

**Return of Organization Exempt From Income Tax**

**2007**

Department of the Treasury  
Internal Revenue Service

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

Open to Public Inspection

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** Check if applicable:  
 Address change  
 Name change  
 Initial return  
 Termination  
 Amended return  
 Application pending

**C** Name of organization: **TAX FOUNDATION**  
 Number and street (or P O box if mail is not delivered to street address): **2001 L STREET, NW**  
 City or town, state or country, and ZIP + 4: **WASHINGTON, DC 20036**

**D** Employer identification number: **52-1703065**

**E** Telephone number: **202-464-6200**

**F** Accounting method:  Cash  Accrual  
 Other (specify):

**G** Website: **WWW.TAXFOUNDATION.ORG**

**J** Organization type (check only one):  501(c)(3) (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: **2,194,964.**

**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)

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

Revenue		Expenses		Net Assets	
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	2,132,796.		
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 \$ 2,132,796. )	1e	2,132,796.		
2	Program service revenue including government fees and contracts (from Part VII, line 93)	2	7,478.		
3	Membership dues and assessments	3			
4	Interest on savings and temporary cash investments	4	7,396.		
5	Dividends and interest from securities	5	28,094.		
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			
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			
9	Special events and activities (attach schedule) If any amount is from gaming, check here <input type="checkbox"/>				
a	Gross revenue (not including \$ 171,800. of contributions reported on line 1b)	9a	19,200.		
b	Less direct expenses other than fundraising expenses	9b	67,285.		
c	Net income or (loss) from special events Subtract line 9b from line 9a	9c	-48,085.		
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	2,127,679.		
13	Program services (from line 44, column (B))	13	1,283,826.		
14	Management and general (from line 44, column (C))	14	176,466.		
15	Fundraising (from line 44, column (D))	15	691,751.		
16	Payments to affiliates (attach schedule)	16			
17	Total expenses. Add lines 16 and 44, column (A)	17	2,152,043.		
18	Excess or (deficit) for the year Subtract line 17 from line 12	18	-24,364.		
19	Net assets or fund balances at beginning of year (from line 73, column (A))	19	1,089,905.		
20	Other changes in net assets or fund balances (attach explanation)	20	13,508.		
21	Net assets or fund balances at end of year. Combine lines 18, 19, and 20	21	1,079,049.		

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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

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 <input type="checkbox"/>				
22b Other grants and allocations (attach schedule) (cash \$ 0 • noncash \$ 0) 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	160,138.	84,873.	33,629.	41,636.
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	792,599.	562,332.	84,529.	145,738.
27 Pension plan contributions not included on lines 25a, b, and c	12,159.	8,639.	1,292.	2,228.
28 Employee benefits not included on lines 25a - 27	63,252.	44,864.	6,750.	11,638.
29 Payroll taxes	67,493.	45,939.	8,358.	13,196.
30 Professional fundraising fees	9,108.			9,108.
31 Accounting fees	10,929.		10,929.	
32 Legal fees	2,129.		2,129.	
33 Supplies	39,086.	20,134.	5,579.	13,373.
34 Telephone	22,226.	4,495.	17,731.	
35 Postage and shipping	206,538.	24,589.	13,156.	168,793.
36 Occupancy	136,214.		136,214.	
37 Equipment rental and maintenance	18,264.		18,264.	
38 Printing and publications	220,166.	70,921.	7,912.	141,333.
39 Travel	71,535.	42,707.	19,973.	8,855.
40 Conferences, conventions, and meetings				
41 Interest				
42 Depreciation, depletion, etc. (attach schedule)	13,851.		13,851.	
43 Other expenses not covered above (itemize):				
a				
b				
c				
d				
e				
f				
g SEE STATEMENT 3	306,356.	374,333.	-203,830.	135,853.
44 Total functional expenses. Add lines 22a through 43g (Organizations completing columns (B)-(D), carry these totals to lines 13-15)	2,152,043.	1,283,826.	176,466.	691,751.

