

**ILLINOIS CHARITABLE ORGANIZATION ANNUAL REPORT**  
**Attorney General LISA MADIGAN** State of Illinois  
**Charitable Trust Bureau, 100 West Randolph**  
**11th Floor, Chicago, Illinois 60601**

Report for the Fiscal Period:

Beginning 01/01/2007& Ending 12/31/2007  
MO DAY YRCO # 01014576

Check all items attached:

- ☒ Copy of IRS Return  
☒ Audited Financial Statements  
☐ Copy of Form IFC  
☒ \$15.00 Annual Report Filing Fee  
☐ \$100.00 Late Report Filing Fee

Make Checks  
Payable to  
the Illinois  
Charity  
Bureau FundMO DAY YR  
04/24/1984

For Office Use Only

PMT #

AMT

INIT

Federal ID # 36-3309812Are contributions to the organization tax deductible? ☒ Yes ☐ NoDate Organization was created: 04/24/1984

LEGAL  
NAME **THE HEARTLAND INSTITUTE**  
MAIL  
ADDRESS **19 SOUTH LA SALLE STREET, NO. 903**  
CITY, STATE **CHICAGO, IL**  
ZIP CODE **60603**

Year-end amounts	
A) ASSETS	A) \$ 145,214.
B) LIABILITIES	B) \$ 258,559.
C) NET ASSETS	C) \$ <113,345.

**I. SUMMARY OF ALL REVENUE ITEMS DURING THE YEAR:**

- D) PUBLIC SUPPORT, CONTRIBUTIONS & PROGRAM SERVICE REV. (GROSS AMTS.)  
E) GOVERNMENT GRANTS & MEMBERSHIP DUES  
F) OTHER REVENUES

PERCENTAGE	AMOUNT
98.836%	D) \$ 5,156,140.
0.501%	E) \$ 26,157.
0.663%	F) \$ 34,587.
100%	G) \$ 5,216,884.
85.885%	H) \$ 5,037,467.
%	I) \$ 0.
85.885%	J) \$ 5,037,467.

**II. SUMMARY OF ALL EXPENDITURES DURING THE YEAR:**

- H) OPERATING CHARITABLE PROGRAM EXPENSE

- I) EDUCATION PROGRAM SERVICE EXPENSE

- J) TOTAL CHARITABLE PROGRAM SERVICE EXPENSE (ADD H & I)

- J1) JOINT COSTS ALLOCATED TO PROGRAM SERVICES (INCLUDED IN J)

- K) GRANTS TO OTHER CHARITABLE ORGANIZATIONS

- L) TOTAL CHARITABLE PROGRAM SERVICE EXPENDITURE (ADD J & K)

- M) MANAGEMENT AND GENERAL EXPENSE

- N) FUNDRAISING EXPENSE

- O) TOTAL EXPENDITURES THIS PERIOD (ADD L, M, & N)

**III. SUMMARY OF ALL PAID FUNDRAISER AND CONSULTANT ACTIVITIES:**  
(Attach Attorney General Report of Individual Fundraising Campaign- Form IFC. One for each PFR.)**PROFESSIONAL FUNDRAISERS:**

- P) TOTAL AMOUNT RAISED BY PAID PROFESSIONAL FUNDRAISERS

- Q) TOTAL FUNDRAISERS FEES AND EXPENSES

- R) NET RECEIVED BY THE CHARITY (P MINUS Q=R)

**PROFESSIONAL FUNDRAISING CONSULTANTS:**

- S) TOTAL AMOUNT PAID TO PROFESSIONAL FUNDRAISING CONSULTANTS

**IV. COMPENSATION TO THE (3) HIGHEST PAID PERSONS DURING THE YEAR:**

- T) NAME, TITLE: **JOSEPH L. BAST, PRESIDENT**  
U) NAME, TITLE: **DIANE CAROL BAST, VICE PRESIDENT**  
V) NAME, TITLE: **KEVIN FITZGERALD, PUBLISHER**

T) \$	96,292.
U) \$	76,337.
V) \$	80,005.

**V. CHARITABLE PROGRAM DESCRIPTION:**  
CHARITABLE PROGRAM (3 HIGHEST BY \$ EXPENDED)  
CODE CATEGORIES

- W) DESCRIPTION: **PUBLICATIONS-MAGAZINE, NEWSPAPERS, BOOK REPORT**  
X) DESCRIPTION: **PUBLIC RELATIONS - SEMINARS, EVENTS, WEB SITE**  
Y) DESCRIPTION: **GOVERNMENT RELATIONS - PUBLIC POLICY ISSUES**

List on back side of instructions  
CODE

W) #	010
X) #	104
Y) #	104

**RECEIVED**

SEP 5 - 2008

Attorney General  
Charitable Trust

**IF THE ANSWER TO ANY OF THE FOLLOWING IS YES, ATTACH A DETAILED EXPLANATION:**

1. WAS THE ORGANIZATION THE SUBJECT OF ANY COURT ACTION, FINE, PENALTY OR JUDGMENT? .....
2. HAS THE ORGANIZATION OR A CURRENT DIRECTOR, TRUSTEE, OFFICER OR EMPLOYEE THEREOF, EVER BEEN CONVICTED BY ANY COURT OF ANY MISDEMEANOR INVOLVING THE MISUSE OR MISAPPROPRIATION OF FUNDS OR ANY FELONY? .....
3. DID THE ORGANIZATION MAKE A GRANT AWARD OR CONTRIBUTION TO ANY ORGANIZATION IN WHICH ANY OF ITS OFFICERS, DIRECTORS OR TRUSTEES OWNS AN INTEREST; OR WAS IT A PARTY TO ANY TRANSACTION IN WHICH ANY OF ITS OFFICERS, DIRECTORS OR TRUSTEES HAS A MATERIAL FINANCIAL INTEREST; OR DID ANY OFFICER, DIRECTOR OR TRUSTEE RECEIVE ANYTHING OF VALUE NOT REPORTED AS COMPENSATION? .....
4. HAS THE ORGANIZATION INVESTED IN ANY CORPORATE STOCK IN WHICH ANY OFFICER, DIRECTOR OR TRUSTEE OWNS MORE THAN 10% OF THE OUTSTANDING SHARES? .....
5. IS ANY PROPERTY OF THE ORGANIZATION HELD IN THE NAME OF OR COMMINGLED WITH THE PROPERTY OF ANY OTHER PERSON OR ORGANIZATION? .....
6. DID THE ORGANIZATION USE THE SERVICES OF A PROFESSIONAL FUNDRAISER? (ATTACH FORM IFC) .....
- 7a. DID THE ORGANIZATION ALLOCATE THE COST OF ANY SOLICITATION, MAILING, ADVERTISEMENT OR LITERATURE COSTS BETWEEN PROGRAM SERVICE AND FUNDRAISING EXPENSES? .....
- 7b. 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 \$ .....
8. DID THE ORGANIZATION EXPEND ITS RESTRICTED FUNDS FOR PURPOSES OTHER THAN RESTRICTED PURPOSES? .....
9. HAS THE ORGANIZATION EVER BEEN REFUSED REGISTRATION OR HAD ITS REGISTRATION OR TAX EXEMPTION SUSPENDED OR REVOKED BY ANY GOVERNMENTAL AGENCY? .....
10. WAS THERE OR DO YOU HAVE ANY KNOWLEDGE OF ANY KICKBACK, BRIBE, OR ANY THEFT, DEFALCATION, MISAPPROPRIATION, COMMINGLING OR MISUSE OF ORGANIZATIONAL FUNDS? .....
11. LIST THE NAME AND ADDRESS OF THE FINANCIAL INSTITUTIONS WHERE THE ORGANIZATION MAINTAINS ITS THREE LARGEST ACCOUNTS:

