

Form 990
Department of the Treasury
Internal Revenue Service

Return of Organization Exempt From Income Tax

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

OMB No 1545-0047
2007
Open to Public Inspection

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 **7/01/07**, and ending **6/30/08**

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

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

C Name of organization

THE JOHN LOCKE FOUNDATION, INC.

Number and street (or P O box if mail is not delivered to street address)

200 W. MORGAN ST.

Room/suite

200

City or town, state or country, and ZIP + 4

RALEIGH

NC 27601

D Employer identification number

56-1656943

E Telephone number

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 Yes No

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

I Group Exemption Number

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

Website: **WWW.JOHNLOCKE.ORG**

Organization type

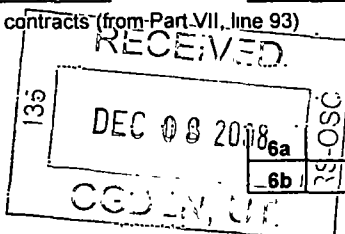
(check only one) 501(c) (**3**) (insert no) 4947(a)(1) or 527

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 **3,245,499**

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		3,148,132	
	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 \$ 3,148,132 noncash \$)	1e			3,148,132
	2 Program service revenue including government fees and contracts (from Part VII, line 93)	2			90,092
	3 Membership dues and assessments	3			
	4 Interest on savings and temporary cash investments	4			6,775
	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				
Revenue	8a Gross amount from sales of assets other than inventory	(A) Securities	(B) Other		
		8a		500	
	b Less cost or other basis and sales expenses	8b		575	
	c Gain or (loss) (attach schedule)	8c		-75	
	d Net gain or (loss). Combine line 8c, columns (A) and (B)	8d			-75
	9 Special events and activities (attach schedule). If any amount is from gaming, check here <input type="checkbox"/>				
	a Gross revenue (not including \$ of contributions reported on line 1b)	9a			
	b Less: direct expenses other than fundraising expenses	9b			
c Net income or (loss) from special events. Subtract line 9b from line 9a	9c				
Revenue	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			3,244,924	
Expenses	13 Program services (from line 44, column (B))	13		2,828,995	
	14 Management and general (from line 44, column (C))	14		301,539	
	15 Fundraising (from line 44, column (D))	15		170,782	
	16 Payments to affiliates (attach schedule)	16			
	17 Total expenses. Add lines 16 and 44, column (A)	17			3,301,316
Net Assets	18 Excess or (deficit) for the year Subtract line 17 from line 12	18		-56,392	
	19 Net assets or fund balances at beginning of year (from line 73, column (A))	19		382,589	
	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			326,197



6-17 NC

ENVELOPE DEC U 3 2008 POSTMARK DATE SCANNED JAN 07 2009

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 \$ _____ non-cash \$ _____) If this amount includes foreign grants, check here <input type="checkbox"/>				
22b	Other grants and allocations (attach schedule) (cash \$ _____ non-cash \$ _____) 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 See Statement 2	243,984	156,468	70,013	17,503
25b	Compensation of former officers, directors, key employees, etc. listed in Part V-B				
25c	Compensation and other distributions, not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)				
26	Salaries and wages of employees not included on lines 25a, b, and c	1,269,505	1,118,140	112,484	38,881
27	Pension plan contributions not included on lines 25a, b, and c	34,421	28,914	4,130	1,377
28	Employee benefits not included on lines 25a - 27	140,480	118,381	16,960	5,139
29	Payroll taxes	118,101	99,460	14,241	4,400
30	Professional fundraising fees	33,600			33,600
31	Accounting fees	8,048		8,048	
32	Legal fees	8,402		8,402	
33	Supplies	15,322	5,435	9,887	
34	Telephone	19,205	16,132	2,305	768
35	Postage and shipping	64,590	60,966		3,624
36	Occupancy	161,432	135,994	19,476	5,962
37	Equipment rental and maintenance	3,326	2,801	401	124
38	Printing and publications	307,521	293,656	22	13,843
39	Travel	46,097	43,771	104	2,222
40	Conferences, conventions, and meetings	389,900	389,900		
41	Interest	2,177	1,833	263	81
42	Depreciation, depletion, etc. (attach schedule)	63,942	55,597	5,416	2,929
43a	Other expenses not covered above (itemize): a See Statement 3	371,263	301,547	29,387	40,329
43b	b				
43c	c				
43d	d				
43e	e				
43f	f				
43g	g				
44	Total functional expenses. Add lines 22a through 43g (Organizations completing columns (B)-(D), carry these totals to lines 13-15)	3,301,316	2,828,995	301,539	170,782

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 \$ _____, (ii) the amount allocated to Program services \$ _____

