

Form **990**

# Return of Organization Exempt From Income Tax

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

OMB No. 1545-0047

# 2007

Open to Public Inspection

Department of the Treasury  
Internal Revenue Service

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

**A** For the 2007 calendar year, or tax year beginning and ending

<b>B</b> Check if applicable: <input type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial return <input type="checkbox"/> Termination <input type="checkbox"/> Amended return <input type="checkbox"/> Application pending	Please use IRS label or print or type See Specific Instructions	<b>C</b> Name of organization <b>INSTITUTE FOR LIBERTY</b>		<b>D</b> Employer identification number 20-2641983
		Number and street (or P.O. box if mail is not delivered to street address)		<b>E</b> Telephone number
		Room/suite <b>P.O. BOX 669</b>		540-743-3556
		City or town, state or country, and ZIP + 4 <b>WOODSTOCK, VA 22664</b>		<b>F</b> Accounting method: <input checked="" type="checkbox"/> Cash <input type="checkbox"/> Other (specify)

## FILING COPY

Section 501(c)(3) organizations and 4947(a)(1) nonexempt charitable trusts must attach a completed Schedule A (Form 990 or 990-EZ)

H and I are not applicable to section 527 organizations

H(a) Is this a group return for affiliates?  Yes  No

H(b) If "Yes," enter number of affiliates **N/A**

H(c) Are all affiliates included? **N/A**  Yes  No (If "No," attach a list.)

H(d) Is this a separate return filed by an organization covered by a group ruling?  Yes  No

I Group Exemption Number **N/A**

M Check  if the organization is not required to attach Sch. B (Form 990, 990-EZ, or 990-PF).

**G** Website: **WWW.INSTITUTEFORLIBERTY.ORG**

**J** Organization type (check only one)  501(c) ( 4 ) (insert no)  4947(a)(1) or  527

**K** Check here  if the organization is not a 509(a)(3) supporting organization and its gross receipts are normally not more than \$25,000. A return is not required, but if the organization chooses to file a return, be sure to file a complete return.

**L** Gross receipts: Add lines 6b, 8b, 9b, and 10b to line 12 **92,500.**

### Part I Revenue, Expenses, and Changes in Net Assets or Fund Balances

Revenue	1	Contributions, gifts, and similar amounts received:			
	a	Contributions to donor advised funds		1a	
	b	Direct public support (not included on line 1a)		1b	92,500.
	c	Indirect public support (not included on line 1a)		1c	
	d	Government contributions (grants) (not included on line 1a)		1d	
	e	Total (add lines 1a through 1d) (cash \$ <b>92,500.</b> noncash \$ _____)		1e	92,500.
	2	Program service revenue including government fees and contracts (from Part VII, line 93)		2	
	3	Membership dues and assessments		3	
	4	Interest on savings and temporary cash investments		4	
	5	Dividends and interest from securities		5	
	6a	Gross rents		6a	
	b	Less: rental expenses		6b	
c	Net rental income or (loss). Subtract line 6b from line 6a		6c		
7	Other investment income (describe _____)		7		
Expenses	8a	Gross amount from sales of assets other than inventory		(A) Securities	(B) Other
	b	Less: cost or other basis and sales expenses		8a	
	c	Gain or (loss) (attach schedule)		8b	
	d	Net gain or (loss). Combine line 8c, columns (A) and (B)		8c	
	8d				
	9	Special events and activities (attach schedule). If any amount is from gaming, check here <input type="checkbox"/>			
	a	Gross revenue (not including \$ _____ of contributions reported on line 1b)		9a	
	b	Less: direct expenses other than fundraising expenses		9b	
	c	Net income or (loss) from special events. Subtract line 9b from line 9a			
	9c				
10a	Gross sales of inventory, less returns and allowances		10a		
b	Less: cost of goods sold		10b		
c	Gross profit or (loss) from sales of inventory (attach schedule). Subtract line 10b from line 10a				
10c					
11	Other revenue (from Part VII, line 103)		11		
12	Total revenue. Add lines 1e, 2, 3, 4, 5, 6c, 7, 8d, 9c, 10c, and 11		12	92,500.	
13	Program services (from line 44, column (B))		13	73,677.	
14	Management and general (from line 44, column (C))		14	38,059.	
15	Fundraising (from line 44, column (D))		15	13,924.	
16	Payments to affiliates (attach schedule)		16		
17	Total expenses. Add lines 16 and 44, column (A)		17	125,660.	
18	Excess or (deficit) for the year. Subtract line 17 from line 12		18	<33,160.>	
19	Net assets or fund balances at beginning of year (from line 73, column (A))		19	8,091.	
20	Other changes in net assets or fund balances (attach explanation)		20	0.	
21	Net assets or fund balances at end of year. Combine lines 18, 19, and 20		21	<25,069.>	