THE NORTHERN TRUST COMPANY, LA SALLE ST, CHICAGO

(CHECKING) AND [REDACTED] (PAYROLL)

12. NAME AND TELEPHONE NUMBER OF CONTACT PERSON: THE HEARTLAND INSTITUTE (312) 377-4000

**ALL ATTACHMENTS MUST ACCOMPANY THIS REPORT - SEE INSTRUCTIONS**

UNDER PENALTY OF PERJURY, I (WE) THE UNDERSIGNED DECLARE AND CERTIFY THAT I (WE) HAVE EXAMINED THIS ANNUAL REPORT AND THE ATTACHED DOCUMENTS, INCLUDING ALL THE SCHEDULES AND STATEMENTS AND THE FACTS THEREIN STATED ARE TRUE AND COMPLETE AND FILED WITH THE ILLINOIS ATTORNEY GENERAL FOR THE PURPOSE OF HAVING THE PEOPLE OF THE STATE OF ILLINOIS RELY THEREUPON. I HEREBY FURTHER AUTHORIZE AND AGREE TO SUBMIT MYSELF AND THE REGISTRANT HEREBY TO THE JURISDICTION OF THE STATE OF ILLINOIS.

**BE SURE TO INCLUDE ALL FEES DUE:**

- 1.) REPORTS ARE DUE WITHIN SIX MONTHS OF YOUR FISCAL YEAR END.
- 2.) FOR FEES DUE SEE INSTRUCTIONS.
- 3.) REPORTS THAT ARE LATE OR INCOMPLETE ARE SUBJECT TO A \$100.00 PENALTY.

	YES	NO
1.		X
2.		X
3.		X
4.		X
5.		X
6.		X
7.		X
8.		X
9.		X
10.		X



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)

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

OMB No. 1545-0047

**2007**Open to Public  
Inspection**A** For the 2007 calendar year, or tax year beginning

and ending

**D** Employer identification number

36-3309812

**B** 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 HEARTLAND INSTITUTE

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

19 SOUTH LA SALLE STREET

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

CHICAGO, IL 60603

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

Room/suite  
903**E** Telephone number  
(312) 377-4000**F** Accounting method: ☐ Cash ☒ Accrual  
☐ Other (specify) ▶**G** Website: WWW.HEARTLAND.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.**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? ☐ 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).**L** Gross receipts: Add lines 6b, 8b, 9b, and 10b to line 12 ▶

5,216,884.

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

<b>Revenue</b>	<b>1</b>	Contributions, gifts, grants, and similar amounts received:			
	<b>a</b>	Contributions to donor advised funds	1a		
	<b>b</b>	Direct public support (not included on line 1a)	1b	4,967,005.	
	<b>c</b>	Indirect public support (not included on line 1a)	1c		
	<b>d</b>	Government contributions (grants) (not included on line 1a)	1d		
	<b>e</b>	Total (add lines 1a through 1d) (cash \$ 4,967,005. noncash \$ )	1e	4,967,005.	
	<b>2</b>	Program service revenue including government fees and contracts (from Part VII, line 93)	2	189,135.	
	<b>3</b>	Membership dues and assessments	3	26,157.	
	<b>4</b>	Interest on savings and temporary cash investments	4	34,587.	
	<b>5</b>	Dividends and interest from securities	5		
	<b>6a</b>	Gross rents	6a		
	<b>b</b>	Less: rental expenses	6b		
<b>c</b>	Net rental income or (loss). Subtract line 6b from line 6a	6c			
<b>7</b>	Other investment income (describe ▶)				
<b>8a</b>	Gross amount from sales of assets other than inventory	(A) Securities	8a		
<b>b</b>	Less: cost or other basis and sales expenses	(B) Other	8b		
<b>c</b>	Gain or (loss) (attach schedule)		8c		
<b>d</b>	Net gain or (loss). Combine line 8c, columns (A) and (B)		8d		
<b>9</b>	Special events and activities (attach schedule). If any amount is from gaming, check here <input type="checkbox"/>				
<b>a</b>	Gross revenue (not including \$ of contributions reported on line 1b)	9a			
<b>b</b>	Less: direct expenses other than fundraising expenses	9b			
<b>c</b>	Net income or (loss) from special events. Subtract line 9b from line 9a		9c		
<b>10a</b>	Gross sales of inventory, less returns and allowances	10a			
<b>b</b>	Less: cost of goods sold	10b			
<b>c</b>	Gross profit or (loss) from sales of inventory (attach schedule). Subtract line 10b from line 10a		10c		
<b>11</b>	Other revenue (from Part VII, line 103)		11		
<b>12</b>	Total revenue. Add lines 1e, 2, 3, 4, 5, 6c, 7, 8d, 9c, 10c, and 11		12	5,216,884.	
<b>Expenses</b>	<b>13</b>	Program services (from line 44, column (B))		13	5,172,467.
	<b>14</b>	Management and general (from line 44, column (C))		14	448,138.
	<b>15</b>	Fundraising (from line 44, column (D))		15	244,737.
	<b>16</b>	Payments to affiliates (attach schedule)		16	
	<b>17</b>	Total expenses. Add lines 16 and 44, column (A)		17	5,865,342.
<b>Net Assets</b>	<b>18</b>	Excess or (deficit) for the year. Subtract line 17 from line 12		18	<648,458.>
	<b>19</b>	Net assets or fund balances at beginning of year (from line 73, column (A))		19	535,113.
	<b>20</b>	Other changes in net assets or fund balances (attach explanation)		20	0.
	<b>21</b>	Net assets or fund balances at end of year. Combine lines 18, 19, and 20		21	<113,345.>