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 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? ► SEE STATEMENT 4	Program Service Expenses (Required for 501(c)(3) and (4) orgs, and 4947(a)(1) trusts, but optional for others)
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.)	
<b>a</b> RESEARCH AND COMMUNICATIONS - RESEARCH PROPOSED CHANGES IN AREAS OF TAXATION AND ITEMS OF CURRENT INTEREST TO PROVIDE INFORMATION ABOUT PUBLIC FINANCE AND COMMUNICATE RESULTS OF RESEARCH TO THE GENERAL PUBLIC.  (Grants and allocations \$ ) If this amount includes foreign grants, check here ► <input type="checkbox"/>	1,250,971.
<b>b</b> CONFERENCES - CONDUCTED TO PROMOTE DISCUSSION ON AREAS OF CURRENT INTEREST ON ISSUES OF FEDERAL, STATE AND LOCAL TAX POLICY.  (Grants and allocations \$ ) If this amount includes foreign grants, check here ► <input type="checkbox"/>	32,855.
<b>c</b>  (Grants and allocations \$ ) If this amount includes foreign grants, check here ► <input type="checkbox"/>	
<b>d</b>  (Grants and allocations \$ ) If this amount includes foreign grants, check here ► <input type="checkbox"/>	
<b>e</b> Other program services (attach schedule) (Grants and allocations \$ ) If this amount includes foreign grants, check here ► <input type="checkbox"/>	
<b>f</b> Total of Program Service Expenses (should equal line 44, column (B), Program services) ►	1,283,826.

Form 990 (2007)

**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		45 -1.
	46 Savings and temporary cash investments	325,502.	46 205,147.
	47 a Accounts receivable	47a 15,000.	
	b Less: allowance for doubtful accounts	47b	47c 15,000.
	48 a Pledges receivable	48a 125,000.	
	b Less: allowance for doubtful accounts	48b	48c 125,000.
	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	25,998.	53 58,436.
	54 a Investments - publicly-traded securities STMT 7 <input type="checkbox"/> Cost <input checked="" type="checkbox"/> FMV	684,404.	54a 725,986.
b Investments - other securities STMT 6 <input type="checkbox"/> Cost <input checked="" type="checkbox"/> FMV	23,708.	54b 24,492.	
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 115,567.		
b Less: accumulated depreciation STMT 5	57b 79,611.	57c 37,942.	
58 Other assets, including program-related investments (describe ▶ _____)		58	
59 <b>Total assets</b> (must equal line 74). Add lines 45 through 58	1,140,054.	59 1,190,016.	
<b>Liabilities</b>	60 Accounts payable and accrued expenses	31,574.	60 92,710.
	61 Grants payable		61
	62 Deferred revenue		62
	63 Loans from officers, directors, trustees, and key employees		63
	64 a Tax-exempt bond liabilities		64a
	b Mortgages and other notes payable		64b
	65 Other liabilities (describe ▶ <u>DEFERRED RENT</u> )	18,575.	65 18,257.
66 <b>Total liabilities.</b> Add lines 60 through 65	50,149.	66 110,967.	
<b>Net Assets or Fund Balances</b>	<b>Organizations that follow SFAS 117, check here</b> <input checked="" type="checkbox"/> and complete lines 67 through 69 and lines 73 and 74.		
	67 Unrestricted	998,243.	67 851,717.
	68 Temporarily restricted	91,662.	68 227,332.
	69 Permanently restricted		69
	<b>Organizations that do not follow SFAS 117, check here</b> <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 <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)	1,089,905.	73 1,079,049.	
74 <b>Total liabilities and net assets/fund balances.</b> Add lines 66 and 73	1,140,054.	74 1,190,016.	

**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>	2,141,187.
<b>b</b>	Amounts included on line a but not on Part I, line 12:			
1	Net unrealized gains on investments	b1	13,508.	
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>	13,508.
<b>c</b>	Subtract line b from line a		<b>c</b>	2,127,679.
<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>	0.
<b>e</b>	<b>Total revenue</b> (Part I, line 12). Add lines c and d		<b>e</b>	2,127,679.

