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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)

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

OMB No 1545-0047

2006

Open to Public Inspection

Department of the Treasury
Internal Revenue Service

A For the 2006 calendar year, or tax year beginning 04-01-2006 and ending 03-31-2007

B Check if applicable
☐ Address change
☐ Name change
☐ Initial return
☐ Final return
☐ Amended return
☐ Application pending

Please use IRS label or print or type. See Specific Instructions.

C Name of organization
CATO INSTITUTE

Number and street (or P O box if mail is not delivered to street address) | Room/suite
1000 MASSACHUSETTS AVE NW

City or town, state or country, and ZIP + 4
WASHINGTON, DC 200015403

D Employer identification number
23-7432162

E Telephone number
(202) 842-0200

F Accounting method ☐ Cash ☑ Accrual
☐ Other (specify) ▶

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

H and I are not applicable to section 527 organizations
H(a) Is this a group return for affiliates? ☐ Yes ☑ No
H(b) If "Yes" enter number of affiliates ▶
H(c) Are all affiliates included? ☐ Yes ☐ No
(If "No," attach a list See instructions)
H(d) Is this a separate return filed by an organization covered by a group ruling? ☐ Yes ☑ No

G Web site: ▶ WWW CATO ORG

J Organization type (check only one) ▶ ☑ 501(c) (3) ◀ (insert no) ☐ 4947(a)(1) or ☐ 527

I Group Exemption Number ▶

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

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

L Gross receipts Add lines 6b, 8b, 9b, and 10b to line 12 ▶ 21,001,320

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

Revenue	1	Contributions, gifts, grants, and similar amounts received				
	a	Contributions to donor advised funds	1a			
	b	Direct public support (not included on line 1a)	1b	18,878,487		
	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 $ 17,158,184 noncash $ 1,720,303)			1e	18,878,487
	2	Program service revenue including government fees and contracts (from Part VII, line 93)			2	538,223
	3	Membership dues and assessments			3	
	4	Interest on savings and temporary cash investments			4	790,595
	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	

		(A) Securities		(B) Other
8a	Gross amount from sales of assets other than inventory	381,445	8a	25,502
b	Less cost or other basis and sales expenses	386,988	8b	34,583
c	Gain or (loss) (attach schedule)	-5,543	8c	-9,081

	d	Net gain or (loss) Combine line 8c, columns (A) and (B)			8d	-14,624
	9	Special events and activities (attach schedule) If any amount is from **gaming**, check here ▶ ☐				
	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	361,247		
	b	Less cost of goods sold	10b	225,741		
	c	Gross profit or (loss) from sales of inventory (attach schedule) Subtract line 10b from line 10a			10c	135,506
	11	Other revenue (from Part VII, line 103)			11	25,821
	12	**Total revenue** Add lines 1e, 2, 3, 4, 5, 6c, 7, 8d, 9c, 10c, and 11			12	20,354,008
Expenses	13	Program services (from line 44, column (B))			13	14,241,463
	14	Management and general (from line 44, column (C))			14	1,734,563
	15	Fundraising (from line 44, column (D))			15	3,068,603
	16	Payments to affiliates (attach schedule)			16	
	17	**Total expenses** Add lines 16 and 44, column (A)			17	19,044,629
Net Assets	18	Excess or (deficit) for the year Subtract line 17 from line 12			18	1,309,379
	19	Net assets or fund balances at beginning of year (from line 73, column (A))			19	22,680,917
	20	Other changes in net assets or fund balances (attach explanation)			20	
	21	Net assets or fund balances at end of year Combine lines 18, 19, and 20			21	23,990,296

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 the instructions.)

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 $0 noncash $0) If this amount includes foreign grants, check here ☐	22a				
22b Other grants and allocations (attach schedule) (cash $583,134 noncash $0) If this amount includes foreign grants, check here ☐	22b	583,134	583,134		
23 Specific assistance to individuals (attach schedule)	23				
24 Benefits paid to or for members (attach schedule)	24				
25a Compensation of current officers, directors, key employees etc Listed in Part V-A (attach schedule)	25a	998,088	573,795	245,573	178,720
b Compensation of former officers, directors, key employees etc listed in Part V-B (attach schedule)	25b				
c Compensation and other distributions not icluded above to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B) (attach schedule)	25c				
26 Salaries and wages of employees not included on lines 25a, b and c	26	6,361,209	5,247,425	300,841	812,943
27 Pension plan contributions not included on lines 25a, b and c	27	384,246	338,719	20,260	25,267
28 Employee benefits not included on lines 25a - 27	28	761,340	575,278	102,892	83,170
29 Payroll taxes	29	482,221	389,504	35,090	57,627
30 Professional fundraising fees	30				
31 Accounting fees	31				
32 Legal fees	32				
33 Supplies	33	382,661	222,835	136,893	22,933
34 Telephone	34	291,618	190,716	82,973	17,929
35 Postage and shipping	35	833,429	450,863	126,369	256,197
36 Occupancy	36				
37 Equipment rental and maintenance	37	316,643	230,563	37,638	48,442
38 Printing and publications	38				
39 Travel	39	1,553,997	1,416,090	60,953	76,954
40 Conferences, conventions, and meetings	40	246,277	221,277	0	25,000
41 Interest	41	12,961	9,728	1,170	2,063
42 Depreciation, depletion, etc (attach schedule)	42	467,904	351,200	42,227	74,477
43 Other expenses not covered above (itemize)					
a See Additional Data Table	43a				
b	43b				
c	43c				
d	43d				
e	43e				
f	43f				
g	43g				
44 **Total functional expenses.** Add lines 22a through 43g (Organizations completing columns (B)-(D), carry these totals to lines 13–15)	44	19,044,629	14,241,463	1,734,563	3,068,603

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 $0, **(ii)** the amount allocated to Program services $0, **(iii)** the amount allocated to Management and general $0, and **(iv)** the amount allocated to Fundraising $0