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

Form 990 (2007)



## THE HEARTLAND INSTITUTE

36-3309812 Page 2

**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"/>			STATEMENT 1	
22b	Other grants and allocations (attach schedule) (cash \$ 135000 • noncash \$ 0) If this amount includes foreign grants, check here <input checked="" type="checkbox"/>	135,000.	135,000.		
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	172,629.	114,344.	47,288.	10,997.
25b	Compensation of former officers, directors, key employees, etc. listed in Part V-B	31,000.	31,000.	0.	0.
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	1,059,125.	603,339.	322,578.	133,208.
27	Pension plan contributions not included on lines 25a, b, and c				
28	Employee benefits not included on lines 25a - 27				
29	Payroll taxes				
30	Professional fundraising fees				
31	Accounting fees				
32	Legal fees	68,592.	43,827.	9,907.	14,858.
33	Supplies	15,940.	14,058.	1,217.	665.
34	Telephone	839,497.	817,702.	6,096.	15,699.
35	Postage and shipping	147,199.	129,814.	11,243.	6,142.
36	Occupancy				
37	Equipment rental and maintenance	1,217,535.	1,213,709.	1,261.	2,565.
38	Printing and publications	484,781.	465,158.	1,846.	17,777.
39	Travel				
40	Conferences, conventions, and meetings	1,601.		1,601.	
41	Interest	10,299.		10,299.	
42	Depreciation, depletion, etc. (attach schedule)				
43	Other expenses not covered above (itemize):			77.	1,576.
a	OTHER EXPENSES	28,616.	26,963.		
b	SUBCONTRACTOR,				
c	WRITERS, EDITORS	743,906.	671,615.	31,041.	41,250.
d	ADVERTISING	909,622.	905,938.	3,684.	
e					
f					
g					
44	Total functional expenses. Add lines 22a through 43g. (Organizations completing columns (B)-(D), carry these totals to lines 13-15)	5,865,342.	5,172,467.	448,138.	244,737.

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? ▶

**RESEARCH & WRITING ON PUBLIC POLICY ISSUES**

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 PUBLICATIONS - RESEARCH, WRITING AND DISTRIBUTION OF PUBLICATIONS ON PUBLIC POLICY ISSUES. HEARTLAND PRODUCED TWO NEWSLETTERS, FIVE MONTHLY NEWSPAPERS, THREE BOOKS AND ONE BOOKLET IN 2007.**

2,389,180.

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

- b PUBLIC RELATIONS - SEMINARS, EVENTS, A WEB SITE, SPEAKERS BUREAU AND OTHER ACTIVITIES AIMED AT EDUCATING HEARTLAND MEMBERS AND THE GENERAL PUBLIC POLICY ISSUES.**

1,791,365.

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

- c GOVERNMENT RELATIONS - PUBLICATIONS AND EVENTS GEARED TOWARD EDUCATING AND INFORMING LOCAL, STATE AND NATIONAL ELECTED OFFICIALS ABOUT PUBLIC POLICY ISSUES.**

904,293.

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

- d NEW COALITION - PUBLICATIONS AND EVENTS GEARED TOWARD EDUCATING AND INFORMING LEADERS OF AFRICAN-AMERICAN, HISPANIC AND OTHER MINORITY GROUPS.**

87,629.

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

- e Other program services (attach schedule) SEE STATEMENT 2**  
(Grants and allocations \$ 135,000.) If this amount includes foreign grants, check here ▶ ☒

5,172,467.

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

Form 990 (2007)



Form 990 (2007)

## THE HEARTLAND INSTITUTE

**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	500,352.	1,214.
	46 Savings and temporary cash investments		
	47 a Accounts receivable	10,626.	
	b Less: allowance for doubtful accounts		
	48 a Pledges receivable		
	b Less: allowance for doubtful accounts		
	49 Grants receivable		
	50 a Receivables from current and former officers, directors, trustees, and key employees		
	b Receivables from other disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)		
	51 a Other notes and loans receivable		
	b Less: allowance for doubtful accounts		
	52 Inventories for sale or use	18,222.	45,923.
	53 Prepaid expenses and deferred charges		
	54 a Investments - publicly-traded securities		
	b Investments - other securities		
55 a Investments - land, buildings, and equipment: basis			
b Less: accumulated depreciation			
56 Investments - other	216,821.	81,451.	
57 a Land, buildings, and equipment: basis	135,370.		
b Less: accumulated depreciation			
58 Other assets, including program-related investments (describe <b>SECURITY DEPOSIT</b> )	6,000.	6,000.	
59 <b>Total assets</b> (must equal line 74). Add lines 45 through 58	567,701.	145,214.	
<b>Liabilities</b>	60 Accounts payable and accrued expenses	32,588.	258,559.
	61 Grants payable		
	62 Deferred revenue		
	63 Loans from officers, directors, trustees, and key employees		
	64 a Tax-exempt bond liabilities		
	b Mortgages and other notes payable		
65 Other liabilities (describe <b>SECURITY DEPOSIT</b> )			
66 <b>Total liabilities.</b> Add lines 60 through 65	32,588.	258,559.	
<b>Net Assets or Fund Balances</b>	Organizations that follow SFAS 117, check here <input checked="" type="checkbox"/> and complete lines 67 through 69 and lines 73 and 74.	535,113.	<113,345.>
	67 Unrestricted		
	68 Temporarily restricted		
	69 Permanently restricted		
	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		
	71 Paid-in or capital surplus, or land, building, and equipment fund		
	72 Retained earnings, endowment, accumulated income, or other funds		
	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)	535,113.	<113,345.>
	74 <b>Total liabilities and net assets/fund balances.</b> Add lines 66 and 73	567,701.	145,214.



**Part IV-A**

instructions.)

Part IV-A Reconciliation of Revenue per Audited Financial Statements With Expenses per Return		Instructions.)		a		5,216,884.	
a	Total revenue, gains, and other support per audited financial statements						
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						0.	
c	Subtract line b from line a					5,216,884.	
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						0.	
e	Total revenue (Part I, line 12). Add lines c and d					5,216,884.	
<b>Part IV-B Reconciliation of Expenses per Audited Financial Statements With Expenses per Return</b>							
a	Total expenses per audited financial statements					5,865,342.	