(iii) the amount allocated to Management and general \$ _____, and (iv) the amount allocated to Fundraising \$ _____

Part III Statement of Program Service Accomplishments (See 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**

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 See Statement 5

(Grants and allocations \$) If this amount includes foreign grants, check here ▶

2,826,008

b

(Grants and allocations \$) If this amount includes foreign grants, check here ▶

c

(Grants and allocations \$) If this amount includes foreign grants, check here ▶

d

(Grants and allocations \$) If this amount includes foreign grants, check here ▶

e Other program services (attach schedule) See Stmt 6

(Grants and allocations \$) If this amount includes foreign grants, check here ▶

2,987

f Total of Program Service Expenses (should equal line 44, column (B), Program services)

2,828,995

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	39,938	45	-19,779
	46 Savings and temporary cash investments	188,167	46	248,878
	47a Accounts receivable	47a		
	b Less allowance for doubtful accounts	47b	47c	
	48a Pledges receivable	48a		
	b Less allowance for doubtful accounts	48b	48c	
	49 Grants receivable		49	
	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(f)(1)) and persons described in section 4958(c)(3)(B) (att 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		52	
	53 Prepaid expenses and deferred charges	111,373	53	100,705
	54a Investments—publicly-traded securities	▶ <input type="checkbox"/> Cost <input type="checkbox"/> FMV	54a	
	b Investments—other securities (attach schedule)	▶ <input type="checkbox"/> Cost <input type="checkbox"/> 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 362,567		
	b Less accumulated depreciation (attach schedule) See Statement 7	57b 290,827	95,806	57c 71,740
58 Other assets, including program-related investments (describe ▶ See Statement 8)		14,540	58 13,424	
59 Total assets (must equal line 74) Add lines 45 through 58		449,824	59 414,968	
Liabilities	60 Accounts payable and accrued expenses	58,261	60	55,668
	61 Grants payable		61	
	62 Deferred revenue See Statement 9		62	6,538
	63 Loans from officers, directors, trustees, and key employees (attach schedule)		63	
	64a Tax-exempt bond liabilities (attach schedule)		64a	
	b Mortgages and other notes payable (attach schedule)		64b	
	65 Other liabilities (describe ▶ See Statement 10)		8,974	65 26,565
66 Total liabilities. Add lines 60 through 65		67,235	66 88,771	
Net Assets or Fund Balances	Organizations that follow SFAS 117, check here <input checked="" type="checkbox"/> and complete lines 67 through 69 and lines 73 and 74.			
	67 Unrestricted	279,046	67	296,197
	68 Temporarily restricted	103,543	68	30,000
	69 Permanently restricted		69	
	Organizations that do not follow SFAS 117, check here <input type="checkbox"/> and complete lines 70 through 74.			
	70 Capital stock, trust principal, or current funds		70	
	71 Paid-in or capital surplus, or land, building, and equipment fund		71	
	72 Retained earnings, endowment, accumulated income, or other funds		72	
73 Total net assets or fund balances. Add lines 67 through 69 or lines 70 through 72. (Column (A) must equal line 19 and column (B) must equal line 21)		382,589	73 326,197	
74 Total liabilities and net assets/fund balances. Add lines 66 and 73		449,824	74 414,968	

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	3,244,924
b	Amounts included on line a but not on Part I, line 12:			
1	Net unrealized gains on investments	b1		
2	Donated services and use of facilities	b2		
3	Recoveries of prior year grants	b3		
4	Other (specify):	b4		
	Add lines b1 through b4		b	
c	Subtract line b from line a		c	3,244,924
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	
e	Total revenue (Part I, line 12) Add lines c and d		e	3,244,924

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

a	Total expenses and losses per audited financial statements		a	3,301,316
b	Amounts included on line a but not 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	
c	Subtract line b from line a		c	3,301,316
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	3,301,316

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
JOHN HOOD 200 W MORGAN STREET RALEIGH NC 27601	PRESIDENT 40	137,904	4,137	0
KORY SWANSON 200 W MORGAN STREET RALEIGH NC 27601	VP 40	106,080	3,182	0
OTHER UNCOMPENSATED - SEE LIST	0	0	0	0