**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>	2,152,043.
<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>	0.
<b>c</b>	Subtract line b from line a		<b>c</b>	2,152,043.
<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>	0.
<b>e</b>	<b>Total expenses</b> (Part I, line 17). Add lines c and d		<b>e</b>	2,152,043.

**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
SCOTT HODGE 2001 L STREET, NW SUITE 1050 WASHINGTON, DC 20036	PRESIDENT & SECRETARY 50.00	146,226.	13,912.	0.
WAYNE GABLE 2001 L STREET, NW SUITE 1050 WASHINGTON, DC 20036	CHAIRMAN 1.00	0.	0.	0.
JAMES W. LINTOTT 2001 L STREET, NW SUITE 1050 WASHINGTON, DC 20036	TREASURER 1.00	0.	0.	0.
HONORABLE BILL ARCHER 2001 L STREET, NW SUITE 1050 WASHINGTON, DC 20036	DIRECTOR 1.00	0.	0.	0.
HONORABLE R. GLENN HUBBARD 2001 L STREET, NW SUITE 1050 WASHINGTON, DC 20036	DIRECTOR 1.00	0.	0.	0.
DAVID P. LEWIS 2001 L STREET, NW SUITE 1050 WASHINGTON, DC 20036	DIRECTOR 1.00	0.	0.	0.
----- ----- -----				
----- ----- -----				



Part VI Other Information (continued)		Yes	No
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?		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?	X	
b	Did the organization comply with the disclosure requirements relating to <i>quid pro quo</i> contributions?	X	
84 a	Did the organization solicit any contributions or gifts that were not tax deductible?		
	N/A		
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?		
	N/A		
85 a	501(c)(4), (5), or (6). Were substantially all dues nondeductible by members?		
	N/A		
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.		
	N/A		
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?		
	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?		
	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		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		X
89 a	501(c)(3) organizations. Enter: Amount of tax imposed on the organization during the year under: section 4911 <u>0.</u> , section 4912 <u>0.</u> , section 4955 <u>0.</u>		
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		X
c	Enter: Amount of tax imposed on the organization managers or disqualified persons during the year under sections 4912, 4955, and 4958 <u>0.</u>		
d	Enter: Amount of tax on line 89c, above, reimbursed by the organization <u>0.</u>		
e	All organizations. At any time during the tax year, was the organization a party to a prohibited tax shelter transaction?		X
f	All organizations. Did the organization acquire a direct or indirect interest in any applicable insurance contract?		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?		X
89g			
90 a	List the states with which a copy of this return is filed <u>SEE STATEMENT 8</u>		
b	Number of employees employed in the pay period that includes March 12, 2007	90b	16
91 a	The books are in care of <u>THE ORGANIZATION</u> Telephone no <u>202-464-6200</u> Located at <u>2001 L STREET, NW, WASHINGTON, DC</u> ZIP + 4 <u>20036</u>		
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 <u>N/A</u> See the instructions for exceptions and filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts.	91b	X

**Part VI Other Information** (continued)

At any time during the calendar year, did the organization maintain an office outside of the United States?  Yes  No  
 If "Yes," enter the name of the foreign country: N/A

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.

	Unrelated business income		Excluded by section 512, 513, or 514		(E) Related or exempt function income
	(A) Business code	(B) Amount	(C) Exclu- sion code	(D) Amount	
93 Program service revenue:					
a PUBLICATION SALES					7,478.
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	7,396.	
96 Dividends and interest from securities			14	28,094.	
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					-48,085.
102 Gross profit or (loss) from sales of inventory					
103 Other revenue:					
a					
b					
c					
d					
e					
104 Subtotal (add columns (B), (D), and (E))		0.		35,490.	-40,607.
105 Total (add line 104, columns (B), (D), and (E))					-5,117.