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LHA For Privacy Act and Paperwork Reduction Act Notice, see the separate instructions.

Form 990 (2007)

**Part II Statement of Functional Expenses**

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

Do not include amounts reported on line 6b, 8b, 9b, 10b, or 16 of Part I	(A) Total	(B) Program services	(C) Management and general	(D) Fundraising
22a Grants paid from donor advised funds (attach schedule) (cash \$ <u>0</u> . noncash \$ <u>0</u> .) If this amount includes foreign grants, check here <input type="checkbox"/>				
22b Other grants and allocations (attach schedule) (cash \$ <u>0</u> . noncash \$ <u>0</u> .) If this amount includes foreign grants, check here <input type="checkbox"/>				
23 Specific assistance to individuals (attach schedule)				
24 Benefits paid to or for members (attach schedule)				
25a Compensation of current officers, directors, key employees, etc. listed in Part V-A	79,000.	63,200.	7,900.	7,900.
b Compensation of former officers, directors, key employees, etc. listed in Part V-B	0.	0.	0.	0.
c Compensation and other distributions, not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)				
26 Salaries and wages of employees not included on lines 25a, b, and c	1,600.		1,600.	
27 Pension plan contributions not included on lines 25a, b, and c				
28 Employee benefits not included on lines 25a - 27				
29 Payroll taxes	10,056.	8,044.	1,006.	1,006.
30 Professional fundraising fees				
31 Accounting fees				
32 Legal fees	123.		123.	
33 Supplies	1,967.		1,967.	
34 Telephone	458.		458.	
35 Postage and shipping	1,348.		1,348.	
36 Occupancy				
37 Equipment rental and maintenance	2,886.		2,886.	
38 Printing and publications	2,919.		2,919.	
39 Travel	6,401.	2,433.	2,688.	1,280.
40 Conferences, conventions, and meetings				
41 Interest	7.		7.	
42 Depreciation, depletion, etc. (attach schedule)				
43 Other expenses not covered above (itemize):				
a _____				
b _____				
c _____				
d _____				
e _____				
f _____				
g <b>SEE STATEMENT 1</b>	18,895.		15,157.	3,738.
44 <b>Total functional expenses</b> Add lines 22a through 43g. (Organizations completing columns (B)-(D), carry these totals to lines 13-15)	125,660.	73,677.	38,059.	13,924.

Joint Costs. Check  if you are following SOP 98-2.

Are any joint costs from a combined educational campaign and fundraising solicitation reported in (B) Program services?  Yes  No

If "Yes," enter (i) the aggregate amount of these joint costs \$ N/A ; (ii) the amount allocated to Program services \$ N/A ; (iii) the amount allocated to Management and general \$ N/A ; and (iv) the amount allocated to Fundraising \$ N/A



**Part IV Balance Sheets** (See the instructions)

**Note:** Where required, attached schedules and amounts within the description column should be for end-of-year amounts only.

