

THE CARTHAGE FOUNDATION
ONE OXFORD CENTRE - 301 GRANT STREET - SUITE 3900
PITTSBURGH, PENNSYLVANIA 15219-6401
(412) 392-2900

2004
ANNUAL REPORT

The Carthage Foundation confines most of its grant awards to programs that will address public policy questions concerned with national and international issues. There are no geographical restrictions. The Foundation does not make grants to individuals. Proposals for the following are usually declined: event sponsorships, endowments, capital campaigns, renovations, or government agencies.

Initial inquiries to the Foundation should be in letter form signed by the organization's President, or authorized representative, and have the approval of the organization's Board of Directors. The letter should include a concise description and budget for the specific purpose for which funds are requested. Additional information must include the organization's current annual budget, latest audited financial statement, and annual report. A copy of the organization's current determination letter from the Internal Revenue Service evidencing tax-exempt status under section 501(c)(3) of the IRS Code is required. Additional information may be requested if needed for further evaluation.

The Foundation normally considers grants at quarterly meetings. However, requests may be submitted at any time and will be acted upon as expeditiously as possible.

Grant applications should be addressed to:

Michael W. Gleba, Treasurer
The Carthage Foundation
One Oxford Centre
301 Grant Street, Suite 3900
Pittsburgh, PA 15219-6401

The Carthage Foundation
Grants Paid in 2004

<u>Grantee</u>	<u>Amount Paid</u>
Allegheny Institute for Public Policy	\$ 110,000
American Civil Rights Institute	40,000
American Civil Rights Union	100,000
American Enterprise Institute for Public Policy Research	300,000
American Foreign Policy Council	125,000
American Jewish Committee	60,000
America's Survival, Inc.	35,000
Association of Literary Scholars and Critics	30,000
Atlas Economic Research Foundation	50,000
Capital Research Center	35,000
Cato Institute	65,000
Center for Individual Rights	150,000
Center for Media and Public Affairs	100,000
Cinema Foundation, Inc.	50,000
Collegiate Network, Inc.	90,000
Committee for a Constructive Tomorrow	80,000
Criminal Justice Legal Foundation	25,000
Defenders of Property Rights	100,000
The Defense Forum Foundation, Inc.	50,000
Diversity Alliance for a Sustainable America	35,000
The Federalist Society for Law & Public Policy Studies	100,000
Federation for American Immigration Reform	250,000
Foreign Policy Research Institute	25,000
Foundation for Cultural Review, Inc.	26,000
Foundation for Research on Economics and the Environment	70,000
Free Congress Research and Education Foundation, Inc.	200,000
George C. Marshall Institute	35,000
George Mason University Foundation, Inc., Center for Study of Public Choice	145,000
High Frontier	50,000
Institute for Foreign Policy Analysis, Inc.	150,000
Institute for Health Freedom	100,000
Institute for International Studies	60,000
Institute for Research on the Economics of Taxation	150,000
The Institute on Religion and Democracy, Inc.	75,000
The Institute on Religion and Public Life, Inc.	75,000
Intercollegiate Studies Institute, Inc.	350,000
Jamestown Foundation	125,000
Judicial Watch, Inc.	375,000
Landmark Legal Foundation	250,000
The Maldon Institute	460,000

The Carthage Foundation
Grants Paid in 2004

<u>Grantee</u>	<u>Amount Paid</u>
Morley Publishing Group, Inc.	\$ 25,000
National Center for Public Policy Research, Inc.	50,000
National Defense University Foundation, Inc.	50,000
National Institute for Public Policy	75,000
The National Legal and Policy Center	100,000
National Strategy Forum	10,000
New Citizenship Project, Inc.	85,000
New England Legal Foundation	60,000
Pacific Legal Foundation	175,000
Patrick Henry Center for Individual Liberty	25,000
Reason Foundation	100,000
Southeastern Legal Foundation, Inc.	100,000
University of Virginia Law School Foundation	50,000
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	\$ 5,606,000

The Carthage Foundation

Officers:

Richard M. Scaife Chairman
R. Daniel McMichael Secretary
Michael W. Gleba Treasurer
Alexis J. Konkol Assistant Secretary
Roger W. Robinson, Jr. Assistant Treasurer

Address:

One Oxford Centre
301 Grant Street, Suite 3900
Pittsburgh, PA 15219-6401

Statement of Investments -- December 31, 2004:

	<u>Book Value</u>	<u>Market Value</u>
Common Stock	\$11,991,058	\$23,285,948
Money Market	<u>2,929,397</u>	<u>2,929,397</u>
	<u>\$14,920,455</u>	<u>\$26,215,345</u>

Return of Private Foundation

2004

or Section 4947(a)(1) Nonexempt Charitable Trust Treated as a Private Foundation
 Note: The organization may be able to use a copy of this return to satisfy state reporting requirements.