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)

93A SALES OF PUBLICATIONS ARE A MEANS TO DESSIMINATE RESEARCH RESULTS AND OTHER RELATED INFORMATION TO THE PUBLIC

**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
N/A	%			
	%			
	%			
	%			

**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). 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.

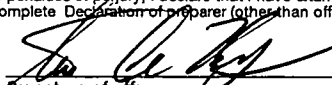
				Yes	No
(A)	(B)	(C)	(D)		
Name, address, of each controlled entity	Employer Identification Number	Description of transfer	Amount of transfer		
a					
b					
c					
<b>Totals</b>					

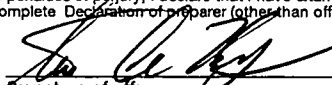
107 Did the reporting organization receive any transfers from a controlled entity as defined in section 512(b)(13) of the Code? If "Yes," complete the schedule below for each controlled entity.

				Yes	No
(A)	(B)	(C)	(D)		
Name, address, of each controlled entity	Employer Identification Number	Description of transfer	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?

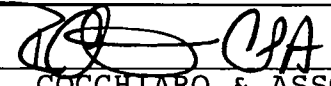
Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Please Sign Here:  Date: 5-13-08

Signature of officer:  Date: 5-13-08

Type or print name and title: President, Scott A. Hodge

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Paid Preparer's Use Only: Preparer's signature:  Date: 5-9-08 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: COCCHIARO & ASSOCIATES, LLC  
211 NORTH UNION STREET, SUITE 100  
ALEXANDRIA, VA 22314

EIN: Phone no: 703-519-1226

**SCHEDULE A**  
**(Form 990 or 990-EZ)**

**Organization Exempt Under Section 501(c)(3)**

OMB No 1545-0047

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

**2007**

Department of the Treasury  
Internal Revenue Service

**Supplementary Information-(See separate instructions.)**  
▶ **MUST be completed by the above organizations and attached to their Form 990 or 990-EZ**

Name of the organization

**TAX FOUNDATION**

Employer identification number

**52 1703065**

**Part I Compensation of the Five Highest Paid Employees Other Than Officers, Directors, and Trustees**

(See page 1 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
ALBERT AHERN 2001 L STREET, NW SUITE 1050, WASHING	DIR. COMM. 40.00	84,949.	2,810.	
CHRIS ATKINS 2001 L STREET, NW SUITE 1050, WASHING	SR. TAX COUNSEL 40.00	67,680.	7,856.	
LISA HAZLETT 2001 L STREET, NW SUITE 1050, WASHING	DEV. DIR 40.00	73,819.	3,925.	
MEGAN CARPENTIER 2001 L STREET, NW SUITE 1050, WASHING	MGR GOVT AFFAIRS 40.00	57,444.	3,031.	
PATRICK FLEENOR 2001 L STREET, NW SUITE 1050, WASHING	CHIEF ECONOMIST 40.00	87,338.	11,155.	
Total number of other employees paid over \$50,000 ▶	0			

**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
NONE		
Total number of others receiving over \$50,000 for professional services ▶	0	

**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 of the instructions )

(a) Name and address of each independent contractor paid more than \$50,000	(b) Type of service	(c) Compensation
NONE		
Total number of other contractors receiving over \$50,000 for other services ▶	0	

**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, including 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) 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.		X
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 of property?	2a	X
b	Lending of money or other extension of credit?	2b	X
c	Furnishing of goods, services, or facilities?	2c	X
d	Payment of compensation (or payment or reimbursement of expenses if more than \$1,000)? SEE PART V-A, FORM 990	2d	X
e	Transfer of any part of its income or assets?	2e	X
3	a 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	X
b	Did the organization have a section 403(b) annuity plan for its employees?	3b	X
c	Did the organization receive or hold an easement for conservation purposes, including easements to preserve open space, the environment, historic land areas or historic structures? If "Yes," attach a detailed statement	3c	X
d	Did the organization provide credit counseling, debt management, credit repair, or debt negotiation services?	3d	X
4	a Did the organization maintain any donor advised funds? If "Yes," complete lines 4b through 4g. If "No," complete lines 4f and 4g	4a	X
b	Did the organization make any taxable distributions under section 4966?	4b	N/A
c	Did the organization make a distribution to a donor, donor advisor, or related person?	4c	N/A
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 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 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 8 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 8 of the instructions )