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?		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		
83a	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 quid pro quo contributions?		
	83b N/A		
84a	Did the organization solicit any contributions or gifts that were not tax deductible?		X
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?		
	84b N/A		
85a	501(c)(4), (5), or (6). Were substantially all dues nondeductible by members?		
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.		
	85a N/A		
	85b N/A		
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 N/A		
h	If section 6033(e)(1)(A) dues notices were sent, does the organization agree to add the amount on line 85f to its reasonable estimate of dues allocable to nondeductible lobbying and political expenditures for the following tax year?		
	85h N/A		
86	501(c)(7) orgs. Enter: a Initiation fees and capital contributions included on line 12		
	86a		
b	Gross receipts, included on line 12, for public use of club facilities		
	86b		
87	501(c)(12) orgs. Enter: a Gross income from members or shareholders		
	87a		
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)		
	87b		
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		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
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		X
c	Enter: Amount of tax imposed on the organization managers or disqualified persons during the year under sections 4912, 4955, and 4958 0		
d	Enter: Amount of tax on line 89c, above, reimbursed by the organization 0		
e	All organizations. At any time during the tax year, was the organization a party to a prohibited tax shelter transaction?		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		
90a	List the states with which a copy of this return is filed None		
b	Number of employees employed in the pay period that includes March 12, 2007 (See instructions)		
	90b		
91a	The books are in care of PAGE COX 200 W MORGAN STREET Located at RALEIGH, NC	Telephone no. 919-828-3876	ZIP + 4 27601
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 See the instructions for exceptions and filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts.		
	91b	Yes	No X

Part VI Other Information (continued)

c At any time during the calendar year, did the organization maintain an office outside of the United States? 91c Yes No
 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:					83,555
a SEMINARS, LUNCHEONS					
b ADVERTISING - CJ JOURNAL	541800	6,537			
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	6,775	
96 Dividends and interest from securities					
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					-75
101 Net income or (loss) from special events					
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))		6,537		6,775	83,480
105 Total (add line 104, columns (B), (D), and (E))					96,792

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 Statement 11

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).

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
	X

	(A) Name, address, of each controlled entity	(B) Employer ID Number	(C) Description of transfer	(D) Amount of transfer
a				
b				
c				
Totals				

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
	X

	(A) Name, address, of each controlled entity	(B) Employer ID Number	(C) Description of transfer	(D) Amount of transfer
a				
b				
c				
Totals				

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?

Yes	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

Signature of officer: *John Hood* Date: **12-3-08**

JOHN HOOD **PRESIDENT**

Type or print name and title

Paid Preparer's Use Only

Preparer's signature: *Charles Averre, CPA* Date: **12/01/08** Check if self-employed:

Firm's name (or yours if self-employed), address, and ZIP + 4: **Hollingsworth Aven & Averre PA**
200 W. Millbrook Road
Raleigh, NC 27609

Preparer's SSN or PTIN (See Gen Instr X): **P00280366** EIN: **56-2119415**

Phone no: **919-848-4100**

SCHEDULE A
(Form 990 or 990-EZ)

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

OMB No 1545-0047

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

THE JOHN LOCKE FOUNDATION, INC.

Employer identification number
56-1656943

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 empl benefit plans & deferred comp	(e) Expense account and other allowances
D. CARRINGTON 200 W MORGAN ST RALEIGH NC 27601	40	102,000	3,060	0
R. CORDATO 200 W MORGAN ST RALEIGH NC 27601	40	84,864	2,546	0
M. SANERA 200 W MORGAN ST RALEIGH NC 27601	40	77,638	2,329	0
W. ADAMS 200 W MORGAN ST RALEIGH NC 27601	40	76,500	2,295	0
R. GRAY 200 W MORGAN ST RALEIGH NC 27601	40	76,500	2,295	0
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 ▶		

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
THE RHINOCEROS TIMES 107 E. MARKET ST GREENSBORO NC 27401	PRINTING	128,820
Total number of other contractors receiving over \$50,000 for other services ▶		0

For Paperwork Reduction Act Notice, see the Instructions for Form 990 and Form 990-EZ.

Schedule A (Form 990 or 990-EZ) 2007

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.)		X
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 of property?		X
b	Lending of money or other extension of credit?		X
c	Furnishing of goods, services, or facilities?		X
d	Payment of compensation (or payment or reimbursement of expenses if more than \$1,000)? See Part V-A, Form 990	X	
e	Transfer of any part of its income or assets?		X
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)		X
b	Did the organization have a section 403(b) annuity plan for its employees?		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		X
d	Did the organization provide credit counseling, debt management, credit repair, or debt negotiation services?		X
4a	Did the organization maintain any donor advised funds? If "Yes," complete lines 4b through 4g If "No," complete lines 4f and 4g		X
b	Did the organization make any taxable distributions under section 4966?		
c	Did the organization make a distribution to a donor, donor advisor, or related person?		
d	Enter the total number of donor advised funds owned at the end of the tax year ▶ _____		
e	Enter the aggregate value of assets held in all donor advised funds owned at the end of the tax year ▶ _____		
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 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	
Total					

- 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

Table with 6 columns: Calendar year (or fiscal year beginning in), (a) 2006, (b) 2005, (c) 2004, (d) 2003, (e) Total. Rows include: 15 Gifts, grants, and contributions received; 16 Membership fees received; 17 Gross receipts from admissions, merchandise sold or services performed; 18 Gross income from interest, dividends; 19 Net income from unrelated business activities; 20 Tax revenues levied for the organization's benefit; 21 The value of services or facilities furnished to the organization by a governmental unit without charge; 22 Other income; 23 Total of lines 15 through 22; 24 Line 23 minus line 17; 25 Enter 1% of line 23.