**Part IV-B**

Reconciliation of Expenses per Audited Financial Statements With Expenses per Return

Part IV-B Reconciliation of Expenses			
a	Total expenses and losses per audited financial statements		
b	Amounts included on line a but not on Part I, line 17:	b1	
1	Donated services and use of facilities	b2	
2	Prior year adjustments reported on Part I, line 20	b3	
3	Losses reported on Part I, line 20	b4	
4	Other (specify):		
	Add lines b1 through b4	b	0.
c	Subtract line b from line a	c	5,865,342.
d	Amounts included on Part I, line 17, but not on line a:	d1	
1	Investment expenses not included on Part I, line 6b	d2	
2	Other (specify):	d	0.
	Add lines d1 and d2	e	5,865,342.
e	Total expenses (Part I, line 17). Add lines c and d		

Part IV-B Reconciliation of Expenses (List each person who was an officer, director, trustee, or key employee who was an officer, director, trustee, or key employee of the organization.) (See the instructions.)

### 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.)

[illegible]



Form 990 (2007)

**Part V-A** **Current Officers, Directors, Trustees, and Key Employees** (Schedule B, Part I)

**75 a** Enter the total number of officers, directors, and trustees permitted to vote on organization business at board meeting: 1

meetings ..... Form 990, Part V-A, or highest compensated employees

b Are any officers, directors, trustees, or key employees listed in Form 990, Part V-A, or highest compensated employees listed in Schedule A, Part I, or highest compensated professional and other independent contractors listed in Schedule A, Part II-A or II-B, related to each other through family or business relationships? If "Yes," attach a statement that identifies the individuals and explains the relationship(s) **SEE STATEMENT 4**

c Do any officers, directors, trustees, or key employees listed in Form 990, Part V-A, or highest compensated employees listed in Schedule A, Part I, or highest compensated professional and other independent contractors listed in Schedule A, Part II-A or II-B, receive compensation from any other organizations, whether tax exempt or taxable, that are related to the organization? See the instructions for the definition of "related organization."

If "Yes," attach a statement that includes the information described in the instructions.

d Does the organization have a written conflict of interest policy?

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

	(C) Compensation (if not paid,	(D) Contributions to employee benefit plans & deferred	(E) Expense account and other allowance

[illegible]

**Part VI Other Information** (See the instructions.)

76 Did the organization make a change in its activities or methods of conducting activities? If "Yes," attach a detailed statement of each change \_\_\_\_\_

\_\_\_\_\_ governing documents but not reported to the IRS? \_\_\_\_\_

77 Were any changes made in the organizing or governing documents but not reported to the IRS? ☐ Yes ☐ No

77 Were any changes made in the organizing or management of the organization during the year covered by this return? If "Yes," attach a conformed copy of the changes.

78 a Did the organization have unrelated business gross income of \$1,000 or more during the year covered by this return? If "Yes," attach a statement of the income.

78 a Did the organization have unrelated business income for this year? ☐ Yes ☐ No

b If "Yes," has it filed a tax return on **Form 990-T** for this year? ☐ Yes ☐ No If "Yes," attach a statement of the tax return.

79 Was there a liquidation, dissolution, termination, or substantial contraction during the year? If "Yes," attach a statement of the liquidation, dissolution, termination, or substantial contraction.

79 Was there a liquidation, dissolution, termination, or substantial contraction during the year? If "Yes," attach a copy of the relevant documents to this return. ☐ Yes ☒ No

80 a Is the organization related (other than by association with a statewide or nationwide organization) through common membership, governing bodies, trustees, officers, etc., to any other exempt or nonexempt organization? ☐ Yes ☒ No

b If "Yes," has it filed a tax return on Form 990 for the year? If "Yes," attach a copy of the return to this return. ☐ Yes ☒ No

b If "Yes," enter the name of the organization N/A and check whether it is ☐ exempt or ☐ nonexempt

81 a Enter direct and indirect political expenditures. (See line 81 instructions.)  
 b Enter amount paid for this year? 1120-POL

**b** Did the organization file **Form 1120-POL** for this year?



## THE HEARTLAND INSTITUTE

36-3309812 Page 7

**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?	83a	X
b	Did the organization comply with the disclosure requirements relating to <i>quid pro quo</i> contributions?	83b	X
84 a	Did the organization solicit any contributions or gifts that were not tax deductible?	84a	X
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	84b	
85 a	501(c)(4), (5), or (6). Were substantially all dues nondeductible by members?	85a	
b	Did the organization make only in-house lobbying expenditures of \$2,000 or less? If "Yes" was answered to either 85a or 85b, do not complete 85c through 85h below unless the organization received a waiver for proxy tax owed for the prior year.	85b	
c	Dues, assessments, and similar amounts from members	85c	N/A
d	Section 162(e) lobbying and political expenditures	85d	N/A
e	Aggregate nondeductible amount of section 6033(e)(1)(A) dues notices	85e	N/A
f	Taxable amount of lobbying and political expenditures (line 85d less 85e)	85f	N/A
g	Does the organization elect to pay the section 6033(e) tax on the amount on line 85f?	85g	
h	If section 6033(e)(1)(A) dues notices were sent, does the organization agree to add the amount on line 85f to its reasonable estimate of dues allocable to nondeductible lobbying and political expenditures for the following tax year?	85h	
86	501(c)(7) 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?	88a	X
b	If "Yes," complete Part IX	88b	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>	89a	
b	501(c)(3) and 501(c)(4) organizations. Did the organization engage in any section 4958 excess benefit transaction during the year or did it become aware of an excess benefit transaction from a prior year? If "Yes," attach a statement explaining each transaction	89b	X
c	Enter: Amount of tax imposed on the organization managers or disqualified persons during the year under sections 4912, 4955, and 4958 <u>0.</u>	89c	
d	Enter: Amount of tax on line 89c, above, reimbursed by the organization <u>0.</u>	89d	
e	All organizations. At any time during the tax year, was the organization a party to a prohibited tax shelter transaction?	89e	X
f	All organizations. Did the organization acquire a direct or indirect interest in any applicable insurance contract?	89f	X
g	For supporting organizations and sponsoring organizations maintaining donor advised funds. Did the supporting organization, or a fund maintained by a sponsoring organization, have excess business holdings at any time during the year?	89g	X
90 a	List the states with which a copy of this return is filed <u>IL</u>	90b	19
b	Number of employees employed in the pay period that includes March 12, 2007	90b	19
91 a	The books are in care of <u>THE HEARTLAND INSTITUTE</u> Telephone no. <u>(312) 377-4000</u>	91a	
b	Located at <u>19 SOUTH LA SALLE STREET, #903, CHICAGO, IL</u> ZIP + 4 <u>60603</u>	91b	X
c	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)?	91c	
d	If "Yes," enter the name of the foreign country <u>N/A</u>	91d	
See the instructions for exceptions and filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts.			



**Part VI Other Information** (continued)

91c	Yes	No
		X

c At any time during the calendar year, did the organization maintain an office outside of the United States? N/A

92 Section 4947(a)(1) nonexempt charitable trusts filing Form 990 in lieu of Form 1041- Check here 92 N/A

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

Note: Enter gross amounts unless otherwise indicated.