(a) Name(s) of supported organization(s)	(b) Employer identification number (EIN)	(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?		(e) Amount of support
			Yes	No	
<b>Total</b>					►

- 14  An organization organized and operated to test for public safety Section 509(a)(4) (See page 8 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) 2006	(b) 2005	(c) 2004	(d) 2003	(e) Total
15 Gifts, grants, and contributions received (Do not include unusual grants. See line 28.)	1,950,713.	1,946,941.	1,715,588.	1,330,915.	6,944,157.
16 Membership fees received					
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	9,724.	51,064.	63,828.	24,174.	148,790.
18 Gross income from interest, dividends, amounts received from payments on securities loans (section 512(a)(5)), rents, royalties, income from similar sources, and unrelated business taxable income (less section 511 taxes) from businesses acquired by the organization after June 30, 1975	35,014.	15,396.	1,940.	1,613.	53,963.
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	6,619.	5,930.	SEE STATEMENT 9 9,137.	22,170.	43,856.
23 Total of lines 15 through 22	2,002,070.	2,019,331.	1,790,493.	1,378,872.	7,190,766.
24 Line 23 minus line 17	1,992,346.	1,968,267.	1,726,665.	1,354,698.	7,041,976.
25 Enter 1% of line 23	20,021.	20,193.	17,905.	13,789.	
26 Organizations described on lines 10 or 11: a Enter 2% of amount in column (e), line 24					26a 140,840.
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 2003 through 2006 exceeded the amount shown in line 26a. Do not file this list with your return. Enter the total of all these excess amounts					26b 647,760.
c Total support for section 509(a)(1) test. Enter line 24, column (e)					26c 7,041,976.
d Add: Amounts from column (e) for lines 18 53,963. 19 _____ 22 43,856. 26b 647,760.					26d 745,579.
e Public support (line 26c minus line 26d total)					26e 6,296,397.
f Public support percentage (line 26e (numerator) divided by line 26c (denominator))					26f 89.4124%
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 N/A	(2006)	(2005)	(2004)	(2003)	
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 N/A	(2006)	(2005)	(2004)	(2003)	
c Add: Amounts from column (e) for lines 15 _____ 16 _____ 17 _____ 20 _____ 21 _____					27c N/A
d Add: Line 27a total _____ and line 27b total _____					27d N/A
e Public support (line 27c total minus line 27d total)					27e N/A
f Total support for section 509(a)(2) test. Enter amount on line 23, column (e)			27f N/A		
g Public support percentage (line 27e (numerator) divided by line 27f (denominator))					27g N/A %
h Investment income percentage (line 18, column (e) (numerator) divided by line 27f (denominator))					27h N/A %
28 Unusual Grants: For an organization described in line 10, 11, or 12 that received any unusual grants during 2003 through 2006, 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	NONE				

**Part V Private School Questionnaire** (See page 9 of the instructions )

N/A

**(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?		
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 )		
<hr/>			
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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 a 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	
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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	
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34 a	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	