For calendar year 2004, or tax year beginning , 2004, and ending

G Check all that apply: Initial return Final return Amended return Address change Name change

Use the IRS label. Otherwise, print or type. See Specific Instructions.	Name of organization THE CARTHAGE FOUNDATION			A Employer identification number 25-6067979	
	Number and street (or P.O. box number if mail is not delivered to street address) 301 GRANT STREET			B Telephone number (see page 10 of the instructions) (412) 392-2900	
	Room/suite ONE OXFORD CENTRE, SUITE 3900				
	City or town, state, and ZIP code PITTSBURGH, PA 15219-6401				
H Check type of organization: <input checked="" type="checkbox"/> Section 501(c)(3) exempt private foundation <input type="checkbox"/> Section 4947(a)(1) nonexempt charitable trust <input type="checkbox"/> Other taxable private foundation					
I Fair market value of all assets at end of year (from Part II, col. (c), line 16) \$ 26,262,050.			J Accounting method: <input checked="" type="checkbox"/> Cash <input type="checkbox"/> Accrual <input type="checkbox"/> Other (specify) _____ (Part I, column (d) must be on cash basis.)		
C If exemption application is pending, check here <input type="checkbox"/> D 1. Foreign organizations, check here <input type="checkbox"/> 2. Foreign organizations meeting the 85% test, check here and attach computation <input type="checkbox"/> E If private foundation status was terminated under section 507(b)(1)(A), check here <input type="checkbox"/> F If the foundation is in a 60-month termination under section 507(b)(1)(B), check here <input type="checkbox"/>					

Part I Analysis of Revenue and Expenses <i>(The total of amounts in columns (b), (c), and (d) may not necessarily equal the amounts in column (a) (see page 11 of the instructions).)</i>		(a) Revenue and expenses per books	(b) Net investment income	(c) Adjusted net income	(d) Disbursements for charitable purposes (cash basis only)
Revenue	1 Contributions, gifts, grants, etc., received (attach schedule)	5,944,850.	STMT 1		
	2 Check <input type="checkbox"/> if the foundation is not required to attach Sch. B				
	3 Interest on savings and temporary cash investments				
	4 Dividends and interest from securities	882,259.	882,259.		STMT 2
	5a Gross rents				
	b Net rental income or (loss)				
	6a Net gain or (loss) from sale of assets not on line 10	730,612.			
	b Gross sales price for all assets on line 6a 7,830,062.				
	7 Capital gain net income (from Part IV, line 2)		6,081,934.		
	8 Net short-term capital gain				
	9 Income modifications				
	10 a Gross sales less returns and allowances				
b Less: Cost of goods sold					
c Gross profit or (loss) (attach schedule)					
11 Other income (attach schedule)					
12 Total. Add lines 1 through 11	7,557,721.	6,964,193.			
Operating and Administrative Expenses	13 Compensation of officers, directors, trustees, etc	72,033.	3,773.		68,260.
	14 Other employee salaries and wages	86,623.	5,630.		80,993.
	15 Pension plans, employee benefits	71,635.	4,656.		66,979.
	16a Legal fees (attach schedule) STMT 3	957.	NONE		957.
	b Accounting fees (attach schedule) STMT 4	35,220.	17,610.		17,610.
	c Other professional fees (attach schedule) STMT 5	74,706.	12,706.	NONE	62,000.
	17 Interest				
	18 Taxes (attach schedule) (see page 14 of the instructions)	** 63,624.	805.	NONE	11,582.
	19 Depreciation (attach schedule) and depletion STMT 12	23,390.	NONE		
	20 Occupancy	81,109.	5,272.		75,837.
	21 Travel, conferences, and meetings	4,172.	NONE		4,172.
	22 Printing and publications				
	23 Other expenses (attach schedule) STMT 7	57,510.	3,614.	NONE	53,899.
	24 Total operating and administrative expenses. Add lines 13 through 23	570,979.	54,066.	NONE	442,289.
	25 Contributions, gifts, grants paid	6,126,000.			5,606,000.
26 Total expenses and disbursements. Add lines 24 and 25	6,696,979.	54,066.	NONE	6,048,289.	
27 Subtract line 26 from line 12:					
a Excess of revenue over expenses and disbursements	860,742.				
b Net investment income (if negative, enter -0-)		6,910,127.			
c Adjusted net income (if negative, enter -0-)			-0-		

Part XVII Information Regarding Transfers To and Transactions and Relationships With Noncharitable Exempt Organizations

- 1 Did the organization directly or indirectly engage in any of the following with any other organization described in section 501(c) of the Code... a Transfers from the reporting organization to a noncharitable exempt organization of: (1) Cash, (2) Other assets, b Other transactions: (1) Sales of assets to a noncharitable exempt organization, (2) Purchases of assets from a noncharitable exempt organization, (3) Rental of facilities, equipment, or other assets, (4) Reimbursement arrangements, (5) Loans or loan guarantees, (6) 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.

Table with 4 columns: (a) Line no., (b) Amount involved, (c) Name of noncharitable exempt organization, (d) Description of transfers, transactions, and sharing arrangements. Row 1 contains 'N/A'.

2 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 Code (other than section 501(c)(3)) or in section 527? Yes No [X]

Table with 3 columns: (a) Name of organization, (b) Type of organization, (c) Description of relationship.

Signature block containing: Declaration of preparer, Signature of officer or trustee (with 'COPY' stamp), Date (5/13/05), Title (TREASURER), Preparer's signature, Firm's name (KPMG LLP), Address (1601 MARKET STREET PHILADELPHIA, PA), EIN (13-5565207), and Phone no. (267 256-7000).