93 Program service revenue:

- a PUBLICATIONS/RESEARCH  
b POLICY BOT/INTERNET  
c PUBLICATIONS/RESEARCH  
d SPEAKERS BUREAU

f Medicare/Medicaid payments  
g Fees and contracts from government agencies

94 Membership dues and assessments

95 Interest on savings and temporary cash investments

96 Dividends and interest from securities

97 Net rental income or (loss) from real estate:

a debt-financed property

b not debt-financed property

98 Net rental income or (loss) from personal property

99 Other investment income

100 Gain or (loss) from sales of assets  
other than inventory

101 Net income or (loss) from special events

102 Gross profit or (loss) from sales of inventory

103 Other revenue:

a

b

c

d

e

104 Subtotal (add columns (B), (D), and (E))

105 Total (add line 104, columns (B), (D), and (E))

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 ANNUAL FUNDRAISER & OTHER PUBLIC EVENTS EDUCATES ATTENDEES AS WELL AS  
93B HEARTLAND DISSEMINATES ITS RESEARCH THRU PUBLICATIONS & PUBLIC EVENTS.  
94 MEMBER DUES QUALIFY MEMBERS FOR FREE PUBLICATIONS & EVENT DISCOUNTS.  
95 INTEREST IS EARNED INCIDENTAL TO FUNDRAISING & PROGRAM ACTIVITIES.

**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.

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

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

Please  
Sign  
Here

Paid  
Preparer's  
Use Only



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

Department of the Treasury  
Internal Revenue Service

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

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

**Supplementary Information-(See separate instructions.)**

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

OMB No. 1545-0047

**2007**

Name of the organization

THE HEARTLAND INSTITUTE

Employer identification number  
36 3309812

**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
NICOLETTE M COMERFORD 597 GREEN OAKS DRIVE, CRYSTAL LAKE, IL	MANAGER 40.00	64,035.		
RALPH W CONNER 313 N 5TH, MAYWOOD, IL 60153	MANAGER 40.00	68,293.		
LATREECE VANKINSCOTT 5127 W GLADYS FLOOR 2 CHICAGO, IL	V/P HUMAN RES 40.00	69,747.		
KEVIN M. FITZGERALD 1934 N. LEAVITT #2 CHICAGO, IL 60647	VP PROGRAMS 40.00	80,065.		
TREVOR R. MARTIN 3270 N LAKE SHORE DR #13E CHICAGO IL	VP GOVT REL. 40.00	72,040.		
Total number of other employees paid over \$50,000	7			

**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
MS. ALEXANDRA LIDDY BOURNE 9321 OLD MANSION ROAD, ALEXANDRIA, VA 22309	RESEARCH, WRITING & SPEAKER ON ENV	90,500.
MR. S.T. KARNICK 402 NORTH GREENLEE DRIVE, INDIANAPOLIS, IN 46234	SENIOR EDITOR FOR FIVE PUBLICATION	80,400.
MR. JAMES M. TAYLOR 3718 162ND AVENUE EAST, PARRISH, FL 34219	MANAGING EDITOR FOR MONTHLY PUBLI	71,750.
MS. KARLA SCHNEEBERGER 5056 HARVEST ROAD, COLORADO SPRINGS, CO 80917	MANAGING EDITOR FOR TWO PUBLICATI	54,000.
Total number of others receiving over \$50,000 for professional services	4	

**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.)		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)?	X	
e Transfer of any part of its income or assets?		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.)		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
4 a Did the organization maintain any donor advised funds? If "Yes," complete lines 4b through 4g. If "No," complete lines 4f and 4g	N/A	
b Did the organization make any taxable distributions under section 4966?	N/A	
c Did the organization make a distribution to a donor, donor advisor, or related person?		0
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). Enter the hospital's name, city,
- 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.)

Schedule A (Form 990 or 990-EZ) 2007 **THE HEARTLAND INSTITUTE**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.)	2,492,169.	2,242,948.	1,753,416.	1,546,170.	8,034,703.
16 Membership fees received	25,279.	29,943.	33,196.	28,945.	117,363.
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	187,267.	246,591.	211,980.	316,026.	961,864.
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	42,973.	1,401.	2,819.	1,700.	48,893.
19 Net income from unrelated business activities not included in line 18	<23,535.>	<113,680.>	<93,628.>	<92,239.>	<323,082.>
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			SEE STATEMENT 5 15,000.		15,000.
23 Total of lines 15 through 22	2,724,153.	2,407,203.	1,922,783.	1,800,602.	8,854,741.
24 Line 23 minus line 17	2,536,886.	2,160,612.	1,710,803.	1,484,576.	7,892,877.
25 Enter 1% of line 23	27,242.	24,072.	19,228.	18,006.	
26 Organizations described on lines 10 or 11: a Enter 2% of amount in column (e), line 24					26a N/A
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 N/A
c Total support for section 509(a)(1) test: Enter line 24, column (e)					26c N/A
d Add: Amounts from column (e) for lines: 18 _____ 19 _____					26d N/A
22 _____ 26b _____					26e N/A
e Public support (line 26c minus line 26d total)					26f N/A %
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." Do not file this list with your return. Enter the sum of such amounts for each year:					
(2006) 953,200. (2005) 2,869,522. (2004) 349,633. (2003) 309,392.					
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:					
(2006) 0. (2005) 0. (2004) 0. (2003) 0.					
c Add: Amounts from column (e) for lines: 15 8,034,703. 16 117,363.					27c 9,113,930.
17 961,864. 20 _____ 21 _____					27d 4,481,747.
d Add: Line 27a total 4,481,747. and line 27b total 0.					27e 4,632,183.
e Public support (line 27c total minus line 27d total)					27f 8,854,741.
f Total support for section 509(a)(2) test: Enter amount on line 23, column (e)					27g 52.3130%
g Public support percentage (line 27e (numerator) divided by line 27f (denominator))					27h .5522%
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.					NONE



- 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.)

	Yes	No
29		
30		
31		
32a		
32b		
32c		
32d		
33a		
33b		
33c		
33d		
33e		
33f		
33g		
33h		
34a		
34b		
35		

- 32 Does the organization maintain the following:
- a Records indicating the racial composition of the student body, faculty, and administrative staff? .....
- b Records documenting that scholarships and other financial assistance are awarded on a racially nondiscriminatory basis? .....
- c Copies of all catalogues, brochures, announcements, and other written communications to the public dealing with student admissions, programs, and scholarships? .....
- d Copies of all material used by the organization or on its behalf to solicit contributions? .....
- If you answered "No" to any of the above, please explain. (If you need more space, attach a separate statement.)