Part III Statement of Program Service Accomplishments *(See the instructions.)*

Form 990 is available for public inspection and, for some people, serves as the primary or sole source of information about a particular organization How the public perceives an organization in such cases may be determined by the information presented on its return Therefore, please make sure the return is complete and accurate and fully describes, in Part III, the organization's programs and accomplishments

What is the organization's primary exempt purpose? ▶ THE CATO INSTITUTE BROADENS PUBLIC POLICY DEBATES CONSISTENT WITH THE TRADITONAL AMERICAN PRINCIPLES OF INDIVIDUAL LIBERTY, LIMITED GOVERNMENT, DYNAMIC MARKET CAPITALISM AND PEACEFUL RELATIONS AMONG NATIONS All organizations must describe their exempt purpose achievements in a clear and concise manner State the number of clients served, publications issued, etc Discuss achievements that are not measurable (Section 501(c)(3) and (4) organizations and 4947(a)(1) nonexempt charitable trusts must also enter the amount of grants and allocations to others)	**Program Service Expenses** (Required for 501(c)(3) and (4) orgs , and 4947(a)(1) trusts, but optional for others)
a POLICY ANALYSIS AND RESEARCH - STUDY AND EXAMINATION OF AREAS SUCH AS HEALTH CARE, INTERNATIONAL ECONOMICS AND DEVELOPMENT, TRADE POLICY, REGULATORY STUDIES, ENVIRONMENT, FOREIGN POLICY, AND DOMESTIC ISSUES IN ORDER TO PROMOTE AND DISSEMINATE LIBERTARIAN PHILOSOPHY AND IDEAS (Grants and allocations $ 83,134) If this amount includes foreign grants, check here ▶ ☑	7,915,880
b PUBLICATIONS AND MEDIA - INCLUDES 23 POLICY ANALYSES, 4 DEVELOPMENT POLICY PAPERS, 4 TRADE POLICY PAPERS, 1 FOREIGN POLICY PAPER, AND 3 BRIEFING PAPERS ALSO, 4 ISSUES OF REGULATION MAGAZINE, 2 ISSUES OF CATO JOURNAL, 12 AUDIO CD'S, AND 16 BOOKS (Grants and allocations $) If this amount includes foreign grants, check here ▶ ☐	3,460,585
c CONFERENCES AND FORUMS/SEMINARS - CATO SPONSORED 655 FORUMS AND SEMINARS WITH TOPICS INCLUDING CONSTITUTIONAL STUDIES, LIMITED GOVERNMENT, HEALTH CARE, INTERNATIONAL TRADE AND ECONOMICS, TECHNOLOGY, FREE MARKETS, ENVIRONMENT, TERRORISM, AND DEFENSE (Grants and allocations $) If this amount includes foreign grants, check here ▶ ☐	2,364,998
d THE MILTON FRIEDMAN PRIZE FOR ADVANCING LIBERTY, NAMED IN HONOR OF PERHAPS THE GREATEST CHAMPION OF LIBERTY IN THE 20TH CENTURY, IS PRESENTED EVERY OTHER YEAR TO AN INDIVIDUAL WHO HAS MADE A SIGNIFICANT CONTRIBUTION TO ADVANCE HUMAN FREEDOM THE PRIZE, A CASH AWARD OF $500,000 WAS PRESENTED TO THIS YEAR'S WINNER, MART LAAR ON MAY 26, 2006 (Grants and allocations $ 500,000) If this amount includes foreign grants, check here ▶ ☑	500,000
e Other program services (attach schedule) (Grants and allocations $) If this amount includes foreign grants, check here ▶ ☐	
f **Total of Program Service Expenses** (should equal line 44, column (B), Program services) . . . . ▶	14,241,463

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

Note: *Where required, attached schedules and amounts within the description column should be for end-of-year amounts only.*			(A) Beginning of year		(B) End of year
Assets					
45 Cash—non-interest-bearing			8,120,736	**45**	8,638,750
46 Savings and temporary cash investments			5,606,786	**46**	6,139,477
47a Accounts receivable	**47a**	16,803			
b Less allowance for doubtful accounts	**47b**	0	6,086	**47c**	16,803
48a Pledges receivable	**48a**	846,852			
b Less allowance for doubtful accounts	**48b**	0	470,475	**48c**	846,852
49 Grants receivable				**49**	
50a Receivables from current and former officers, directors, trustees, and key employees (attach schedule)				**50a**	
b Receivables from other disqualified persons (as defined under section 4958(c)(3)(B) (attach schedule)				**50b**	
51a Other notes and loans receivable (attach schedule)	**51a**				
b Less allowance for doubtful accounts	**51b**			**51c**	
52 Inventories for sale or use			290,538	**52**	280,078
53 Prepaid expenses and deferred charges			88,092	**53**	114,982
54a Investments—publicly-traded securities ▶ ☐ Cost ☑ FMV			2,021,811	**54a**	2,876,190
b Investments—other securities (attach schedule) ▶ ☐ Cost ☐ FMV				**54b**	
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	**57a**	15,525,562			
b Less accumulated depreciation (attach schedule)	**57b**	9,221,843	6,762,426	**57c**	6,303,719
58 Other assets, including program-related investments (describe ▶)			220,136	**58**	129,633
59 **Total assets** (must equal line 74) Add lines 45 through 58			23,587,086	**59**	25,346,484
Liabilities					
60 Accounts payable and accrued expenses			649,236	**60**	588,560
61 Grants payable				**61**	
62 Deferred revenue			70,936	**62**	40,837
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 ▶)			185,997	**65**	726,791
66 **Total liabilities** Add lines 60 through 65			906,169	**66**	1,356,188
Net Assets or Fund Balances					
Organizations that follow SFAS 117, check here ▶ ☑ and complete lines 67 through 69 and lines 73 and 74					
67 Unrestricted			18,527,664	**67**	20,117,440
68 Temporarily restricted			2,143,156	**68**	1,862,759
69 Permanently restricted			2,010,097	**69**	2,010,097
Organizations that do not follow SFAS 117, check here ▶ ☐ 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)			22,680,917	**73**	23,990,296
74 **Total liabilities and net assets / fund balances** Add lines 66 and 73			23,587,086	**74**	25,346,484