26 Organizations described on lines 10 or 11: a Enter 2% of amount in column (e), line 24; b Prepare a list for your records to show the name of and amount contributed by each person; c Total support for section 509(a)(1) test; d Add: Amounts from column (e) for lines 18, 19, 22, 26b; e Public support (line 26c minus line 26d total); f Public support percentage (line 26e (numerator) divided by line 26c (denominator)).

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"; 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; c Add: Amounts from column (e) for lines 15, 16, 17, 20, 21; d Add: Line 27a total and line 27b total; e Public support (line 27c total minus line 27d total); f Total support for section 509(a)(2) test; g Public support percentage (line 27e (numerator) divided by line 27f (denominator)); h Investment income percentage (line 18, column (e) (numerator) divided by line 27f (denominator)).

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.

* see attachment for "facts + circumstances" test under 1.509(a)-3

Part V Private School Questionnaire (See page 9 of the instructions.)
(To be completed ONLY by schools that checked the box on line 6 in Part IV)

		N/A	Yes	No
29	Does the organization have a racially nondiscriminatory policy toward students by statement in its charter, bylaws, other governing instrument, or in a resolution of its governing body?			
30	Does the organization include a statement of its racially nondiscriminatory policy toward students in all its brochures, catalogues, and other written communications with the public dealing with student admissions, programs, and scholarships?			
31	Has the organization publicized its racially nondiscriminatory policy through newspaper or broadcast media during the period of solicitation for students, or during the registration period if it has no solicitation program, in a way that makes the policy known to all parts of the general community it serves? If "Yes," please describe, if "No," please explain (If you need more space, attach a separate statement.)			
32	Does the organization maintain the following			
a	Records indicating the racial composition of the student body, faculty, and administrative staff?	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		
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 11 of the instructions.)

(To be completed **ONLY** by an eligible organization that filed Form 5768) **N/A**

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		(a) Affiliated group totals	(b) To be completed for all electing organizations
(The term "expenditures" means amounts paid or incurred)			
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-		
	If the amount on line 40 is-		
	Not over \$500,000		
	Over \$500,000 but not over \$1,000,000		
	Over \$1,000,000 but not over \$1,500,000		
	Over \$1,500,000 but not over \$17,000,000		
	Over \$17,000,000		
	The lobbying nontaxable amount is-		
	20% of the amount on line 40		
	\$100,000 plus 15% of the excess over \$500,000		
	\$175,000 plus 10% of the excess over \$1,000,000		
	\$225,000 plus 5% of the excess over \$1,500,000		
	\$1,000,000		
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	
44	Subtract line 41 from line 38. Enter -0- if line 41 is more than line 38	44	

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)

Calendar year (or fiscal year beginning in)	Lobbying Expenditures During 4-Year Averaging Period				
	(a) 2007	(b) 2006	(c) 2005	(d) 2004	(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 14 of the instructions.) **N/A**

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:

- a Volunteers
- 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.)

Yes	No	Amount

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

Attachment
John Locke Foundation (EIN 56-1656943)
Form 990, Schedule A, Line 11a – Public Support Test Factors

JLF has been able to keep its public support percentage in the high teens and low 20s in spite of a doubling of support from its major donor, the John William Pope Foundation (“Pope Foundation”). JLF has been able to keep its public support percentage level by aggressively seeking out other sources of funding to help off-set the generous donations of the Pope Foundation.

In the 01-02 fiscal year, JLF had 1357 donations ranging from \$1 to \$100, and 101 donations ranging from \$101 to \$5,000. JLF had 9 donations above \$5,000.

In the 02-03 fiscal year, JLF had 1490 donations ranging from \$1 to \$100, and 152 donations ranging from \$101 to \$5,000. JLF had 7 donations above \$5,000.

In the 03-04 fiscal year, JLF had 1099 donations ranging from \$1 to \$100, and 229 donations ranging from \$101 to \$5,000. JLF had 10 donations above \$5,000.

In the 04-05 fiscal year, JLF had 885 donations ranging from \$1 to \$100, and 161 donations ranging from \$101 to \$5,000. JLF had 10 donations above \$5,000.

In the 05-06 fiscal year, JLF had 1625 donations ranging from \$1 to \$100, and 118 donations ranging from \$101 to \$5,000. JLF had 11 donations above \$5,000.