- 33 Does the organization discriminate by race in any way with respect to:
- a Students' rights or privileges? .....
- b Admissions policies? .....
- c Employment of faculty or administrative staff? .....
- d Scholarships or other financial assistance? .....
- e Educational policies? .....
- f Use of facilities? .....
- g Athletic programs? .....
- h Other extracurricular activities? .....
- If you answered "Yes" to any of the above, please explain. (If you need more space, attach a separate statement.)

- 34 a Does the organization receive any financial aid or assistance from a governmental agency? .....
- b Has the organization's right to such aid ever been revoked or suspended? .....
- If you answered "Yes" to either 34a or b, please explain using an attached statement.
- 35 Does the organization certify that it has complied with the applicable requirements of sections 4.01 through 4.05 of Rev. Proc. 75-50, 1975-2 C.B. 587, covering racial nondiscrimination? If "No," attach an explanation .....

**Part VI-A Lobbying Expenditures by Electing Public Charities** (See page 11 of the instructions.)  
(To be completed ONLY by an eligible organization that filed Form 5768)Check ☐ **a** if the organization belongs to an affiliated group. Check ☐ **b** if you checked "a" and "limited control" provisions apply.**Limits on Lobbying Expenditures**

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

	(a) Affiliated group totals	(b) To be completed for all electing organizations
	N/A	
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 .....	20% of the amount on line 40	
Over \$500,000 but not over \$1,000,000 .....	\$100,000 plus 15% of the excess over \$500,000	
Over \$1,000,000 but not over \$1,500,000 .....	\$175,000 plus 10% of the excess over \$1,000,000	
Over \$1,500,000 but not over \$17,000,000 .....	\$225,000 plus 5% of the excess over \$1,500,000	
Over \$17,000,000 .....	\$1,000,000	
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				N/A
	(a) 2007	(b) 2006	(c) 2005	(d) 2004	(e) Total
45 Lobbying nontaxable amount .....					0.
46 Lobbying ceiling amount (150% of line 45(e)) .....					0.
47 Total lobbying expenditures .....					0.
48 Grassroots nontaxable amount .....					0.
49 Grassroots ceiling amount (150% of line 48(e)) .....					0.
50 Grassroots lobbying expenditures .....					0.

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

Yes	No	Amount
		0.



**Part VII** Information Regarding **Exempt Organizations** (See page 14 of the instructions.)

- a Transfers from the reporting organization to a noncharitable exempt organization of:

(i) Cash

(ii) Other assets

- b Other transactions:

(i) Sales or exchanges of assets with a noncharitable exempt organization .....

(ii) Purchases of assets from a noncharitable exempt organization

- (ii) Purchases of assets
- (iii) Rental of facilities, equipment, or other assets

(iv) Reimbursement arrangements

(v) Loans or loan guarantees

(vi) Performance of services or membership or fundraising solicitations

c Sharing of facilities, equipment, mailing lists, other assets, or paid employees

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

N/A

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

- 52 a Is the organization directly or indirectly affiliated with, or related to, the following schedule: ☐ Yes ☒ No
- Code (other than section 501(c)(3)) or in section 527? N/A

N/A

Schedule A (Form 990 or 990-EZ) 2007

## THE HEARTLAND INSTITUTE

FORM 990

CASH GRANTS AND ALLOCATIONS  
TO OTHERS

STATEMENT 1

## CLASS OF ACTIVITY/DONEE'S NAME AND ADDRESS

AMOUNT

ENVIRONMENT & CLIMATE  
NATURAL RESOURCES STEWARDSHIP PROJECT  
P.O. BOX 23013  
OTTAWA, ONTARIO K2A 4E2 CANADA

25,000.

ENVIRONMENT & CLIMATE  
FRONTIER CENTRE FOR PUBLIC POLICY  
ONE LOMBARD PLACE, SUITE 25 LOMBARD CONCOURSE  
WINNIPEG, MANITOBA, R3B 0X3 CANADA

25,000.

ENVIRONMENT & CLIMATE  
NEW ZEALAND CLIMATE SCIENCE COALITION  
1104 ONERIRI RD, R.D. 2  
KAIWAKA, NORTHLAND, NEW ZEALAND 0573

25,000.

ENVIRONMENT & CLIMATE  
SCIENCE & ENVIRONMENTAL POLICY PROJECT  
1600 SOUTH EADS STREET #712-S  
ARLINGTON, VA 22202-2907

45,000.

ENVIRONMENT & CLIMATE  
INTERNATIONAL CLIMATE SCIENCE COALITION  
P O BOX 304001  
HAURAKI, NORTH SHORE CITY 0622, NEW ZEALAND

135,000.

TOTAL INCLUDED ON FORM 990, PART II, LINE 22B

FORM 990

## OTHER PROGRAM SERVICES

STATEMENT 2

## DESCRIPTION OF OTHER PROGRAM SERVICES

UNRESTRICTED GRANTS TO 501C(3) AND OTHERS WITH  
MISSIONS IN LINE WITH HEARTLAND INSTITUTE.

TOTAL TO FORM 990, PART III, LINE E

GRANTS AND  
ALLOCATIONS EXPENSES

135,000. 0.

135,000.



## THE HEARTLAND INSTITUTE

FORM 990 PART V-A - LIST OF CURRENT OFFICERS, DIRECTORS, TRUSTEES AND KEY EMPLOYEES STATEMENT 3

NAME AND ADDRESS	TITLE AND AVRG HRS/WK	COMPEN- SATION	EMPLOYEE BEN PLAN CONTRIB	EXPENSE ACCOUNT
JOSEPH BAST 600 EAST WILMETTE ROAD #124 PALATINE, IL 60074	PRESIDENT 40.00	96,292.	0.	0.
ROBERT BUFORD 1333 N. KINGSBURY AVENUE #301 CHICAGO, IL 60622	DIRECTOR 0.00	0.	0.	0.
PAUL FISHER 77 WEST WACKER DRIVE, SUITE 4400 CHICAGO, IL 60601	DIRECTOR 0.00	0.	0.	0.
JAMES FITZGERALD 1629 COLONIAL PARKWAY INVERNESS, IL 60067	DIRECTOR 0.00	0.	0.	0.
DAN HALES 711 OAK STREET, SUITE 102 WINNETKA, IL 60093	DIRECTOR 0.00	0.	0.	0.
WILLIAM HIGGINSON 990 NORTH LAKE SHORE DRIVE #11B CHICAGO, IL 60611	DIRECTOR 0.00	0.	0.	0.
JAMES JOHNSTON 2143 CHESTNUT AVENUE WILMETTE, IL 60091	DIRECTOR 0.00	0.	0.	0.
ROY MARDEN 330 EAST 46TH STREET, SUITE 4J NEW YORK, NY 10017	DIRECTOR 0.00	0.	0.	0.
DAVID PADDEN 100 WEST MONROE, SUITE 706 CHICAGO, IL 60603	DIRECTOR 0.00	0.	0.	0.
FRANK RESNIK 175 EAST DELAWARE PLACE CHICAGO, IL 60611	DIRECTOR 0.00	0.	0.	0.
ELIZABETH ROSE 2110 GUY STREET SAN DIEGO, CA 92103-1539	DIRECTOR 0.00	0.	0.	0.