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

a	Total revenue, gains, and other support per audited financial statements			a	20,594,373
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	240,365		
	Add lines **b1** through **b4**			b	240,365
c	Subtract line **b** from line **a**			c	20,354,008
d	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**			d	240,365
e	**Total revenue** (Part I, line 12) Add lines **c** and **d**			e	20,354,008

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

a	Total expenses and losses per audited financial statements			a	19,284,994
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	240,365		
	Add lines **b1** through **b4**			b	240,365
c	Subtract line **b** from line **a**			c	19,044,629
d	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**			d	
e	**Total expenses** (Part I, line 17) Add lines **c** and **d**			e	19,044,629

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
See Additional Data Table				

Part V-A Current Officers, Directors, Trustees, and Key Employees *(continued)*		Yes	No
75a Enter the total number of officers, directors, and trustees permitted to vote on organization business at board meetings . . . ▶ 15			
b Are any officers, directors, trustees, or key employees listed in Form 990, Part V-A, or highest compensated employees listed in Schedule A, Part I, or highest compensated professional and other independent contractors listed in Schedule A, Part II-A or II-B, related to each other through family or business relationships? If "Yes," attach a statement that identifies the individuals and explains the relationship(s) .	**75b**		No
c Do any officers, directors, trustees, or key employees listed in Form 990, Part V-A, or highest compensated employees listed in Schedule A, Part I, or highest compensated professional and other independent contractors listed in Schedule A, Part II-A or II-B, receive compensation from any other organizations, whether tax exempt or taxable, that are related to the organization? See the instructions for the definition of "related organization" . . . ▶	**75c**		No
If "Yes," attach a statement that includes the information described in the instructions			
d Does the organization have a written conflict of interest policy? . . .	**75d**		No

Part V-B Former Officers, Directors, Trustees, and Key Employees That Received Compensation or Other Benefits (If any former officer, director, trustee, or key employee received compensation or other benefits (described below) during the year, list that person below and enter the amount of compensation or other benefits in the appropriate column. See the instructions.)

(A) Name and address	**(B)** Loans and Advances	**(C)** Compensation (If not paid enter -0-)	**(D)** Contributions to employee benefit plans and deferred compensation plans	**(E)** Expense account and other allowances

Part VI Other Information *(See the instructions.)*		Yes	No
76 Did the organization make a change in its activities or methods of conducting activities? If "Yes," attach a detailed statement of each change . . .	**76**		No
77 Were any changes made in the organizing or governing documents but not reported to the IRS? . . .	**77**		No
If "Yes," attach a conformed copy of the changes			
78a Did the organization have unrelated business gross income of $1,000 or more during the year covered by this return? . . .	**78a**		No
b If "Yes," has it filed a tax return on **Form 990-T** for this year? . . .	**78b**		
79 Was there a liquidation, dissolution, termination, or substantial contraction during the year? If "Yes," attach a statement . . .	**79**		No
80a Is the organization related (other than by association with a statewide or nationwide organization) through common membership, governing bodies, trustees, officers, etc , to any other exempt or nonexempt organization? . . .	**80a**		No
b If "Yes," enter the name of the organization ▶ ______ and check whether it is ☐ exempt **or** ☐ nonexempt			
81a Enter direct or indirect political expenditures (See line 81 instructions) . . . **81a** 0			
b Did the organization file **Form 1120-POL** for this year? . . .	**81b**		No

Part VI Other Information *(continued)*

			Yes	No
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?	**82a**		No
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**			
83a	Did the organization comply with the public inspection requirements for returns and exemption applications?	**83a**	Yes	
b	Did the organization comply with the disclosure requirements relating to quid pro quo contributions?	**83b**		
84a	Did the organization solicit any contributions or gifts that were not tax deductible?	**84a**		No
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	**84b**		
85	*501(c)(4), (5), or (6) organizations.* **a** Were substantially all dues nondeductible by members?	**85a**		
b	Did the organization make only in-house lobbying expenditures of $2,000 or less?	**85b**		
	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 the prior year			
c	Dues assessments, and similar amounts from members **85c**			
d	Section 162(e) lobbying and political expenditures **85d**			
e	Aggregate nondeductible amount of section 6033(e)(1)(A) dues notices **85e**			
f	Taxable amount of lobbying and political expenditures (line 85d less 85e) **85f**			
g	Does the organization elect to pay the section 6033(e) tax on the amount on line 85f?	**85g**		
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**		
86	*501(c)(7) orgs.* Enter **a** Initiation fees and capital contributions included on line 12 **86a** 0			
b	Gross receipts, included on line 12, for public use of club facilities **86b** 0			
87	*501(c)(12) orgs.* Enter **a** Gross income from members or shareholders **87a** 0			
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them) **87b** 0			
88a	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**		No
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**		No
89a	*501(c)(3) organizations* Enter Amount of tax imposed on the organization during the year under section 4911 ▶ 0 , section 4912 ▶ 0 , section 4955 ▶ 0			
b	*501(c)(3) and 501(c)(4) orgs.* 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**		No
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**		No
f	*All organizations.* Did the organization acquire direct or indirect interest in any applicable insurance contract?	**89f**		No
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**		No

90a List the states with which a copy of this return is filed ▶

b Number of employees employed in the pay period that includes March 12, 2006 (See instructions) **90b** 117

91a The books are in care of ▶ CATO INSTITUTE Telephone no ▶ (202) 842-0200

Located at ▶ 1000 MASSACHUSETTS AVENUE NW WASHINGTON, DC ZIP + 4 ▶ 200015403

			Yes	No
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)?	**91b**		No

If "Yes," enter the name of the foreign country ▶

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)		Yes	No
c At any time during the calendar year, did the organization maintain an office outside of the United States?	91c		No
If "Yes," enter the name of the foreign country ▶			
92 Section 4947(a)(1) nonexempt charitable trusts filing Form 990 in lieu of **Form 1041**—Check here . . . . ▶ ☐			
and enter the amount of tax-exempt interest received or accrued during the tax year . . . . ▶	92		

