or equipment, (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.

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:

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

52a Is the organization directly or indirectly affiliated with, or related to, one or more tax-exempt organizations described in section 501(c) of the Code (other than section 501(c)(3)) or in section 527? Yes No [X]

b If "Yes," complete the following schedule:

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

FORM 990, PART II - OTHER EXPENSES

DESCRIPTION	TOTAL	PROGRAM SERVICES	MANAGEMENT AND GENERAL
INSURANCE	681.		681.
ADVERTISING	327.	327.	
SUBSCRIPTIONS	888.	888.	
RESOURCE SERVICES	469.	469.	
PAYROLL SERVICES	517.	517.	
MISCELLANEOUS	21,384.	21,384.	
PROPERTY TAX	304.		304.
FACILITY MAINTENANCE	420.		420.
UTILITIES	1,109.		1,109.
TOTALS	26,099.	23,585.	2,514.

FORM 990, PART IV - OTHER LIABILITIES

DESCRIPTION -----	ENDING BOOK VALUE -----
ACCRUED PAYROLL TAXES	4,704.
TOTALS	4,704. =====

STATE POLICY NETWORK

57-0952531

December 31, 1997

Form 990

Part III (a) - Statement of Program Service Accomplishments:

State Policy Network was created to maintain a database containing information of interest to state level educational organizations tax-exempt under Internal Revenue Code Section 501(c)(3). The activities of the organization are strictly non-partisan. The specific projects which have been discussed and approved by the board are:

- (1) Recruitment of adjunct scholars willing to serve on the boards of advisors of state-based think tanks.
- (2) Production of a media guide for use by members. The guide would include names and addresses of media outlets and information with respect to media organizations.
- (3) Creation of an economic and regulatory index which compares different levels of regulation and taxation in various states.

STATE POLICY NETWORK

57-0952531

December 31, 1997

FORM 990

Part V - List of Officers, Directors, Trustees, and Key Employees:

<u>Name and Address</u>	<u>Title</u>	<u>Time Devoted</u>	<u>Compensation</u>
Gary Palmer The Alabama Family Alliance P.O. Box 59468 Birmingham, AL 35259	Chairman	Part-Time	None
Carl O. Helstrom, III The JM Foundation 60 East 42 nd Street, Suite 1651 New York, NY 10165	Treasurer	Part-Time	None
C.C. Guy 918 Elizabeth Road Shelby, NC 28150	Asst. Treasurer	Part-Time	None
G. Robert Williams Evergreen Freedom Foundation P.O. Box 552 Olympia, WA 98507	Secretary	Part-Time	None
Thomas A. Roe The Roe Foundation 712 Crescent Avenue Greenville, SC 29601	Chairman Emeritus	Part-Time	None
Thomas C. Atwood The Heritage Foundation 214 Massachusetts Ave. NE Washington, DC 20002	Director	Part-Time	None

STATE POLICY NETWORK

57-095253131

December 31, 1997

FORM 990

Part V - List of Officers, Directors, Trustees, and Key Employees Cont'd:

<u>Name and Address</u>	<u>Title</u>	<u>Time Devoted</u>	<u>Compensation</u>
Judy M. Cresanta Nevada Policy Research Institute P.O. Box 20312 Reno, NV 89515	Director	Part-Time	None
Jeffrey L. Flake Goldwater Institute Bank One Center - Concourse 201 North Central Ave. Phoenix, AZ 85004	Director	Part-Time	None
Jeff Judson Texas Public Policy Foundation P.O. Box 40519 San Antonio, TX 78229	Director	Part-Time	None
Jo Kwong Atlas Economic Research Foundation 4084 University Drive, Suite 103 Fairfax, VA 22030-6812	Director	Part-Time	None
Byron S. Lamm State Policy Network 816 Mill Lake Road Fort Wayne, IN 46845	Director	Full-Time	\$50,769
Mitchell B. Pearlstein Center of the American Experiment 1024 Plymouth Building 12 South 6th Street Minneapolis, MN 55402	Director	Part-Time	None