		(A) Beginning of year	(B) End of year
<b>Assets</b>	45 Cash - non-interest-bearing	8,091.	45 3,241.
	46 Savings and temporary cash investments		46
	47 a Accounts receivable	47a	
	b Less: allowance for doubtful accounts	47b	47c
	48 a Pledges receivable	48a	
	b Less: allowance for doubtful accounts	48b	48c
	49 Grants receivable		49
	50 a Receivables from current and former officers, directors, trustees, and key employees		50a
	b Receivables from other disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)		50b
	51 a Other notes and loans receivable	51a	
	b Less: allowance for doubtful accounts	51b	51c
	52 Inventories for sale or use		52
	53 Prepaid expenses and deferred charges		53 386.
	54 a Investments - publicly-traded securities <input type="checkbox"/> Cost <input type="checkbox"/> FMV		54a
	b Investments - other securities <input type="checkbox"/> Cost <input type="checkbox"/> FMV		54b
55 a Investments - land, buildings, and equipment basis	55a		
b Less: accumulated depreciation	55b	55c	
56 Investments - other		56	
57 a Land, buildings, and equipment basis	57a		
b Less: accumulated depreciation	57b	57c	
58 Other assets, including program-related investments (describe <input type="checkbox"/> )		58	
59 <b>Total assets</b> (must equal line 74) Add lines 45 through 58	8,091.	59 3,627.	
<b>Liabilities</b>	60 Accounts payable and accrued expenses		60
	61 Grants payable		61
	62 Deferred revenue		62
	63 Loans from officers, directors, trustees, and key employees		63 28,696.
	64 a Tax-exempt bond liabilities		64a
	b Mortgages and other notes payable		64b
	65 Other liabilities (describe <input type="checkbox"/> )		65
66 <b>Total liabilities.</b> Add lines 60 through 65	0.	66 28,696.	
<b>Net Assets or Fund Balances</b>	<b>Organizations that follow SFAS 117, check here <input type="checkbox"/> and complete lines 67 through 69 and lines 73 and 74.</b>		
	67 Unrestricted		67
	68 Temporarily restricted		68
	69 Permanently restricted		69
	<b>Organizations that do not follow SFAS 117, check here <input checked="" type="checkbox"/> and complete lines 70 through 74.</b>		
	70 Capital stock, trust principal, or current funds	0.	70 0.
	71 Paid-in or capital surplus, or land, building, and equipment fund	0.	71 0.
	72 Retained earnings, endowment, accumulated income, or other funds	8,091.	72 <25,069.>
73 <b>Total net assets or fund balances.</b> Add lines 67 through 69 or lines 70 through 72. (Column (A) must equal line 19 and column (B) must equal line 21)	8,091.	73 <25,069.>	
74 <b>Total liabilities and net assets/fund balances.</b> Add lines 66 and 73	8,091.	74 3,627.	

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

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

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

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

**Part V-A Current Officers, Directors, Trustees, and Key Employees** (List each person who was an officer, director, trustee, or key employee at any time during the year even if they were not compensated.) (See the instructions)

(A) Name and address	(B) Title and average hours per week devoted to position	(C) Compensation (If not paid, enter -0-.)	(D) Contributions to employee benefit plans & deferred compensation plans	(E) Expense account and other allowances
JASON WRIGHT PO BOX 669 WOODSTOCK, VA 22664	PRESIDENT 10.00	79,000.	0.	0.
LAUREL ANN CHRISTENSEN 1653 MADISON RIDGE LANE RIVERTON, UT 84065	DIRECTOR 0.00	0.	0.	0.
STEPHEN D. FOUNTAIN 374 WEST DAFFODIL ROAD RUCKERSVILLE, VA 22968	DIRECTOR 0.00	0.	0.	0.
CHARLES DANIEL MYERS 4326 MARINER LANE FAIRFAX, VA 22033	DIRECTOR 0.00	0.	0.	0.
THOMAS A. READMOND 550 A. READMOND, APT. 500 ARLINGTON, VA 22204	DIRECTOR 0.00	0.	0.	0.
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Part VI Other Information (continued)