Part VII Analysis of Income-Producing Activities *(See the instructions.)*

Note: *Enter gross amounts unless otherwise indicated.*	Unrelated business income		Excluded by section 512, 513, or 514		(E) Related or exempt function income
	(A) Business code	(B) Amount	(C) Exclusion code	(D) Amount	
93 Program service revenue					
a CONFERENCES					538,223
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	790,595	
96 Dividends and interest from securities . . .					
97 Net rental income or (loss) from real estate					
a debt-financed property					
b non debt-financed property					
98 Net rental income or (loss) from personal property					
99 Other investment income					
100 Gain or (loss) from sales of assets other than inventory			18	-14,624	
101 Net income or (loss) from special events . .					
102 Gross profit or (loss) from sales of inventory					135,506
103 Other revenue a ROYALTIES			15	20,080	
b MISCELLANEOUS					367
c MAILING LIST SALES			15	5,374	
d					
e					
104 Subtotal (add columns (B), (D), and (E)) . .				801,425	674,096

105 **Total** (add line 104, columns (B), (D), and (E)) . . . . ▶ 1,475,521

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

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

Line No. ▼	Explain how each activity for which income is reported in column (E) of Part VII contributed importantly to the accomplishment of the organization's exempt purposes (other than by providing funds for such purposes)
	See Additional Data Table

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

(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? . . . . ☐ **Yes** ☑ **No**

(b) Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? . . . ☐ **Yes** ☑ **No**

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

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

		Yes	No
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		No

	(A) Name and address of each controlled entity	(B) Employer Identification Number	(C) Description of transfer	(D) Amount of transfer
	Totals			

		Yes	No
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		No

	(A) Name and address of each controlled entity	(B) Employer Identification Number	(C) Description of transfer	(D) Amount of transfer
	Totals			

		Yes	No
108	Did the organization have a binding written contract in effect on August 17, 2006 covering the interests, rents, royalties and annuities described in question 107 above?		No

Please Sign Here

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

****** 2007-11-02
Signature of officer Date

MR WILLIAM ERICKSON V P FINANCE AND ADMINISTRATION
Type or print name and title

Paid Preparer's Use Only

Preparer's signature: Daniel O'Shea 301-654-7555	Date	Check if self-empolyed ☐	Preparer's SSN or PTIN (See Gen Inst W)
Firm's name (or yours if self-employed), address, and ZIP + 4: WATKINS MEEGAN DRURY & CO LLC, 7700 WISCONSIN AVENUE SUITE 500, BETHESDA, MD 20814			EIN
			Phone no (301) 654-7555

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SCHEDULE A (Form 990 or 990EZ)
Department of the Treasury
Internal Revenue Service

Organization Exempt Under Section 501(c)(3)

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

Supplementary Information—(See separate instructions.)

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

OMB No 1545-0047

2006

Name of the organization
CATO INSTITUTE

Employer identification number
23-7432162

Part I **Compensation of the Five Highest Paid Employees Other Than Officers, Directors, and Trustees** (See page 2 of the instructions. List each one. If there are none, enter "None.")

(a) Name and address of each employee paid more than $50,000	**(b)** Title and average hours per week devoted to position	**(c)** Compensation	**(d)** Contributions to employee benefit plans & deferred compensation	**(e)** Expense account and other allowances
WILLIAM LINDSEY 1000 MASSACHUSETTS AVE NW WASHINGTON,DC 200015403	VP FOR RESEARCH 40 0	166,400	26,002	0
ROGER PILON 1000 MASSACHUSETTS AVE NW WASHINGTON,DC 200015403	DIRECTOR CONST 40 0	162,200	25,644	0
TED CARPENTER 1000 MASSACHUSETTS AVE NW WASHINGTON,DC 200015403	VP DEFENSE/FOREIGN 40 0	155,300	14,986	0
JAGADEESH GOKHALE 1000 MASSACHUSETTS AVE NW WASHINGTON,DC 200015403	SENIOR FELLOW 40 0	144,600	20,049	0
SUSAN CHAMBERLIN 1000 MASSACHUSETTS AVE NW WASHINGTON,DC 200015403	VP GOVT AFFAIRS 40 0	127,500	16,092	0
Total number of other employees paid over $50,000 ▶	51			

Part II-A **Compensation of the Five Highest Paid Independent Contractors for Professional Services** (See page 2 of the instructions. List each one (whether individuals or firms). If there are none, enter "None.")

(a) Name and address of each independent contractor paid more than $50,000	**(b)** Type of service	**(c)** Compensation
APPLIED INTELLIGENCE GROUP 5005 NORTH 14TH STREET ARLINGTON,VA 22205	COMPUTER CONSULTING	174,200
NEW HOPE ENVIRONMENTAL PO BOX 181 NEW HOPE,VA 24469	ENVIRONMENTAL POLICY	122,100
AJILON DEPT CH 14031 PALATINE,IL 60055	PROF STAFFING	62,015
Total number of others receiving over $50,000 for professional services ▶		

Part II-B **Compensation of the Five Highest Paid Independent Contractors for Other Services** (List each contractor who performed services other than professional services, whether individuals or firms. If there are none, enter "None". See page 2 for instructions.)