In the 06-07 fiscal year, JLF had 1292 donations ranging from \$1 to \$100, and 177 donations ranging from \$101 to \$5,000. JLF had 20 donations above \$5,000.

In the 07-08 fiscal year, JLF had 1005 donations ranging from \$1 to \$100, and 162 donations ranging from \$101 to \$5,000. JLF had 27 donations above \$5,000.

Additional Requirements—The following addresses the five public support factors.

•Percentage of Financial Support Factor—As mentioned, the Pope Foundation is a major benefactor of the John Locke Foundation. Over the years, the Pope Foundation’s support has comprised more than 70% of JLF’s donations and grants. From FY 01-02 through FY 07-08, the Pope Foundation’s support has averaged around 83% of JLF’s total support. Without this support, JLF could not have expanded its programming. JLF expects the Pope Foundation’s support to remain in the 80% range of JLF’s support from donations and grants.

•Sources of Support Factor--In spite of the Pope Foundation’s large percentage of support, JLF has aggressively courted donations from corporations, foundations, and individuals and has successfully kept the “public” support average just under 17%.

A wide array of businesses, foundations, and individuals from all walks of life give to JLF each year.

In the 07-08 fiscal year, JLF received 1194 donations with 1005 donations coming from individuals giving up to \$100.

Attachment

John Locke Foundation (EIN 56-1656943)

Form 990, Schedule A, Line 11a – Public Support Test Factors

The following factors show that the John Locke Foundation (JLF) qualifies as a publicly supported charity under the facts and circumstances test set forth in 26 C.F.R. 1.509(a)-3.

Overview of the John Locke Foundation

JLF is a 501(c)(3) educational organization that engages in public policy research. Its purpose since it was formed in 1989 has been to disseminate information and advance public understanding of a society based upon the principles of (i) individual liberty, (ii) the voluntary exchanges of a free market economy, and (iii) limited government. JLF seeks to develop and promote solutions to North Carolina’s most critical challenges. It also seeks to transform state and local government through the principles of competition, innovation, personal freedom, and personal responsibility in order to strike a better balance between the public sector and private institutions of family, faith, community, and enterprise. JLF gives priority to North Carolina state public policy issues and national issues affecting North Carolina.

JLF is one of the most successful and widely supported state-based public policy research centers in the country. It has grown from a staff of three in 1990 to a full-time staff of 21 people with five part-time and contract staff, and six interns, with annual donations from over 1100 individuals, foundations, and businesses for the 07-08 fiscal year. JLF continues to work hard to further broaden its public support.

On December 19, 2006, the IRS approved JLF’s request to eliminate its private foundation status. The IRS had previously approved JLF’s request in 2001 to operate as a public charity during a five-year advance ruling period.

Meeting the Public Support Test

To be designated as a public charity, a nonprofit organization must satisfy one of two public support tests: the 1/3 public support test, or the facts and circumstances test, which requires that the organization receive at least 10% of its support from the public.

JLF satisfies the facts and circumstances test.

Ten Percent Support Test—Since its inception in 1990, JLF has consistently met the 10% public support test. During its five-year advance ruling period and the prior fiscal year, JLF’s public support has been as follows:

FY 01-02	16.7%
FY 02-03	22.0%
FY 03-04	21.0%
FY 04-05	17.0%
FY 05-06	15.0%
FY 06-07	18.2%
FY 07-08	16.7%

Attachment

John Locke Foundation (EIN 56-1656943)

Form 990, Schedule A, Line 11a – Public Support Test Factors

•**Representative Governing Body Factor**—The JLF Board is comprised of 16 members. The Board members represent a broad spectrum of business executives, banking executives, public servants, attorneys, judges, doctors, and scientists, all of whom have an abiding interest in the welfare of North Carolina and its citizens, and are all community leaders. Hence, JLF feels confident that it meets the “representative governing body factor.”

Bruce Babcock—President, Saybrook Capital, Winston-Salem, NC

James S. Fulghum, MD—Neurosurgeon, Raleigh, NC

William T. Graham—Attorney & former NC Commissioner of Banking, Winston-Salem, NC