82 a Did the organization receive donated services or the use of materials, equipment, or facilities at no charge or at substantially less than fair rental value? 82a Yes No X
b If "Yes," you may indicate the value of these items here. Do not include this amount as revenue in Part I or as an expense in Part II (See instructions in Part III.) 82b N/A
83 a Did the organization comply with the public inspection requirements for returns and exemption applications? 83a X
b Did the organization comply with the disclosure requirements relating to quid pro quo contributions? 83b X
84 a Did the organization solicit any contributions or gifts that were not tax deductible? 84a X
b If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible? 84b X
85 a 501(c)(4), (5), or (6) Were substantially all dues nondeductible by members? 85a X
b Did the organization make only in-house lobbying expenditures of \$2,000 or less? 85b X
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.
c Dues, assessments, and similar amounts from members 85c N/A
d Section 162(e) lobbying and political expenditures 85d N/A
e Aggregate nondeductible amount of section 6033(e)(1)(A) dues notices 85e N/A
f Taxable amount of lobbying and political expenditures (line 85d less 85e) 85f N/A
g Does the organization elect to pay the section 6033(e) tax on the amount on line 85f? 85g N/A
h If section 6033(e)(1)(A) dues notices were sent, does the organization agree to add the amount on line 85f to its reasonable estimate of dues allocable to nondeductible lobbying and political expenditures for the following tax year? 85h N/A
86 501(c)(7) organizations Enter a Initiation fees and capital contributions included on line 12 86a N/A
b Gross receipts, included on line 12, for public use of club facilities 86b N/A
87 501(c)(12) organizations. Enter: a Gross income from members or shareholders 87a N/A
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 a At any time during the year, did the organization own a 50% or greater interest in a taxable corporation or partnership, or an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? If "Yes," complete Part IX 88a X
b At any time during the year, did the organization, directly or indirectly, own a controlled entity within the meaning of section 512(b)(13)? If "Yes," complete Part XI 88b X
89 a 501(c)(3) organizations. Enter. Amount of tax imposed on the organization during the year under section 4911 N/A; section 4912 N/A; section 4955 N/A
b 501(c)(3) and 501(c)(4) organizations. Did the organization engage in any section 4958 excess benefit transaction during the year or did it become aware of an excess benefit transaction from a prior year? If "Yes," attach a statement explaining each transaction 89b X
c Enter. Amount of tax imposed on the organization managers or disqualified persons during the year under sections 4912, 4955, and 4958 0.
d Enter. Amount of tax on line 89c, above, reimbursed by the organization 0.
e All organizations At any time during the tax year, was the organization a party to a prohibited tax shelter transaction? 89e X
f All organizations Did the organization acquire a direct or indirect interest in any applicable insurance contract? 89f X
g For supporting organizations and sponsoring organizations maintaining donor advised funds. Did the supporting organization, or a fund maintained by a sponsoring organization, have excess business holdings at any time during the year? 89g X
90 a List the states with which a copy of this return is filed VA
b Number of employees employed in the pay period that includes March 12, 2007 90b 1
91 a The books are in care of JASON WRIGHT Telephone no. 540-743-3556
Located at PO BOX 669, WOODSTOCK, VA ZIP + 4 22664
b At any time during the calendar year, did the organization have an interest in or a signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account)? If "Yes," enter the name of the foreign country N/A
See the instructions for exceptions and filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts

Part VI Other Information (continued)

c At any time during the calendar year, did the organization maintain an office outside of the United States? 91c Yes No X

If "Yes," enter the name of the foreign country N/A

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 the instructions.)

Note: Enter gross amounts unless otherwise indicated.