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 FORM 990 PAGE 2

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Asset No.	Description	Date Acquired	Method	Life	Line No	Unadjusted Cost Or Basis	Bus % Excl	* Reduction In Basis	Basis For Depreciation	Accumulated Depreciation	Current Sec 179	Current Year Deduction
18	ADJUSTMENT	123106SL		1.00	16							0.
	* 990 PAGE 2 TOTAL							0.			0.	
	OTHER											
	MANAGEMENT AND GENERAL											
1	TELEPHONE SYSTEM	080198SL		5.00	16	11,121.			11,121.	11,121.		0.
2	COMPUTER EQUIPMENT	123198SL		5.00	16	15,908.			15,908.	15,908.		0.
3	COMPUTER NETWORK	123198SL		5.00	16	5,613.			5,613.	5,613.		0.
4	COMPUTER EQUIPMENT	010199SL		5.00	16	1,569.			1,569.	1,569.		0.
5	COMPUTER EQUIPMENT	111401SL		5.00	16	8,000.			8,000.	7,933.		0.
6	X SERIES 235 SERVER	100102SL		5.00	16	3,849.			3,849.	3,272.		577.
7	HP LJ4200N & 4600	051303SL		5.00	16	4,994.			4,994.	3,496.		999.
8	IBM COMPUTER EQUIPMENT	060103SL		5.00	16	7,600.			7,600.	5,321.		1,520.
9	IBM COMPUTER EQUIPMENT	102204SL		5.00	16	7,500.			7,500.	3,747.		1,500.
10	COMPUTER EQUIPMENT	011505SL		3.00	16	2,025.			2,025.	1,294.		675.
11	FURNITURE	061305SL		5.00	16	5,238.			5,238.	1,572.		1,048.
12	FURNITURE	071505SL		5.00	16	1,450.			1,450.	411.		290.
13	COMPUTER	071805SL		3.00	16	3,001.			3,001.	1,417.		1,000.
14	IBM COMPUTER EQUIPMENT	112205SL		5.00	16	6,000.			6,000.	1,366.		1,200.
15	TRADE SHOW PACKAGE	060606SL		5.00	16	4,034.			4,034.	471.		807.

\* ITC, Section 179, Salvage, Bonus, Commercial Revitalization Deduction, GO Zone

(D) - Asset disposed

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Asset No	Description	Date Acquired	Method	Life	Line No	Unadjusted Cost Or Basis	Bus % Excl	* Reduction In Basis	Basis For Depreciation	Accumulated Depreciation	Current Sec 179	Current Year Deduction
16	COMPUTER EQUIPMENT	070106SL		5.00	16	1,497.			1,497.	150.		299.
17	MICROSOFT EQUIPMENT	071906SL		5.00	16	13,193.			13,193.	1,099.		2,639.
19	DONOR PERFECT SOFTWARE * 990 PAGE 2 TOTAL MANAGEMENT AND GENERAL * GRAND TOTAL 990 PAGE 2 DEPR	070107SL		5.00	16	12,975. 115,567. 115,567.		0. 0.	12,975. 115,567. 115,567.	65,760. 65,760.	0. 0.	1,297. 13,851. 13,851.

728102 04-27-07 (D) - Asset disposed \* ITC, Section 179, Salvage, Bonus, Commercial Revitalization Deduction, GO Zone

FORM 990	SPECIAL EVENTS AND ACTIVITIES				STATEMENT	1
DESCRIPTION OF EVENT	GROSS RECEIPTS	CONTRIBUT. INCLUDED	GROSS REVENUE	DIRECT EXPENSES	NET INCOME OR (LOSS)	
ANNUAL DINNER	191,000.	171,800.	19,200.	67,285.	-48,085.	
TO FM 990, PART I, LINE 9	191,000.	171,800.	19,200.	67,285.	-48,085.	

FORM 990	OTHER CHANGES IN NET ASSETS OR FUND BALANCES		STATEMENT	2
DESCRIPTION				AMOUNT
UNREALIZED GAIN ON SECURITIES				13,508.
TOTAL TO FORM 990, PART I, LINE 20				13,508.

FORM 990	OTHER EXPENSES				STATEMENT	3
DESCRIPTION	(A) TOTAL	(B) PROGRAM SERVICES	(C) MANAGEMENT AND GENERAL	(D) FUNDRAISING		
CONSULTANTS	75,801.	34,779.	20,439.	20,583.		
PROFESSIONAL FEES	46,596.	27,531.	6,857.	12,208.		
AUTOMATION	36,918.	1,831.		35,087.		
DUES AND SUBSCRIPTIONS	48,962.	35,808.	11,965.	1,189.		
ADVERTISING	32,075.	3,154.	28,586.	335.		
MEETINGS	5,521.	3,669.	1,852.	0.		
INSURANCE	6,570.		6,570.			
BANK CHARGES AND OTHER FEES	8,360.		5,711.	2,649.		
OTHER EXPENSES	13,053.	548.	12,505.			
ALLOCATED G&A COSTS	0.	234,513.	-298,315.	63,802.		
POLLING COSTS	32,500.	32,500.				
TOTAL TO FM 990, LN 43	306,356.	374,333.	-203,830.	135,853.		