THE HEARTLAND INSTITUTE

HERBERT WALBERG  
180 EAST PEARSON STREET, SUITE  
3607  
CHICAGO, IL 60611

CHAIRMAN

0.00

0.

0.

0.

RAJEEV BAL  
501 WEST MICHIGAN  
MILWAUKEE, WI 53201-3050

DIRECTOR

0.00

0.

0.

0.

THOMAS WALTON  
300 RENAISSANCE CENTER, MC  
482-C27-C81  
DETROIT, MI 48265-3000

DIRECTOR

0.00

0.

0.

0.

BIJU GEORGE KULATHAKAL  
211 EAST OHIO, # 603  
CHICAGO, IL 60611

DIRECTOR

0.00

0.

0.

0.

DIANE C. BAST  
900 EAST WILMETTE RD., #124  
PALATINE, IL 60074

VICE PRESIDENT

40.00

76,337.

0.

0.

TOTALS INCLUDED ON FORM 990, PART V-A

172,629.

0.

0.



THE HEARTLAND INSTITUTE

FORM 990

EXPLANATION OF RELATIONSHIP  
PART V-A, LINE 75B

STATEMENT 4

INDIVIDUAL'S NAME

TITLE OR ROLE

JOSEPH L. BAST

PRESIDENT

INDIVIDUAL'S NAME

TITLE OR ROLE

DIANE C. BAST

VICE PRESIDENT

## EXPLANATION OF RELATIONSHIP

HUSBAND &amp; WIFE AND FULL TIME KEY EMPLOYEES SINCE INCEPTION OF ORGANIZATION.

SCHEDULE A	OTHER INCOME				STATEMENT 5
------------	--------------	--	--	--	-------------

DESCRIPTION

2006  
AMOUNT2005  
AMOUNT2004  
AMOUNT2003  
AMOUNT

LAPSED TIME RESTRICTIONS

0.

0.

15,000.

0.

TOTAL TO SCHEDULE A, LINE 22

0.

0.

15,000.

0.

**THE HEARTLAND INSTITUTE  
FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2007**

**AND**

**REPORT OF CERTIFIED PUBLIC ACCOUNTANTS**



# THE HEARTLAND INSTITUTE

## TABLE OF CONTENTS

<b>REPORT NAME</b>	<b>PAGE</b>
Auditor's Report	3
Financial Statements:	
Statement of Financial Position	4
Statement of Activities	5
Statement of Functional Expenses	6
Statement of Cash Flows	7
Notes to Financial Statements	8-10

**JAMES F. SEXTON AND ASSOCIATES, LTD.**

**CERTIFIED PUBLIC ACCOUNTANTS**

Woodfield Lake Office Court  
941 Plum Grove Road, Suite A  
Schaumburg, Illinois 60173  
www.mycpacfo.com

(847) 605-0700  
Fax (847) 605-0705

July 3, 2008

To The Board of Directors

The Heartland Institute

We have audited the accompanying statement of financial position of The Heartland Institute (a nonprofit organization) as of December 31, 2007 and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining on a test basis evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Heartland Institute as of December 31, 2007, and the changes in its net assets and its cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.

**JAMES F. SEXTON & ASSOC., LTD.**  
**CERTIFIED PUBLIC ACCOUNTANTS**



**Statement of Financial Position**  
**December 31, 2007**

**ASSETS**

**CURRENT ASSETS**

Cash and Cash Equivalents	1,214	
Accounts & Pledges Receivable	10,626	
Prepaid Expense	<u>45,923</u>	
Total Current Assets		57,763

**FIXED ASSETS**

Office Furniture	16,764	
Office Equipment	146,150	
Leasehold Improvements	53,907	
Less: Accumulated Depreciation	<u>(135,370)</u>	
Net Equipment		81,451

**OTHER ASSETS**

Deposits	<u>6,000</u>	
Total Other Assets		6,000

**TOTAL ASSETS**

145,214

**LIABILITIES AND NET ASSETS**

**CURRENT LIABILITIES**

Accounts Payable	<u>258,559</u>	
Total Current Liabilities		258,559

**NET ASSETS**

Unrestricted	(113,345)	
Temporarily Restricted	<u>0</u>	
Total Net Assets		(113,345)

**TOTAL LIABILITIES AND NET ASSETS**

145,214

See Notes to Financial Statements

**The Heartland Institute  
Statement of Activities  
Year Ended December 31, 2007**

**CHANGES IN UNRESTRICTED NET ASSETS:**

Contributions	4,967,006	
Publications/Research	27,071	
Advertising	21,104	
Memberships	26,157	
Fund Raising	140,960	
Interest Income	<u>34,587</u>	
<b>TOTAL</b>		5,216,884

**NET ASSETS RELEASED FROM RESTRICTIONS:**

Satisfaction of Purpose Restrictions

**TOTAL UNRESTRICTED REVENUE, GAINS AND  
OTHER SUPPORT**

5,216,884

**EXPENSES**

Program	5,175,394	
Management and General	448,138	
Fund Raising	<u>244,737</u>	
<b>TOTAL EXPENSES</b>		5,868,269

**INCREASE (DECREASE) IN UNRESTRICTED  
NET ASSETS**

(651,385)

**CHANGES IN TEMPORARILY RESTRICTED ASSETS:**

Satisfaction of Purpose Restrictions

Decrease of Temporarily Restricted Assets

0

0

**CHANGE IN NET ASSETS (RESTRICTED)**

**NET ASSETS, BEGINNING OF YEAR (UNRESTRICTED)**

538,040

**NET ASSETS, END OF YEAR (UNRESTRICTED)**

(113,345)