STATE POLICY NETWORK

57-095253131

December 31, 1997

FORM 990

Part V - List of Officers, Directors, Trustees, and Key Employees Cont'd:

<u>Name and Address</u>	<u>Title</u>	<u>Time Devoted</u>	<u>Compensation</u>
Mr. Lawrence W. Reed The Mackinac Center P.O. Box 568 Midland, MI 48640	Director	Part-Time	None
Tracie Sharp Cascade Policy Institute 813 SW Alder, Suite 300 Portland, OR 97205	Director	Part-Time	None
Fred L. Smith, Jr. Competitive Enterprise Institute 1001 Connecticut Ave. NW Suite 1250 Washington, DC 20036	Director	Part-Time	None
Michael W. Watson Arkansas Policy Foundation Stephens Building 111 Center Street, Suite 1610 Little Rock, AR 72201	Director	Part-Time	None
			<u>\$50,769</u>

Note: None of the board members received contributions to employee benefit plans, expense accounts or other allowances during 1997.

Application for Extension of Time to File Certain Excise, Income, Information, and Other Returns

Department of the Treasury Internal Revenue Service

File a separate application for each return.

Please type or print. File the original and one copy by the due date for filing your return. (See instructions on the next page.)

Name

STATE POLICY NETWORK

Employer identification number

57-0952531

Number, street, and room or suite no. (or P.O. box no. if mail is not delivered to street address)

816 MILL LAKE ROAD

City, town or post office, state, and ZIP code. For a foreign address, see instructions.

FORT WAYNE, IN 46845

Note: Corporate income tax return filers must use Form 7004 to request an extension of time to file. Partnerships, REMICs, and trust must use Form 8736 to request an extension of time to file Form 1065, 1066, or 1041.

I request an extension of time until 08/15/98, to file (check only one):

- Form 706-GS(D), Form 706-GS(T), Form 990 or 990-EZ, Form 990-BL, Form 990-PF, Form 990-T (401(a) or 408(a) trust), Form 990-T (trust other than above), Form 1041 (estate) (see instructions), Form 1041-A, Form 1042, Form 1120-ND (4951 taxes), Form 3520-A, Form 4720, Form 5227, Form 6069, Form 8612, Form 8613, Form 8725, Form 8804, Form 8831

If the organization does not have an office or place of business in the United States, check this box

2a For calendar year 1997, or other tax year beginning and ending

b If this tax year is for less than 12 months, check reason: Initial return, Final return, Change in accounting period

3 Has an extension of time to file been previously granted for this tax year? Yes No

4 State in detail why you need the extension ADDITIONAL TIME IS REQUIRED TO GATHER ALL INFORMATION NECESSARY TO FILE A COMPLETE AND ACCURATE RETURN

5a If this form is for Form 706-GS(D), 706-GS(T), 990-BL, 990-PF, 990-T, 1041 (estate), 1042, 1120-ND, 4720, 6069, 8612, 8613, 8725, 8804, or 8831, enter the tentative tax, less any nonrefundable credits. See instructions \$

b If this form is for Form 990-PF, 990-T, 1041 (estate), 1042, or 8804, enter any refundable credits and estimated tax payments made. Include any prior year overpayment allowed as a credit \$

c Balance due. Subtract line 5b from line 5a. Include your payment with this form, or deposit with FTD coupon if required. See instructions \$

Signature and Verification

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 Debra Sindler, CPA Title ERNST & YOUNG LLP 314-66-4363 Date 5/7/98

FILE ORIGINAL AND ONE COPY. The IRS will show below whether or not your application is approved and will return the copy.