(a) Name and address of each independent contractor paid more than $50,000	**(b)** Type of service	**(c)** Compensation
RST MARKETING 1272 CORPORATE PARK DRIVE FOREST,VA 24551	PRINTING AND MAILING	733,246
AUTOMATED GRAPHICS SYSTEMS 4590 GRAPHICS DRIVE WHITE PLAINS,MD 20695	PRINTING/FULFILLMENT	284,031
CONRAD DIRECT 300 KNICKERBOCKER ROAD CRESSKILL,NJ 07626	MAIL LIST BROKERAGE	232,643
IMPRESSIONS 5104 FROLICH LANE TUXEDO,MD 20781	PRINTING	220,437
SOUTHWEST PUBLISHING 2600 NW TOPEKA BOULEVARD TOPEKA,KS 66617	PRINTING AND MAILING	191,967
Total number of other contractors receiving over $50,000 for other services ▶	19	

Part III Statements About Activities (See page 2 of the instructions.)

			Yes	No
1	During the year, has the organization attempted to influence national, state, or local legislation, include any attempt to influence public opinion on a legislative matter or referendum? If "Yes," enter the total expenses paid or incurred in connection with the lobbying activities ▶$ ____________ (Must equal amounts on line 38, Part VI-A, or line i of Part VI-B)	1		No
	Organizations that made an election under section 501(h) by filing Form 5768 must complete Part VI-A Other organizations checking "Yes" must complete Part VI-B AND attach a statement giving a detailed description of the lobbying activities			
2	During the year, has the organization, either directly or indirectly, engaged in any of the following acts with any substantial contributors, trustees, directors, officers, creators, key employees, or members of their families, or with any taxable organization with which any such person is affiliated as an officer, director, trustee, majority owner, or principal beneficiary? *(If the answer to any question is "Yes," attach a detailed statement explaining the transactions.)*			
a	Sale, exchange, or leasing property?	2a		No
b	Lending of money or other extension of credit?	2b		No
c	Furnishing of goods, services, or facilities?	2c		No
d	Payment of compensation (or payment or reimbursement of expenses if more than $1,000)?	2d	Yes	
e	Transfer of any part of its income or assets?	2e		No
3a	Did the organization make grants for scholarships, fellowships, student loans, etc ? (If "Yes," attach an explanation of how the organization determines that recipients qualify to receive payments)	3a	Yes	
b	Did the organization have a section 403(b) annuity plan for its employees?	3b	Yes	
c	Did the organization receive or hold an easement for conservation purposes, including easements to preserve open space, the environment , historic land areas or structures? If "Yes" attach a detailed statement	3c		No
d	Did the organization provide credit counseling, debt management, credit repair, or debt negotiation services?	3d		No
4a	Did the organization maintain any donor advised funds? If "Yes," complete lines 4b through 4g If "No," complete lines 4f and 4g	4a	Yes	
b	Did the organization make any taxable distributions under section 4966?	4b		No
c	Did the organization make a distribution to a donor, donor advisor, or related person?	4c		No

d Enter the total number of donor advised funds owned at the end of the tax year ▶0

e Enter the aggregate value of assets held in all donor advised funds owned at the end of the tax year ▶0

f Enter the total number of separate funds or accounts owned at the end of the tax year (excluding donor advised funds included on line 4d) where donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts ▶0

g Enter the aggregate value of assets held in all funds or accounts included on line 4f at the end of the tax year ▶0

Part IV Reason for Non-Private Foundation Status (See pages 4 through 7 of the instructions.)

I certify that the organization is not a private foundation because it is (Please check only **ONE** applicable box)

5 ☐ A church, convention of churches, or association of churches Section 170(b)(1)(A)(i)

6 ☐ A school Section 170(b)(1)(A)(ii) (Also complete Part V)

7 ☐ A hospital or a cooperative hospital service organization Section 170(b)(1)(A)(iii)

8 ☐ A federal, state, or local government or governmental unit Section 170(b)(1)(A)(v)

9 ☐ A medical research organization operated in conjunction with a hospital Section 170(b)(1)(A)(iii) **Enter the hospital's name, city, and state** ▶

10 ☐ An organization operated for the benefit of a college or university owned or operated by a governmental unit Section 170(b)(1)(A)(iv) (Also complete the **Support Schedule** in Part IV-A)

11a ☑ An organization that normally receives a substantial part of its support from a governmental unit or from the general public Section 170(b)(1)(A)(vi) (Also complete the **Support Schedule** in Part IV-A)

11b ☐ A community trust Section 170(b)(1)(A)(vi) (Also complete the **Support Schedule** in Part IV-A)

12 ☐ An organization that normally receives **(1) more than 33 1/3%** of its support from contributions, membership fees, and gross receipts from activities related to its charitable, etc , functions—subject to certain exceptions, and **(2) no more than 33 1/3%** of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975 See section 509(a)(2) (Also complete the **Support Schedule** in Part IV-A)

13 ☐ An organization that is not controlled by any disqualified persons (other than foundation managers) and otherwise meets the requirements of section 509(a)(3) Check the box that describes the type of supporting organization

☐ Type I ☐ Type II ☐ Type III - Functionally Integrated ☐ Type III - Other

Provide the following information about the supported organizations. (see page 7 of the instructions.)

(a) Name(s) of supported organization(s)	(b) Employer identification number	(c) Type of organization (described in lines 5 through 12 above or IRC section)	(d) Is the supported organization listed in the supporting organization's governing documents? Yes	(d) No	(e) Amount of support?
Total				▶	

14 ☐ An organization organized and operated to test for public safety Section 509(a)(4) (See page 7 of the instructions)

Part IV-A Support Schedule (Complete only if you checked a box on line 10, 11, or 12) ***Use cash method of accounting.***

Note: *You may use the worksheet in the instructions for converting from the accrual to the cash method of accounting.*

	Calendar year (or fiscal year beginning in) ▶	(a) 2005	(b) 2004	(c) 2003	(d) 2002	(e) Total
15	Gifts, grants, and contributions received (Do not include unusual grants See line 28)	5,967,788	21,291,161	13,861,125	12,256,172	53,376,246
16	Membership fees received					0
17	Gross receipts from admissions, merchandise sold or services performed, or furnishing of facilities in any activity that is related to the organization's charitable, etc , purpose	307,178	927,820	1,036,175	852,567	3,123,740
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	114,399	195,328	86,763	96,337	492,827
19	Net income from unrelated business activities not included in line 18					0
20	Tax revenues levied for the organization's benefit and either paid to it or expended on its behalf					0
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					0
22	Other income Attach a schedule Do not include gain or (loss) from sale of capital assets	24,021	43,737	85,997	10,730	164,485
23	Total of lines 15 through 22	6,413,386	22,458,046	15,070,060	13,215,806	57,157,298
24	Line 23 minus line 17	6,106,208	21,530,226	14,033,885	12,363,239	54,033,558
25	Enter 1% of line 23	64,134	224,580	150,701	132,158	