FORM 990 STATEMENT OF ORGANIZATION'S PRIMARY EXEMPT PURPOSE STATEMENT 4  
PART III

## EXPLANATION

TAX FOUNDATION IS A RESEARCH AND EDUCATIONAL ORGANIZATION THAT STUDIES FISCAL POLICY ISSUES TO EDUCATE POLICY MAKERS AND THE PUBLIC.

FORM 990 DEPRECIATION OF ASSETS NOT HELD FOR INVESTMENT STATEMENT 5

DESCRIPTION	COST OR OTHER BASIS	ACCUMULATED DEPRECIATION	BOOK VALUE
TELEPHONE SYSTEM	11,121.	11,121.	0.
COMPUTER EQUIPMENT	15,908.	15,908.	0.
COMPUTER NETWORK	5,613.	5,613.	0.
COMPUTER EQUIPMENT	1,569.	1,569.	0.
COMPUTER EQUIPMENT	8,000.	7,933.	67.
X SERIES 235 SERVER	3,849.	3,849.	0.
HP LJ4200N &4600	4,994.	4,495.	499.
IBM COMPUTER EQUIPMENT	7,600.	6,841.	759.
IBM COMPUTER EQUIPMENT	7,500.	5,247.	2,253.
COMPUTER EQUIPMENT	2,025.	1,969.	56.
FURNITURE	5,238.	2,620.	2,618.
FURNITURE	1,450.	701.	749.
COMPUTER	3,001.	2,417.	584.
IBM COMPUTER EQUIPMENT	6,000.	2,566.	3,434.
TRADE SHOW PACKAGE	4,034.	1,278.	2,756.
COMPUTER EQUIPMENT	1,497.	449.	1,048.
MICROSOFT EQUIPMENT	13,193.	3,738.	9,455.
DONOR PERFECT SOFTWARE	12,975.	1,297.	11,678.
TOTAL TO FORM 990, PART IV, LN 57	115,567.	79,611.	35,956.

FORM 990 OTHER SECURITIES STATEMENT 6

SECURITY DESCRIPTION	COST/FMV	OTHER SECURITIES
CERTIFICATE OF DEPOSIT	FMV	24,492.
TO FORM 990, LINE 54B, COL B		24,492.

FORM 990	NON-GOVERNMENT SECURITIES	STATEMENT	7
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SECURITY DESCRIPTION	COST/FMV	CORPORATE STOCKS	CORPORATE BONDS	OTHER PUBLICLY TRADED SECURITIES	TOTAL NON-GOV'T SECURITIES
MUTUAL FUNDS	FMV			725,986.	725,986.
TO FORM 990, LINE 54A, COL B				725,986.	725,986.

FORM 990	LIST OF STATES RECEIVING COPY OF RETURN PART VI, LINE 90	STATEMENT	8
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## STATES

DC, AL, AK, AZ, CA, CO, CT, FL, GA, IL, KS, KY, LA, MA, ME, MD, MA, MI, MN, MS, MO, NH, NJ, NM, NY  
NC, ND, OH, OK, OR, PA, RI, SC, TN, UT, VA, WA, WV, WI

SCHEDULE A	OTHER INCOME	STATEMENT	9
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DESCRIPTION	2006 AMOUNT	2005 AMOUNT	2004 AMOUNT	2003 AMOUNT
MISC INCOME	6,619.	5,930.	9,137.	22,170.
TOTAL TO SCHEDULE A, LINE 22	6,619.	5,930.	9,137.	22,170.