Notice to Applicant - To Be Completed by the IRS

- We HAVE approved your application. Please attach this form to your return.
We HAVE NOT approved your application. However, we have granted a 10-day grace period from the later of the date shown below or the due date of your 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 your return.
We HAVE NOT approved your application. After considering the reasons stated in item 4, we cannot grant your request for an extension of time to file. We are not granting the 10-day grace period.
We cannot consider your application because it was filed after the due date of the return for which an extension was requested.
Other:

By: Director Date

If you want a copy of this form to be returned to an address other than that shown above, please enter the address to which the copy should be sent.

Please Type or Print

Name

ERNST & YOUNG LLP 34-6565596

Number, street, and room or suite no. (or P.O. box no. if mail is not delivered to street address)

2300 FT WAYNE NTL BK

City, town or post office, state, and ZIP code. For a foreign address, see instructions.

FORT WAYNE

IN 46802

Application for Extension of Time to File Certain Excise, Income, Information, and Other Returns

OMB No. 1545-0148

Department of the Treasury Internal Revenue Service

File a separate application for each return.

Please type or print. File the original and one copy by the due date for filing your return. (See instructions on the next page.)

Name: STATE POLICY NETWORK; Employer identification number: 57-0952531; Address: 816 MILL LAKE ROAD, FORT WAYNE, IN 46845

Note: Corporate income tax return filers must use Form 7004 to request an extension of time to file. Partnerships, REMICs, and trust must use Form 8736 to request an extension of time to file Form 1065, 1066, or 1041.

I request an extension of time until 11/16/98, to file (check only one):

- Form 706-GS(D), Form 706-GS(T), Form 990 or 990-EZ, Form 990-BL, Form 990-PF, Form 990-T (401(a) or 408(a) trust), Form 990-T (trust other than above), Form 1041 (estate) (see instructions), Form 1041-A, Form 1042, Form 1120-ND (4951 taxes), Form 3520-A, Form 4720, Form 5227, Form 6069, Form 8612, Form 8613, Form 8725, Form 8804, Form 8831

2a For calendar year 1997, or other tax year beginning and ending; 2b If this tax year is for less than 12 months, check reason: Initial return, Final return, Change in accounting period; 3 Has an extension of time to file been previously granted for this tax year?; 4 State in detail why you need the extension: ADDITIONAL TIME IS REQUIRED TO GATHER ALL INFORMATION NECESSARY TO FILE A COMPLETE AND ACCURATE RETURN

5a If this form is for Form 706-GS(D), 706-GS(T), 990-BL, 990-PF, 990-T, 1041 (estate), 1042, 1120-ND, 4720, 6069, 8612, 8613, 8725, 8804, or 8831, enter the tentative tax, less any nonrefundable credits. See instructions; 5b If this form is for Form 990-PF, 990-T, 1041 (estate), 1042, or 8804, enter any refundable credits and estimated tax payments made. Include any prior year overpayment allowed as a credit; 5c Balance due. Subtract line 5b from line 5a. Include your payment with this form, or deposit with FTD coupon if required.

Signature and Verification

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: Debra L. Singley; Title: CPA for the taxpayer; Date: 8/13/98; ERNST & YOUNG LLP

FILE ORIGINAL AND ONE COPY. The IRS will show below whether or not your application is approved and will return the copy.

- Notice to Applicant - To Be Completed by the IRS; We HAVE approved your application. Please attach this form to your return. We HAVE NOT approved your application. However, we have granted a 10-day grace period from the later of the date shown below or the due date of your 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 your return. We HAVE NOT approved your application. After considering the reasons stated in item 4, we cannot grant your request for an extension of time to file. We are not granting the 10-day grace period. We cannot consider your application because it was filed after the due date of the return for which an extension was requested. Other:

EXTENSION APPROVED; SEP 23 1998

Director

By:

DEBORAH S. DECKER, Director; COIN SERVICE CENTER

If you want a copy of this form to be returned to an address other than that shown above, please enter the address to which the copy should be sent.

Name: ERNST & YOUNG LLP; Address: 2300 FT WAYNE NTL BK, FORT WAYNE, IN 46802