26 **Organizations described on lines 10 or 11: a** Enter 2% of amount in column (e), line 24 ▶ **26a** 1,080,671

b Prepare a list for your records to show the name of and amount contributed by each person (other than a governmental unit or publicly supported organization) whose total gifts for 2002 through 2005 exceeded the amount shown in line 26a **Do not file this list with your return.** Enter the total of all these excess amounts ▶ **26b** 3,482,938

c Total support for section 509(a)(1) test Enter line 24, column (e) ▶ **26c** 54,033,558

d Add Amounts from column (e) for lines 18 492,827 19 0
22 ______ 26b 3,482,938 ▶ **26d** 4,140,250

e Public support (line 26c minus line 26d total) ▶ **26e** 49,893,308

f **Public support percentage (line 26e (numerator) divided by line 26c (denominator))** ▶ **26f** 92 34 %

27 **Organizations described on line 12: a** For amounts included in lines 15, 16, and 17 that were received from a "disqualified person," prepare a list for your records to show the name of, and total amounts received in each year from, each "disqualified person " **Do not file this list with your return.** Enter the sum of such amounts for each year

(2005) ______ (2004) ______ (2003) ______ (2002) ______

b For any amount included in line 17 that was received from each person (other than "disqualified persons"), prepare a list for your records to show the name of, and amount received for each year, that was more than the **larger** of **(1)** the amount on line 25 for the year or **(2)** $5,000 (Include in the list organizations described in lines 5 through 11b, as well as individuals) **Do not file this list with your return.** After computing the difference between the amount received and the larger amount described in **(1)** or **(2)**, enter the sum of these differences (the excess amounts) for each year

(2005) ______ (2004) ______ (2003) ______ (2002) ______

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 from 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 2002 through 2005, prepare a list for your records to show, for each year, the name of the contributor, the date and amount of the grant, and a brief description of the nature of the grant **Do not file this list with your return.** Do not include these grants in line 15

Part V Private School Questionnaire (See page 7 of the instructions.)
(To be completed ONLY by schools that checked the box on line 6 in Part IV)

			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?	29		
30	Does the organization include a statement of its racially nondiscriminatory policy toward students in all its brochures, catalogues, and other written communications with the public dealing with student admissions, programs, and scholarships?	30		
31	Has the organization publicized its racially nondiscriminatory policy through newspaper or broadcast media during the period of solicitation for students, or during the registration period if it has no solicitation program, in a way that makes the policy known to all parts of the general community it serves? If "Yes," please describe, if "No," please explain (If you need more space, attach a separate statement)	31		
32	Does the organization maintain the following			
a	Records indicating the racial composition of the student body, faculty, and administrative staff?	32a		
b	Records documenting that scholarships and other financial assistance are awarded on racially nondiscriminatory basis?	32b		
c	Copies of all catalogues, brochures, announcements, and other written communications to the public dealing with student admissions, programs, and scholarships?	32c		
d	Copies of all material used by the organization or on its behalf to solicit contributions? If you answered "No" to any of the above, please explain (If you need more space, attach a separate statement)	32d		
33	Does the organization discriminate by race in any way with respect to			
a	Students' rights or privileges?	33a		
b	Admissions policies?	33b		
c	Employment of faculty or administrative staff?	33c		
d	Scholarships or other financial assistance?	33d		
e	Educational policies?	33e		
f	Use of facilities?	33f		
g	Athletic programs?	33g		
h	Other extracurricular activities? If you answered "Yes" to any of the above, please explain (If you need more space, attach a separate statement)	33h		
34a	Does the organization receive any financial aid or assistance from a governmental agency?	34a		
b	Has the organization's right to such aid ever been revoked or suspended? If you answered "Yes" to either 34a or b, please explain using an attached statement	34b		
35	Does the organization certify that it has complied with the applicable requirements of sections 4 01 through 4 05 of Rev Proc 75-50, 1975-2 C B 587, covering racial nondiscrimination? If "No," attach an explanation	35		

Part VI-A **Lobbying Expenditures by Electing Public Charities** (See page 10 of the instructions.)
(To be completed **ONLY** by an eligible organization that filed Form 5768)

Check ▶ **a** ☐ if the organization belongs to an affiliated group Check ▶ **b** ☐ if you checked "a" and "limited control" provisions apply

Limits on Lobbying Expenditures (The term "expenditures" means amounts paid or incurred)		(a) Affiliated group totals	(b) To be completed for all electing organizations
36 Total lobbying expenditures to influence public opinion (grassroots lobbying)	36		
37 Total lobbying expenditures to influence a legislative body (direct lobbying)	37		
38 Total lobbying expenditures (add lines 36 and 37)	38		
39 Other exempt purpose expenditures	39		
40 Total exempt purpose expenditures (add lines 38 and 39)	40		
41 Lobbying nontaxable amount Enter the amount from the following table—	41		
42 Grassroots nontaxable amount (enter 25% of line 41)	42		
43 Subtract line 42 from line 36 Enter -0- if line 42 is more than line 36	43		0
44 Subtract line 41 from line 38 Enter -0- if line 41 is more than line 38	44		0

If the amount on line 40 is—	**The lobbying nontaxable amount is—**
Not over $500,000	20% of the amount on line 40
Over $500,000 but not over $1,000,000	$100,000 plus 15% of the excess over $500,000
Over $1,000,000 but not over $1,500,000	$175,000 plus 10% of the excess over $1,000,000
Over $1,500,000 but not over $17,000,000	$225,000 plus 5% of the excess over $1,500,000
Over $17,000,000	$1,000,000