Robert Luddy—CEO of Captive-Aire Systems, Inc., Youngsville, NC

Assad Meymandi, M.D.—Psychiatrist, Raleigh, NC

J. Arthur Pope—CEO, Variety Wholesalers, and President, John Wm Pope Fnd, Raleigh, NC

David Stover—Independent Business Consultant, Raleigh, NC

Andy Wells—CEO, The Prism Group, Hickory, NC

Carl Mumpower—Psychologist and City Council Member, Asheville, NC

Charles Fuller—Founder and CEO Results Company, Raleigh, NC

Charles Carter—Attorney, Troutman Sanders, Raleigh, NC

John Hood—President, John Locke Foundation

Baker Mitchell—Founder and President, Francis Bacon Academy, Wilmington, NC

Herb Berkowitz—Independent Business Consultant, Wilmington, NC

David Stowe, III—Chairman of the Board, R. L. Stowe Mills, Belmont, NC

Thomas Roberg—Independent Business Consultant, Raleigh, NC

•**Availability of Public Facilities**—The John Locke Foundation meets the public facilities burden in a number of ways. First, JLF holds over 100 public events each year both at its offices in downtown Raleigh and at public facilities across the state. Since October 2002, JLF has sponsored over 350 public events with over 16,000 people attending these events. Events have been held in cities and communities across the state. JLF notifies the public through its many web sites, e-mail newsletters, event postcards, and the media.

JLF’s public events include its weekly Shaftesbury meetings that meet at its headquarters in Raleigh and its Headliner Luncheon series, which meets in Raleigh, Winston-Salem, Wilmington, Greensboro, Charlotte, and Asheville. JLF will also tour the state in the fall and spring, holding town meetings in over a dozen communities on each tour trip.

•**Additional Factors Pertinent to Membership Organizations**—The John Locke Foundation is not a membership organization. However, JLF does solicit funds from its list of supporters and mails certain of its publications to donors depending on the level of giving. Suggested levels of giving have been set at levels designed to enlist a broad cross section of interested citizens.

Attachment

John Locke Foundation (EIN 56-1656943)

Form 990, Schedule A, Line 11a – Public Support Test Factors

Organizational Structure of JLF

JLF is headed by President John Hood. Mr. Hood is responsible for the overall operation and supervision of JLF and reports to the Board of Directors. Kory Swanson is the Executive Vice President and is responsible for the day-to-day operation of JLF. Mr. Swanson reports directly to Mr. Hood. There are four divisions: General Research; Communications & Carolina Journal; Events & Outreach; and Administration. Events & Outreach and Administration are directly under Mr. Swanson's purview. Dr. Roy Cordato serves as Vice President for General Research, and Jon Ham serves as Vice President for Communications & Carolina Journal.

At the heart of all of JLF's programming and publications is the mission to help the general public become better informed about the workings of their state and local governments and the policy issues that affect their daily lives. For example, the Foundation sends daily e-mail postings reporting news and commentary on issues such as the effectiveness of North Carolina charter schools, the adoption of a state lottery, and state budget issues.

Divisions

General Research Division

The General Research Division is headed by Vice President and Resident Scholar Dr. Roy Cordato. The Research Division publishes lengthy *Policy Reports* on issues such as the state budget, taxes, health care, and regulation. It also publishes shorter papers called *Spotlights* and medium length-papers called *Regional Reports*. All of the Research Divisions work is distributed to all members of the North Carolina General Assembly and other legislators, government officials, journalists, public policy makers, and interested members of the general public.

Also, members of the research staff attend many legislative and local government meetings, and work with local officials when requested, to help them with understanding public policy issues. The research staff also fields requests from citizens on public policy issues.

The Communications & Carolina Journal Division is headed by Jon Ham. Since its debut in 1991 as a monthly magazine, *Carolina Journal* has published thousands of articles on politics, education, health care, crime, taxes, and other issues. It changed to a monthly newspaper in 2000.

With a statewide readership of more than 180,000, *Carolina Journal* contains coverage and original investigative reporting on state government and the legislature, as well as special sections on local government, education, books and culture, and higher education.

In addition to its monthly print version, *Carolina Journal* reporting and analysis is also available on a weekly and daily basis. *CarolinaJournal.com*, its daily news website, is distributed via e-mail to thousands of North Carolinians who have an interest in politics, policy, and the legislative process. Also, JLF's weekly e-mail update, *Carolina Journal Weekly Report*, is sent to many of the people who receive *CarolinaJournal.com*.

Jon Ham is also responsible for JLF's many web sites. These include JohnLocke.org, CarolinaJournal.com, NCEducationAlliance.org, CenterforLocalInnovation.org, FacultyAffiliateNetwork.org, NCHistoryProject.org, as well as JLF's five different blogs.

Attachment

John Locke Foundation (EIN 56-1656943)

Form 990, Schedule A, Line 11a – Public Support Test Factors

Events & Outreach

JLF's Events & Outreach Division comprises JLF's Headliner Luncheon Series, Shaftesbury Lecture Series, the North Carolina Education Alliance, the Center for Local Innovation, the North Carolina History Project, the Faculty Affiliate Network program, and the E.A. Morris Emerging Leaders Program.

