

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

2006
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 (or Form 990 tax return), 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 2006

<u>Grantee</u>	<u>Amount Paid</u>
Allegheny Institute for Public Policy	\$ 110,000
American Civil Rights Union	100,000
American Foreign Policy Council	150,000
American Jewish Committee	60,000
America's Survival, Inc.	100,000
Association for Literary Scholars and Critics	30,000
Atlas Economic Research Foundation	70,000
Center for Security Policy, Inc.	40,000
Cinema Foundation, Inc.	25,000
Committee for a Constructive Tomorrow	180,000
Counterterrorism & Security Education and Research Foundation	125,000
Criminal Justice Legal Foundation	25,000
Defenders of Property Rights	100,000
The Defense Forum Foundation, Inc.	60,000
Diversity Alliance for a Sustainable America	35,000
Federation for American Immigration Reform	300,000
Foundation for Cultural Review, Inc.	32,500
Foundation for Research on Economics and the Environment	50,000
Free Congress Research and Education Foundation, Inc.	465,000
George C. Marshall Institute	100,000
George Mason University Foundation, Inc.	150,000
Greater Pittsburgh Community Food Bank	50,000
Institute for International Studies	60,000
The Institute on Religion and Democracy, Inc.	275,000
Judicial Watch, Inc.	200,000
Landmark Legal Foundation	250,000
Maldon Institute, The	242,000
Morley Publishing Group, Inc.	25,000
Mountain States Legal Foundation	25,000
National Center for Public Policy Research, Inc.	50,000
National Defense University Foundation, Inc.	50,000
National Institute for Public Policy	200,000
The National Legal and Policy Center	125,000
National Strategy Forum	10,000
Pacific Legal Foundation	175,000
Society for the Education of Physicians and Patients	35,000
Southwest Missouri State University Foundation	100,000
University of Virginia Law School Foundation	75,000
	\$ 4,254,500

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, 2006:

	<u>Book Value</u>	<u>Market Value</u>
Common Stock	\$12,463,697	\$27,878,291
Money Market	<u>2,209,613</u>	<u>2,209,613</u>
	<u>\$14,673,310</u>	<u>\$30,087,904</u>

Department of the Treasury
Internal Revenue Service

or Section 4947(a)(1) Nonexempt Charitable Trust

Treated as a Private Foundation

Note: The foundation may be able to use a copy of this return to satisfy state reporting requirements.

2006

For calendar year 2006, or tax year beginning , 2006, 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 foundation 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		Room/suite 3900	B Telephone number (see page 11 of the instructions) (412) 392-2900
	City or town, state, and ZIP code PITTSBURGH, PA 15219-6401			
			C If exemption application is pending, check here <input type="checkbox"/>	

H Check type of organization: Section 501(c)(3) exempt private foundation
 Section 4947(a)(1) nonexempt charitable trust Other taxable private foundation

I Fair market value of all assets at end of year (from Part II, col. (c), line 16) ▶ \$ **30,108,877.**

J Accounting method: Cash Accrual
 Other (specify) _____
 (Part I, column (d) must be on cash basis.)

E If private foundation status was terminated under section 507(b)(1)(A), check here

F If the foundation is in a 60-month termination under section 507(b)(1)(B), check here

Part I Analysis of Revenue and Expenses (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).)		(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)	3,000,000.			
	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	884,245.	884,245.	NONE	STMT 1
	5a Gross rents				
	b Net rental income or (loss)				
	6a Net gain or (loss) from sale of assets not on line 10	1,747,608.			
	b Gross sales price for all assets on line 6a 6,984,308.				
	7 Capital gain net income (from Part IV, line 2)	STATEMENT 15	6,106,616.		
	8 Net short-term capital gain				
	9 Income modifications				
	10a 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	5,631,853.	6,990,861.	NONE		
Operating and Administrative Expenses	13 Compensation of officers, directors, trustees, etc.	86,650.	12,620.	NONE	74,030.
	14 Other employee salaries and wages	161,063.	4,575.	NONE	156,488.
	15 Pension plans, employee benefits	93,652.	6,500.	NONE	87,152.
	16a Legal fees (attach schedule) STMT 2	1,102.	NONE	NONE	1,102.
	b Accounting fees (attach schedule) STMT 3	34,077.	17,038.	NONE	17,039.
	c Other professional fees (attach schedule) STMT 4	86,994.	22,994.	NONE	64,000.
	17 Interest				
	18 Taxes (attach schedule) (see page 14 of the instructions) *	169,366.	1,354.	NONE	18,162.
	19 Depreciation (attach schedule) and depletion	11,246.	NONE		STMT 13
	20 Occupancy	83,456.	5,792.		77,664.
	21 Travel, conferences, and meetings	9,834.	NONE		9,834.
	22 Printing and publications				
	23 Other expenses (attach schedule) STMT 6	60,750.	4,074.	NONE	56,676.
	24 Total operating and administrative expenses. Add lines 13 through 23	798,190.	74,947.	NONE	562,147.
	25 Contributions, gifts, grants paid . STMT 7	4,227,500.			4,254,500.
26 Total expenses and disbursements. Add lines 24 and 25	5,025,690.	74,947.	NONE	4,816,647.	
27 Subtract line 26 from line 12:					
a Excess of revenue over expenses and disbursements	606,163.				
b Net investment income (if negative, enter -0-)		6,915,914.			
c Adjusted net income (if negative, enter -0-)			NONE		

