

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

2007
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

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, 2007:

	<u>Book Value</u>	<u>Market Value</u>
Common Stock	\$16,479,799	\$30,684,916
Money Market	<u>637,507</u>	<u>637,507</u>
	<u>\$17,117,306</u>	<u>\$31,322,423</u>

The Carthage Foundation
Grants Paid in 2007

<u>Grantee</u>	<u>Amount Paid</u>
American Civil Rights Union	\$ 100,000
America's Survival, Inc.	110,000
Association of Literary Scholars and Critics	30,000
Atlas Economic Research Foundation	70,000
California Association of Scholars	15,000
Center for Security Policy, Inc.	40,000
Commentary, Inc.	60,000
Committee for a Constructive Tomorrow	100,000
Counterterrorism & Security Education and Research Foundation	125,000
The Defense Forum Foundation, Inc.	75,000
Federation for American Immigration Reform	300,000
Foundation for Cultural Review, Inc.	32,500
Free Congress Research and Education Foundation, Inc.	235,000
George C. Marshall Institute	100,000
George Mason University Foundation, Inc.	150,000
The Institute on Religion and Democracy, Inc.	200,000
Morley Publishing Group, Inc.	25,000
Mountain States Legal Foundation	25,000
National Institute for Public Policy	55,000
The National Legal and Policy Center	125,000
National Strategy Forum	10,000
Society for the Education of Physicians and Patients	35,000
University of Virginia Law School Foundation	75,000
	<hr/>
	\$ 2,092,500

Return of Private Foundation
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.

For calendar year 2007, or tax year beginning , 2007, 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**

Number and street (or P.O. box number if mail is not delivered to street address): **301 GRANT STREET**

Room/suite: **ONE OXFORD CENTRE**

City or town, state, and ZIP code: **PITTSBURGH, PA 15219-6401**

A Employer identification number: **25-6067979**

B Telephone number (see page 10 of the instructions): **3900 (412) 392-2900**

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) ▶ \$ **31,335,194.**

J Accounting method: Cash Accrual
 Other (specify) _____

(Part I, column (d) must be on cash basis.)

C If exemption application is pending, check here

D 1. Foreign organizations, check here
 2. Foreign organizations meeting the 85% test, check here and attach computation

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)
--	------------------------------------	---------------------------	-------------------------	---

	(a) Revenue and expenses per books	(b) Net investment income	(c) Adjusted net income	(d) Disbursements for charitable purposes (cash basis only)
1 Contributions, gifts, grants, etc., received (attach schedule)				
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	895,441.	895,441.	NONE	STMT 1
5 a Gross rents				
b Net rental income or (loss)				
6 a Net gain or (loss) from sale of assets not on line 10	4,433,771.			
b Gross sales price for all assets on line 6a 7,756,924.				
7 Capital gain net income (from Part IV, line 2)	STMT 17	6,276,751.		
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	5,329,212.	7,172,192.	NONE	
13 Compensation of officers, directors, trustees, etc.	92,200.	13,724.	NONE	78,476.
14 Other employee salaries and wages	169,317.	4,763.	NONE	164,554.
15 Pension plans, employee benefits	76,580.	5,414.	NONE	71,166.
16 a Legal fees (attach schedule) STMT 2	3,111.	NONE	NONE	3,111.
b Accounting fees (attach schedule) STMT 3	41,674.	20,837.	NONE	20,837.
c Other professional fees (attach schedule) STMT 4	88,264.	24,264.	NONE	64,000.
17 Interest				
18 Taxes (attach schedule) (see page 14 of the instructions) *	177,245.	1,431.	NONE	18,814.
19 Depreciation (attach schedule) and depletion	8,948.	NONE	NONE	STMT 14
20 Occupancy	77,012.	5,445.	NONE	71,567.
21 Travel, conferences, and meetings	3,858.	NONE	NONE	3,858.
22 Printing and publications				
23 Other expenses (attach schedule) STMT 6	62,709.	4,339.	NONE	58,370.
24 Total operating and administrative expenses. Add lines 13 through 23	800,918.	80,217.	NONE	554,753.
25 Contributions, gifts, grants paid . STMT 7	1,867,500.			2,092,500.
26 Total expenses and disbursements. Add lines 24 and 25	2,668,418.	80,217.	NONE	2,647,253.
27 Subtract line 26 from line 12:				
a Excess of revenue over expenses and disbursements	2,660,794.			
b Net investment income (if negative, enter -0-)		7,091,975.		
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		8,387.	8,552.	8,552.
	2	Savings and temporary cash investments STMT 16		2,209,613.	637,507.	637,507.
	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		2,141.	2,178.	2,178.
	10 a	Investments - U.S. and state government obligations (attach schedule)				
	b	Investments - corporate stock (attach schedule) . STMT 9		12,463,697.	16,479,799.	30,684,916.
	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 STMT 14 196,619. Less: accumulated depreciation (attach schedule) ▶ 194,578.		10,445.	2,041.	2,041.
15	Other assets (describe ▶)					
16	Total assets (to be completed by all filers - see the instructions. Also, see page 1, item I)		14,694,283.	17,130,077.	31,335,194.	
Liabilities	17	Accounts payable and accrued expenses				
	18	Grants payable		520,000.	295,000.	
	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)		520,000.	295,000.		
Net Assets or Fund Balances	Foundations that follow SFAS 117, check here <input checked="" type="checkbox"/> and complete lines 24 through 26 and lines 30 and 31.					
	24	Unrestricted		14,174,283.	16,835,077.	
	25	Temporarily restricted				
	26	Permanently restricted				
	Foundations that do not follow SFAS 117, check here and complete lines 27 through 31. <input type="checkbox"/>					
	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 17 of the instructions)		14,174,283.	16,835,077.		
31	Total liabilities and net assets/fund balances (see page 17 of the instructions)		14,694,283.	17,130,077.		

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	14,174,283.
2	Enter amount from Part I, line 27a	2	2,660,794.
3	Other increases not included in line 2 (itemize) ▶	3	
4	Add lines 1, 2, and 3	4	16,835,077.
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	16,835,077.