•Headliner Luncheon Series

Since its inception, JLF has brought national figures to North Carolina to deliver talks on a variety of national and international policy issues. JLF now holds over 20 to 25 Headliner Luncheons each year in cities across the state—Raleigh, Greensboro, Winston-Salem, Wilmington, Charlotte, and Asheville. These luncheons are open to the public and JLF does charge for the lunch. JLF's luncheons will regularly draw over 100 people, and with major figures we will have over 300 people in attendance. (See *Appendix* for a list of events)

•Shaftesbury Luncheon Series

JLF's weekly public policy luncheon series, held at JLF's Raleigh offices, attracts 50 people per week to hear local scholars and public policy experts provide talks on a wide variety of issues. JLF holds 44 Shaftesbury luncheons each year.

•North Carolina Education Alliance

NCEA was created in 1998 to provide support to school reformers across the state who seek fundamental change in North Carolina elementary and secondary education. Its purpose is to identify and disseminate solutions to educational problems. NCEA carries out its mission through public appearances, legislative testimony, media interviews, and an annual awards ceremony recognizing excellence in education. Headed by former educator and Charlotte-Mecklenburg County School Board member Lindalyn Kakadelis, NCEA publishes a weekly e-mail newsletter that goes to over 1700 educators and parents across North Carolina. NCEA staff also write and edit articles on education for *Carolina Journal* and other publications in North Carolina.

•Center for Local Innovation

The Center for Local Innovation was begun in 1999 to engage local government leaders in North Carolina in dialogue about such issues as privatization, fiscal restraint, and growth management. The Center is directed by Chad Adams who also is JLF's VP for Development.

The Center publishes the annual *By the Numbers* report on local tax burdens in North Carolina as well as brief examinations of particular local services or policy debates. CLI also goes on annual tours of North Carolina, holding events in dozens of cities and towns across North Carolina.

•North Carolina History Project

JLF's newest public service project is headed by historian Dr. Troy Kickler. The NC History Project was started with the idea to look at North Carolina history from the perspective of the

Attachment

John Locke Foundation (EIN 56-1656943)

Form 990, Schedule A, Line 11a – Public Support Test Factors

positive role that free markets played in the everyday lives of North Carolinians, that ideas mattered and that the market and ideas inspired individual North Carolinians to achieve and defend liberty.

The hallmark of the project is the online history encyclopedia, *NorthCarolinaHistory.org*. This encyclopedia is written for a broad audience and is an ongoing, comprehensive, non-polemical, and informative encyclopedia for students, scholars, and history buffs. The NC History Project also holds public lectures, will sponsor historical tours, and Dr. Kickler regularly writes historical pieces for *Carolina Journal*.

•E. A. Morris Emerging Leaders Fellowship Program

Underwritten by the E. A. Morris Foundation and the Pope Foundation, the Morris Fellowship Program encourages committed, diverse, and principled North Carolinians to pursue greater leadership roles within their professions and communities. Morris Fellows gain the knowledge, skills and understanding necessary to become leaders in business, nonprofit, education, government, and other areas of public service.

•Faculty Affiliate Program

In an effort to become more known at North Carolina's area universities and colleges, JLF's Faculty Affiliate Network supports informal networking opportunities for faculty and student development through internships and educational opportunities through the John Locke Foundation. It is headed by Dr. Karen Palasek. Affiliate scholars will have the opportunity to attend seminars, colloquia and faculty and guest events on campus as well as having a web outlet for their research and interests. This scholars' network builds on faculty interests and research within the classical liberal tradition. Possible disciplines include philosophy, English, journalism, political science, economics, business, history, geography, classical studies, modern languages and the natural sciences.

Programming for FY 2007-2008

JLF's expansion has allowed it to increase significantly its public programming. It will hold over 100 public events across North Carolina and JLF expects to have over 5,000 people attend JLF's programs. This programming will include the Headliner Luncheons, Shaftesbury Luncheons, tour stops, workshops, and other public appearances by JLF staff.

JLF will release over 60 pieces of research ranging from its short briefing papers and regional reports to its longer policy research reports.

Conclusion

JLF is one of the, most broadly supported state-based public policy research center in the United States. Despite the fact that it does have a major donor which has contributed on average during the past five years 80% of the total monies raised for operations and salaries, the John Locke Foundation has consistently maintained its ability to meet the facts and circumstances public support test.