Part II Balance Sheets

Attached schedules and amounts in the description column should be for end-of-year amounts only. (See instructions.)

	Beginning of year	End of year	
	(a) Book Value	(b) Book Value	(c) Fair Market Value
Assets			
1 Cash - non-interest-bearing	23,062.	8,387.	8,387.
2 Savings and temporary cash investments	2,077,183.	2,209,613.	2,209,613.
3 Accounts receivable ▶ Less: allowance for doubtful accounts ▶			
4 Pledges receivable ▶ Less: allowance for doubtful accounts ▶			
5 Grants receivable			
6 Receivables due from officers, directors, trustees, and other disqualified persons (attach schedule) (see page 16 of the instructions)			
7 Other notes and loans receivable (attach schedule) ▶ Less: allowance for doubtful accounts ▶			
8 Inventories for sale or use			
9 Prepaid expenses and deferred charges. STMT 8	2,125.	2,141.	2,141.
10 a Investments - U.S. and state government obligations (attach schedule)			
b Investments - corporate stock (attach schedule). STMT 9	11,991,058.	12,463,697.	27,878,291.
c Investments - corporate bonds (attach schedule)			
11 Investments - land, buildings, and equipment: basis Less: accumulated depreciation (attach schedule) ▶			
12 Investments - mortgage loans			
13 Investments - other (attach schedule)			
14 Land, buildings, and equipment: basis Less: accumulated depreciation ▶ STMT 13	196,075. 185,630.	21,692.	10,445.
15 Other assets (describe ▶)			
16 Total assets (to be completed by all filers - see page 17 of the instructions. Also, see page 1, item I)	14,115,120.	14,694,283.	30,108,877.
Liabilities			
17 Accounts payable and accrued expenses			
18 Grants payable	547,000.	520,000.	
19 Deferred revenue			
20 Loans from officers, directors, trustees, and other disqualified persons			
21 Mortgages and other notes payable (attach schedule)			
22 Other liabilities (describe ▶)			
23 Total liabilities (add lines 17 through 22)	547,000.	520,000.	
Net Assets or Fund Balances			
Organizations that follow SFAS 117, check here <input checked="" type="checkbox"/> and complete lines 24 through 26 and lines 30 and 31.			
24 Unrestricted	13,568,120.	14,174,283.	
25 Temporarily restricted			
26 Permanently restricted			
Organizations that do not follow SFAS 117, check here <input type="checkbox"/> and complete lines 27 through 31.			
27 Capital stock, trust principal, or current funds			
28 Paid-in or capital surplus, or land, bldg., and equipment fund			
29 Retained earnings, accumulated income, endowment, or other funds			
30 Total net assets or fund balances (see page 18 of the instructions)	13,568,120.	14,174,283.	
31 Total liabilities and net assets/fund balances (see page 18 of the instructions)	14,115,120.	14,694,283.	

Part III Analysis of Changes in Net Assets or Fund Balances

1 Total net assets or fund balances at beginning of year - Part II, column (a), line 30 (must agree with end-of-year figure reported on prior year's return)	1	13,568,120.
2 Enter amount from Part I, line 27a	2	606,163.
3 Other increases not included in line 2 (itemize) ▶	3	
4 Add lines 1, 2, and 3	4	14,174,283.
5 Decreases not included in line 2 (itemize) ▶	5	
6 Total net assets or fund balances at end of year (line 4 minus line 5) - Part II, column (b), line 30.	6	14,174,283.