See Notes to Financial Statements



**The Heartland Institute**  
**Statement of Functional Expenses**  
**Year Ended December 31, 2007**

Description	Grants - Program					Mgmt & Gen'l	Fund- raising	TOTAL
		Publications	Gov't Relations	Public Relations	New Coalition			
		\$181,915	\$380,830	\$157,990	\$27,948	\$369,866	\$144,205	\$1,262,754
Salaries, Wages, and Benefits		1,085,130	27,637	92,726	8,216	1,261	2,565	1,217,535
Printing and Publications		634,119	119,518	58,423	5,642	6,096	15,699	839,497
Mailing		59,938	22,686	44,992	2,198	11,243	6,142	147,199
Office and Occupancy		10,471	7,744	24,411	1,201	9,907	14,858	68,592
Supplies and Equipment Lease		14,897	225,394	224,830	2,964	1,846	17,777	487,708
Travel, Exhibiting, Events		396,051	92,242	144,101	39,221	31,041	41,250	743,906
Services and Professional Fees		169	25,785	1,009		77	1,576	28,616
Other Expenses				905,938		3,684		909,622
Advertising						10,299		10,299
Depreciation						1,601		1,601
Interest				4,874	238	1,217	665	15,940
Telephone		6,490	2,456	135,000				135,000
Grants								
		\$2,389,180	\$904,292	\$1,794,294	\$87,628	\$448,138	\$244,737	\$5,868,269
TOTAL		40.71%	15.41%	30.58%	1.49%	7.64%	4.17%	100.00%
Percentage of Total								

<b>Cash Flows From (Used By) Operating Activities:</b>	(651,385)	
Change In Net Assets		
<b>Adjustments to reconcile change in net assets to net cash used for operating activities</b>		
Depreciation	10,299	
(Increase) decrease in accounts receivable	(2,157)	
(Increase) decrease in prepaid publications	(27,701)	
Increase (decrease) in accounts payable	228,899	
(Increase) decrease in investments	0	
Release of temporary restricted assets	0	
<b>Net cash provided (used) by Operating Activities</b>		(442,045)
<b>Cash Flows From (used by) Investing Activities</b>		
Purchase of property and equipment	(57,091)	(57,091)
<b>Net cash provided (used) by investing activities</b>		
		(499,137)
Net increase (decrease) in cash		500,351
Cash - Beginning Balance		
		<u>1,214</u>
Cash - Ending Balance		
<b>Amounts included in operating activities above:</b>		1,601
Amounts of interest paid		

See Notes to Financial Statements



**The Heartland Institute  
Statement of Functional Expenses  
Year Ended December 31, 2007**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Heartland Institute is a nonprofit corporation organized exclusively for charitable and educational purposes. Its main purpose is to inform and educate the public on research of past and existing public policies and the effects and results of those policies and free market or private sector alternatives.

**METHOD OF ACCOUNTING**

The Organization maintains its records on the accrual basis in accordance with U.S. generally accepted accounting principles.

**BASIS OF PRESENTATION**

Financial statement presentation follows the recommendations of the Financial Accounting Standards in its Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements of Non-for-Profit Organizations. Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

**ESTIMATES**

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires the use of management's estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**CASH AND EQUIVALENTS**

The Organization considers all highly liquid investments with maturity of three months or less when purchased to be cash equivalents. Cash and cash equivalents for purposes of the statement of cash flows exclude permanently restricted cash and cash equivalents.

**FUNCTIONAL EXPENSE REPORTING**

The cost of providing program and supporting services has been summarized by function, based on estimates developed by management.

**ACCOUNTS & PLEDGES RECEIVABLE**

Accounts receivable are stated at the amount management expects to collect from outstanding balances and pledges. Management provides for probable uncollectible amounts through a provision for bad debt expense based on its assessment of the current status of individual receivables. Balances that are still outstanding after management has used reasonable collection efforts are written off to bad debt expense. There were no bad debt write-offs or accounts deemed uncollectible for 2007.

**DONATIONS**

Donations received in property other than cash are recorded at their fair market value on the date of the gift. Donations in property whose fair market values are not objectively determinable are omitted from the financial statement in accordance with generally accepted accounting standards.

**The Heartland Institute  
Statement of Functional Expenses  
Year Ended December 31, 2007**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**DEPRECIATION**

Fixed assets are recorded at cost (or fair market value on the date of donation). Management follows the practice of capitalizing all expenditures for property, furniture, fixtures and office equipment in excess of \$500. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Depreciation amounted to \$10,299 in 2007.

**NOTE 2 - TAX STATUS**

Heartland Institute is a non-profit organization. It qualifies under the Internal Revenue Code Section 501(c)(3) as an organization exempt from federal income taxation.

**NOTE 3 - FUND BALANCE - TEMPORARILY RESTRICTED**

Prior to 1997, the estate of Franklin Butcha executed a note under the charitable remainder trust provisions of the Internal Revenue Code. Interest of 5.5% per annum is paid quarterly to the beneficiary of Franklin Butcha estate (his spouse) until her death. The principal loan of \$25,000 plus previously accrued interest of \$5,576 prior to Franklin's death for a grand total of \$30,576 was recognized as other income in 1996. Since then income and interest expense has been recorded through the unrestricted fund balance. Any present value adjustment to the bequest as with discounted cash flow adjustments were deemed insignificant.

**NOTE 4 - LEASE COMMITMENTS**

Management entered into a lease extension for its headquarters effective June 1, 2008 through January 31, 2012. Monthly base rent payments are currently \$7,497 per month. Management entered into a new lease to rent additional space at the same location effective March 1, 2007 through January 31, 2012. Monthly base rent payments are currently \$5,058 per month. Rent expense amounted to \$147,197 in 2007.

The Organization also entered into two equipment-operating leases:

1. A photocopier lease was entered commencing September 2003 for \$1,397 per month through March 2011.
2. A postage machine lease was entered commencing December 2004 for \$850 per quarter through February 2008.



**The Heartland Institute  
Statement of Functional Expenses  
Year Ended December 31, 2007**

**NOTE 4 – LEASE COMMITMENTS (CONTINUED)**

Following are the minimum future rental commitments:

<u>Period Ended</u>	<u>Amount</u>
December 31, 2008	\$170,928
December 31, 2009	\$174,667
December 31, 2010	\$179,383
December 31, 2011	\$171,689
December 31, 2012 and thereafter	<u>\$ 14,130</u>
Total	\$710,797

**NOTE 5 – RETIREMENT PLAN**

The Organization sponsors a 401(k) retirement plan covering substantially all employees. No contributions were paid during 2007.

**NOTE 6 – CONCENTRATION OF CREDIT RISK**

The Organization maintains several bank accounts at two banks. Accounts at an institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$100,000. Cash at one of these institutions occasionally exceeds federally insured limits. The amount in excess of the FDIC limit totaled \$0 as of December 31, 2007.

During 2007, the Organization received 38% of its contribution revenue from a single donor.

**NOTE 8 – FUNCTIONAL ALLOCATION OF EXPENSES**

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.