Attachment
John Locke Foundation (EIN 56-1656943)
Form 990, Schedule A, Line 11a – Public Support Test Factors

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Federal Statements

Statement 1 - Form 990, Part I, Line 8c - Sale of Assets Other Than Inventory - Other

Desc	How Rec'd	Whom Sold	Date Acquired	Date Sold	Sale Price	Cost & Expense	Depr	Gain/ -Loss
Apple 15" PB (Chesser)			12/01/05	2/15/08	500 \$	1,995 \$	1,420 \$	-75
Purchase					500 \$	1,995 \$	1,420 \$	-75
Total								

Federal Statements

Statement 2 - Form 990, Part II, Line 25a - Compensation of Current Officers

Name	Program Services	Management & General	Fundraising
Expenses	\$	\$	\$
Compensation	156,468	70,013	17,503
Total	<u>\$ 156,468</u>	<u>\$ 70,013</u>	<u>\$ 17,503</u>

Federal Statements**Statement 3 - Form 990, Part II, Line 43 - Other Functional Expenses**

Description	Total Expenses	Program Service	Mgt & General	Fund- Raising
	\$	\$	\$	\$
ADVERTISING - CJ JOURNAL				
THIRD PARTY COMPENSATION	304	304		
INTERNET AND WEBSITE	14	14		
OTHER PROFESSIONAL	29	29		
ADVERTISING	11	11		
Expenses				
THIRD PARTY COMPENSATION	218,825	178,825		40,000
ADVERTISING	43,107	43,107		
DUES & MEMBERSHIPS	20,026	15,036	4,990	
OTHER PROFESSIONAL	20,031	13,674	6,357	
CLIPPING SERVICE	3,342	3,342		
INTERNET & WEBSITE	45,831	37,992	7,839	
REGISTRATION FEES	4,480	4,480		
MISCELLANEOUS	15,263	4,733	10,201	329
Total	\$ 371,263	\$ 301,547	\$ 29,387	\$ 40,329

Federal Statements**Statement 4 - Form 990, Part III - Organization's Primary Exempt Purpose**Description

THE PURPOSE OF THE FOUNDATION IS TO CONDUCT RESEARCH, DISSEMINATE INFORMATION, AND ADVANCE PUBLIC UNDERSTANDING OF SOCIETY BASED ON THE PRINCIPLES OF INDIVIDUAL LIBERTY, THE VOLUNTARY EXCHANGES OF A FREE MARKET ECONOMY, AND LIMITED GOVERNMENT. THE FOUNDATION SHALL GIVE PRIORITY TO NORTH CAROLINA STATE PUBLIC POLICY ISSUES AND NATIONAL ISSUES AFFECTING NORTH CAROLINA.

Statement 5 - Form 990, Part III, Line a - Statement of Program Service AccomplishmentsDescription

THE FOUNDATION DISSEMINATES ITS RESEARCH VIA A VARIETY OF PUBLICATIONS, A CIRCULATION OF WHICH AMOUNTS TO APPROXIMATELY 185,000. THE PUBLICATIONS ARE ALSO AVAILABLE ON THE FOUNDATION'S WEBSITE. IN ADDITION, THE FOUNDATION HOSTS LUNCHEONS AND OTHER LIVE MEETINGS FEATURING SPEAKERS OF LOCAL AND NATIONAL INTEREST. THESE MEETING REACH APPROXIMATELY 4,000 ATTENDEES ANNUALLY.

Statement 6 - Form 990, Part III, Line e - Other Program ServicesDescription

ADVERTISING

Federal Statements**Statement 7 - Form 990, Part IV, Line 57 - Land, Buildings, and Equipment**

<u>Description</u>	<u>Beginning of Year</u>	<u>Accum Depr</u>	<u>End of Year</u>	<u>Accum Depr</u>
	\$ 324,111	\$ 228,305	\$ 362,567	\$ 290,827
Total	<u>\$ 324,111</u>	<u>\$ 228,305</u>	<u>\$ 362,567</u>	<u>\$ 290,827</u>

Statement 8 - Form 990, Part IV, Line 58 - Other Assets

<u>Description</u>	<u>Beginning of Year</u>	<u>End of Year</u>
SALES TAX RECEIVABLE	\$ 14,540	\$ 13,424
Total	<u>\$ 14,540</u>	<u>\$ 13,424</u>

Statement 9 - Form 990, Part IV, Line 62 - Deferred Revenue

<u>Description</u>	<u>Beginning of Year</u>	<u>End of Year</u>
DEFERRED ADVERTISING REVENUE	\$	\$ 6,538
Total	<u>\$ 0</u>	<u>\$ 6,538</u>

Statement 10 - Form 990, Part IV, Line 65 - Other Liabilities

<u>Description</u>	<u>Beginning of Year</u>	<u>End of Year</u>
CAPITAL LEASE OBLIGATION	\$ 8,974	\$ 26,565
Total	<u>\$ 8,974</u>	<u>\$ 26,565</u>

Federal Statements

Statement 11 - Form 990, Part VIII - Relationship of Activities

Line No.

Description

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