Caution: *If there is an amount on either line 43 or line 44, you must file Form 4720.*

4-Year Averaging Period Under Section 501(h)

(Some organizations that made a section 501(h) election do not have to complete all of the five columns below See the instructions for lines 45 through 50 on page 13 of the instructions)

	Lobbying Expenditures During 4-Year Averaging Period				
Calendar year (or fiscal year beginning in) ▶	**(a)** 2006	**(b)** 2005	**(c)** 2004	**(d)** 2003	**(e)** Total
45 Lobbying nontaxable amount					
46 Lobbying ceiling amount (150% of line 45(e))					
47 Total lobbying expenditures					
48 Grassroots nontaxable amount					
49 Grassroots ceiling amount (150% of line 48(e))					
50 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 page 13 of the instructions.)

During the year, did the organization attempt to influence national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of	Yes	No	Amount
a Volunteers		No	
b Paid staff or management (Include compensation in expenses reported on lines **c** through **h.**)			
c Media advertisements			
d Mailings to members, legislators, or the public			
e Publications, or published or broadcast statements			
f Grants to other organizations for lobbying purposes			
g Direct contact with legislators, their staffs, government officials, or a legislative body			
h Rallies, demonstrations, seminars, conventions, speeches, lectures, or any other means			
i Total lobbying expenditures (Add lines **c** through **h.**)			

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

Part VII **Information Regarding Transfers To and Transactions and Relationships With Noncharitable Exempt Organizations** (See page 13 of the instructions.)

51 Did the reporting organization directly or indirectly engage in any of the following with any other organization described in section 501(c) of the Code (other than section 501(c)(3) organizations) or in section 527, relating to political organizations?

		Yes	No
a Transfers from the reporting organization to a noncharitable exempt organization of			
(i) Cash	**51a(i)**		No
(ii) Other assets	**a(ii)**		No
b Other transactions			
(i) Sales or exchanges of assets with a noncharitable exempt organization	**b(i)**		No
(ii) Purchases of assets from a noncharitable exempt organization	**b(ii)**		No
(iii) Rental of facilities, equipment, or other assets	**b(iii)**		No
(iv) Reimbursement arrangements	**b(iv)**		No
(v) Loans or loan guarantees	**b(v)**		No
(vi) Performance of services or membership or fundraising solicitations	**b(vi)**		No
c Sharing of facilities, equipment, mailing lists, other assets, or paid employees	**c**		No

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

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

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

b If "Yes," complete the following schedule

(a) Name of organization	**(b)** Type of organization	**(c)** Description of relationship

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TY 2006 Cash Grants Paid Schedule

Name: CATO INSTITUTE

EIN: 23-7432162

Class of Activity	Recipient's name	Address	Amount	Relationship
	ANNA KRASSINSKAYA	1111 MASSACHUSETTS AVENUE NW WASHINGTON, DC 20005	1,914	EMPLOYEE
	MART LAAR		500,000	NONE
	NORMAN A BAILEY INC	8618 WESTWOOD CENTER DRIVE SUITE 1 VIENNA, VA 22182	20,000	NONE
	AMERICAN ISLAMIC CONGRESS	263 HUNTINGTON AVENUE 315 BOSTON, MA 02115	27,500	NONE
	NEW ECONOMIC SCHOOL - GEORGIA		10,720	NONE
	PEW RESEARCH CENTER	1615 L STREET NW SUITE 700 WASHINGTON, DC 20036	23,000	NONE

TY 2006 Depreciation and Depletion Schedule

Name: CATO INSTITUTE

EIN: 23-7432162

Asset	Amount
LAND	
BUILDING	256,041
FURN AND FIXTURES	211,863

TY 2006 Other Assets Schedule

Name: CATO INSTITUTE

EIN: 23-7432162

Description	Beginning of Year Amount	End of Year Amount
REMAINDER INTERESTS RECEIVABLE	220,136	129,633

TY 2006 Other Expenses Included Schedule

Name: CATO INSTITUTE

EIN: 23-7432162

Description	Amount
COST OF SALES	225,741
LOSS ON SALE OF INVESTMENTS	5,543
LOSS ON DISPOSAL OF ASSETS	9,081

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TY 2006 Other Liabilities Schedule

Name: CATO INSTITUTE

EIN: 23-7432162

Description	Beginning of Year Amount	End of Year Amount
CAPITAL LEASE OBLIGATION	181,686	109,783
DEPOSITS HELD	4,311	0
CHARITABLE GIFT ANNUITY	0	192,089
DEFERRED COMPENSATION		
LIABILITY	0	424,919

TY 2006 Other Revenues Included Schedule

Name: CATO INSTITUTE

EIN: 23-7432162

Description	Amount
COST OF SALES	225,741
LOSS ON SALE OF INVESTMENTS	5,543
LOSS ON DISPOSAL OF ASSETS	9,081

TY 2006 Other Income Schedule

Name: CATO INSTITUTE

EIN: 23-7432162

Description	2003	2002	2001	2000	Total
MISCELLANEOUS INCOME	24,021	43,737	85,997	10,730	164,485

TY 2006 Scholarship Award Statement

Name: CATO INSTITUTE

EIN: 23-7432162

Statement: CATO GRANTS SCHOLARSHIPS TO INDIVIDUALS WHO HAVE PARTICIPATED IN OUR INTERNSHIP PROGRAM AND THEN CONTINUED ON IN AREAS OF RESEARCH RELATED TO CATO INSTITUTE'S EXEMPT PURPOSE WITH ACCREDITED COLLEGE/UNIVERSITIES.

TY 2006 Self Dealing Statement

Name: CATO INSTITUTE

EIN: 23-7432162

Line Number	Explanation
2d	SEE PART V, FORM 990.

Note: To capture the full content of this document, please select landscape mode (11" x 8.5") when printing.