Table with 5 main columns: (A) Business code, (B) Amount, (C) Exclusion code, (D) Amount, (E) Related or exempt function income. Rows include 93 Program service revenue, 94 Membership dues and assessments, 95 Interest on savings and temporary cash investments, 96 Dividends and interest from securities, 97 Net rental income or (loss) from real estate, 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 of inventory, 103 Other revenue, 104 Subtotal, 105 Total.

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

Part VIII Relationship of Activities to the Accomplishment of Exempt Purposes (See the instructions.)

Table with 2 columns: 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).

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

Table with 5 columns: (A) Name, address, and EIN of corporation, partnership, or disregarded entity; (B) Percentage of ownership interest; (C) Nature of activities; (D) Total income; (E) End-of-year assets.

Part X Information Regarding Transfers Associated with Personal Benefit Contracts (See the instructions.)

(a) Did the organization, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract? (b) Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?

Note: If "Yes" to (b), file Form 8870 and Form 4720 (see instructions).



**Part XI** Information Regarding Transfers To and From Controlled Entities. Complete only if the organization is a controlling organization as defined in section 512(b)(13) **N/A**

**106** Did the reporting organization make any transfers to a controlled entity as defined in section 512(b)(13) of the Code? If "Yes," complete the schedule below for each controlled entity.

	<b>Yes</b>	<b>No</b>

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

**107** Did the reporting organization receive any transfers from a controlled entity as defined in section 512(b)(13) of the Code? If "Yes," complete the schedule below for each controlled entity.

	<b>Yes</b>	<b>No</b>

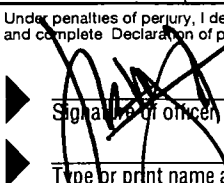
	(A) Name, address, of each controlled entity	(B) Employer Identification Number	(C) Description of transfer	(D) Amount of transfer
a	-----			
b	-----			
c	-----			
<b>Totals</b>				

**108** Did the organization have a binding written contract in effect on August 17, 2006, covering the interest, rents, royalties, and annuities described in question 107 above?

	<b>Yes</b>	<b>No</b>

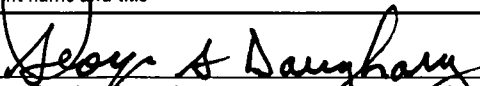
Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Please Sign Here

Signature of officer:  Date: 1/13/09

Type or print name and title

Paid Preparer's Use Only

Preparer's signature:  Date: 1/7/09

Check if self-employed:

Preparer's SSN or PTIN (See Gen Inst X)

Firm's name (or yours if self-employed), address, and ZIP + 4: GEORGE S. DAUGHARTY, CPA, P.C.  
136 WEST COURT STREET  
WOODSTOCK, VA 22664

EIN

Phone no. (540) 459-9000

FORM 990	OTHER EXPENSES			STATEMENT 1
DESCRIPTION	(A) TOTAL	(B) PROGRAM SERVICES	(C) MANAGEMENT AND GENERAL	(D) FUNDRAISING
AUTOMOBILE EXPENSES	893.		893.	
BANK SERVICE CHARGES	770.		770.	
CONTRACT LABOR	4,750.		4,750.	
DUES AND SUBSCRIPTIONS	226.		226.	
OTHER SUPPLIES	1,166.		666.	500.
INTERNET EXPENSE	987.		987.	
RENT	1,140.		1,140.	
WEB SITE	5,502.		5,502.	
MISCELLANEOUS	223.		223.	
ADVERTISING	3,238.			3,238.
<b>TOTAL TO FM 990, LN 43</b>	<b>18,895.</b>		<b>15,157.</b>	<b>3,738.</b>

FORM 990 STATEMENT OF ORGANIZATION'S PRIMARY EXEMPT PURPOSE STATEMENT 2  
PART III

EXPLANATION

TO PROMOTE SOCIAL WELFARE THROUGH THE EDUCATION OF THE PUBLIC REGARDING INDIVIDUAL LIBERTIES, GOVERNMENT REGULATION AND POLICY, AND HEALTH CARE POLICY.