TY 2006 Supplemental Support Schedule

Name: CATO INSTITUTE

EIN: 23-7432162

Year	Gifts, Grants and Contributions Received	Membership Fees Received	Gross Receipts From Admissions, Etc.	Gross Investment Income And Post 1975UBI	Net UBI Pre 1975	Tax Revenues Levied For Organization's Benefit	Value Of Services, Facilities Furnished By Government	Other Income	Total
2005	5,967,788		307,178	114,399				24,021	6,413,386
2004	21,291,161		927,820	195,328				43,737	22,458,046
2003	13,861,125		1,036,175	86,763				85,997	15,070,060
2002	12,256,172		852,567	96,337				10,730	13,215,806

Additional Data

Software ID:
Software Version:
EIN: 23-7432162
Name: CATO INSTITUTE

Form 990, Part II, Line 43 - Other expenses not covered above (itemize):

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
a PROFESSIONAL FEES	**43a**	89,699	26,415	63,284	0
b PEST AND REFUSE	**43b**	10,052	0	10,052	0
c INTERN EARNINGS	**43c**	145,452	145,452	0	0
d PROMOTIONS	**43d**	312,610	297,030	250	15,330
e BOOKS, SUBSCRIPTIONS & DUES	**43e**	215,216	125,915	17,581	71,720
f FULFILLMENT & STORAGE	**43f**	224,380	224,130	250	0
g MAILING LIST EXPENSE	**43g**	177,873	47,776	0	130,097
h INDEPENDENT CONTRACTORS, OTHER	**43h**	1,401,157	1,234,569	66,166	100,422
i BANK FEES	**43i**	136,054	0	136,054	0
j TAXES AND LICENSES	**43j**	181,433	130,572	23,171	27,690
k SECURITY	**43k**	85,106	0	85,106	0
l UTILITIES	**43l**	277,944	208,619	25,084	44,241
m MISCELLANEOUS	**43m**	25,675	18,486	5,135	2,054
n AUDIO/VISUAL COSTS	**43n**	178,534	175,803	1,841	890
o PRINTING & MAILING	**43o**	1,677,436	781,370	3,148	892,918
p INSURANCE	**43p**	104,562	0	104,562	0
q BAD DEBTS	**43q**	125,718	24,199	0	101,519

Form 990, Part V-A - Current Officers, Directors, Trustees, and Key Employees:

(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
FRANK BOND 1000 MASSACHUSETTS AVE NW WASHINGTON,DC 200015403	DIRECTOR 2 5	0	0	0
RICHARD J DENNIS 1000 MASSACHUSETTS AVE NW WASHINGTON,DC 200015403	DIRECTOR 2 5	0	0	0
JOHN C MALONE 1000 MASSACHUSETTS AVE NW WASHINGTON,DC 200015403	DIRECTOR 2 5	0	0	0
DAVID H PADDEN 1000 MASSACHUSETTS AVE NW WASHINGTON,DC 200015403	DIRECTOR 2 5	0	0	0
LEWIS E RANDALL 1000 MASSACHUSETTS AVE NW WASHINGTON,DC 200015403	DIRECTOR 2 5	0	0	0
HOWARD S RICH 1000 MASSACHUSETTS AVE NW WASHINGTON,DC 200015403	DIRECTOR 2 5	0	0	0
FREDERICK W SMITH 1000 MASSACHUSETTS AVE NW WASHINGTON,DC 200015403	DIRECTOR 2 5	0	0	0
JEFF YASS 1000 MASSACHUSETTS AVE NW WASHINGTON,DC 200015403	DIRECTOR 2 5	0	0	0
FRED YOUNG 1000 MASSACHUSETTS AVE NW WASHINGTON,DC 200015403	DIRECTOR 2 5	0	0	0
JANETTE STOUT 1000 MASSACHUSETTS AVE NW WASHINGTON,DC 200015403	SECRETARY 40 0	70,000	9,356	0

Form 990, Part V-A - Current Officers, Directors, Trustees, and Key Employees:

(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
DAVID BOAZ 1000 MASSACHUSETTS AVE NW WASHINGTON,DC 200015403	EXECUTIVE VP 40 0	206,060	22,313	0
WILLIAM ERICKSON 1000 MASSACHUSETTS AVE NW WASHINGTON,DC 200015403	VP FINANCE & ADMIN 40 0	155,600	22,375	0
EDWARD H CRANE 1000 MASSACHUSETTS AVE NW WASHINGTON,DC 200015403	PRESIDENT/CEO 40 0	407,900	456,668	0
K TUCKER ANDERSEN 1000 MASSACHUSETTS AVE NW WASHINGTON,DC 200015403	DIRECTOR 2 5	0	0	0
ETHELMAE C HUMPHREYS 1000 MASSACHUSETTS AVE NW WASHINGTON,DC 200015403	DIRECTOR 2 5	0	0	0
DAVID H KOCH 1000 MASSACHUSETTS AVE NW WASHINGTON,DC 200015403	DIRECTOR 2 5	0	0	0
WILLIAM A NISKANEN 1000 MASSACHUSETTS AVE NW WASHINGTON,DC 200015403	CHAIRMAN 40 0	158,528	16,105	0
DONALD G SMITH 1000 MASSACHUSETTS AVE NW WASHINGTON,DC 200015403	DIRECTOR 2 5	0	0	0

Form 990, Part VIII - Relationship of Activities to the Accomplishment of Exempt Purposes:

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).
93A	CONFERENCES - PROVIDE A FORUM FOR DISCUSSION OF RELATED
0	ISSUES AND CURRENT DEVELOPMENTS, FURTHERING THE
0	ORGANIZATION'S EXEMPT PURPOSE
102	SALES OF PUBLICATIONS TO DISSEMINATE THE ORGANIZATION'S
0	RESEARCH
103C	MISCELLANEOUS RECEIPTS WHICH SUPPORT THE ORGANIZATION'S
0	EXEMPT PURPOSE