

SARAH SCAIFE FOUNDATION
Incorporated
One Oxford Centre
301 Grant Street, Suite 3900
Pittsburgh, Pennsylvania 15219-6401
412-392-2900

2007

ANNUAL REPORT

The Sarah Scaife Foundation's grant program is primarily directed toward public policy programs that address major domestic and international issues. There are no geographical restrictions. The Foundation does not make grants to individuals for any purpose or to nationally-organized fundraising groups. 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 of the specific program for which funds are requested, and a program budget and timetable. Accompanying information should include a copy of the latest audited financial statements and annual report; current budget; list of officers and directors and their major affiliations; and a copy of the current determination letter from the Internal Revenue Service evidencing tax-exempt status under Sections 501(c)(3) of the IRS Code. Additional information may be requested, if needed, for further evaluation.

The Foundation meets in February, May, September, and November to consider grants. However, requests may be submitted at any time and will be acted upon as expeditiously as possible.

Requests should be addressed to:

Michael W. Gleba
Executive Vice President
Sarah Scaife Foundation
One Oxford Centre
301 Grant Street, Suite 3900
Pittsburgh, PA 15219-6401

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Grants Paid in 2007

Acton Institute for the Study of Religion and Liberty	\$ 50,000
Allegheny Institute for Public Policy	125,000
American Academy for Liberal Education	50,000
American Bar Association Fund for Justice and Education	130,000
American Civil Rights Institute	200,000
American Council of Trustees and Alumni	50,000
American Enterprise Institute for Public Policy Research	425,000
American Foreign Policy Council	150,000
America's Future Foundation	50,000
America's Survival, Inc.	60,000
Atlantic Legal Foundation	100,000
Atlas Economic Research Foundation	100,000
Boston University	44,500
Capital Research Center	250,000
Carnegie Mellon University	225,000
Center for Equal Opportunity	75,000
Center for Immigration Studies, Inc.	150,000
Center for Individual Rights	150,000
Center for Security Policy, Inc.	300,000
Center for Strategic and International Studies, Inc.	385,000
Center for the Study of the Presidency	150,000
Claremont Institute for the Study of Statesmanship and Political Philosophy	200,000
Collegiate Network, Inc.	290,000
Committee for a Constructive Tomorrow	100,000
The Commonwealth Foundation for Public Policy Alternatives	140,000
Competitive Enterprise Institute	275,000
David Horowitz Freedom Center	300,000
Environmental Literacy Council	75,000
Ethics and Public Policy Center, Inc.	175,000
Evergreen Freedom Foundation	50,000
The Federalist Society for Law & Public Policy Studies	200,000
Federation for American Immigration Reform	50,000
Foreign Policy Research Institute	35,000
The Foundation Endowment	75,000
Foundation for California University of Pennsylvania	125,000
Foundation for Cultural Review, Inc.	260,000
Foundation for Individual Rights in Education, Inc.	125,000
Foundation for Research on Economics and the Environment	50,000
Foundation for Teaching Economics	30,000
Foundation for the Defense of Democracies, Inc.	250,000
Free Congress Research and Education Foundation, Inc.	250,000
FreedomWorks Foundation	200,000

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Galen Institute, Inc.	\$ 50,000
George C. Marshall Institute	155,000
George Mason University Foundation, Inc.	200,000
Heritage Foundation	400,000
High Frontier	115,000
Hudson Institute, Inc.	340,000
The Human Rights Foundation	100,000
Independent Women's Forum	100,000
Institute for Foreign Policy Analysis, Inc.	710,000
Institute for Health Freedom	200,000
Institute for Humane Studies	50,000
Institute for Justice	115,000
Institute for Research on the Economics of Taxation	150,000
The Institute of the North	160,000
The Institute on Religion and Public Life, Inc.	100,000
Intercollegiate Studies Institute, Inc.	275,000
International Policy Network US, Inc.	50,000
Jamestown Foundation	75,000
Johns Hopkins University	187,000
Judicial Watch, Inc.	125,000
Landmark Legal Foundation	325,000
Latrobe Area Hospital Charitable Foundation	150,000
Ligonier Valley School District	7,500
The Maldon Institute	484,000
Manhattan Institute for Policy Research, Inc.	240,000
Media Research Center	325,000
Mercatus Center, Inc.	80,000
Michigan State University	100,000
Mount Vernon Ladies' Association of the Union	75,000
National Association of Scholars, Inc.	250,000
National Center for Policy Analysis	125,000
National Center for Public Policy Research, Inc.	50,000
National Institute for Public Policy	200,000
National Taxpayers Union Foundation	75,000
New England Legal Foundation	60,000
NumbersUSA Education and Research Foundation	50,000
Pacific Legal Foundation	175,000
Pacific Research Institute for Public Policy	200,000
Philadelphia Society	15,000
Philanthropy Roundtable	10,000
Phipps Conservatory and Botanical Gardens, Inc.	1,000,000
Princeton University	75,000
Reason Foundation	125,000

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Saint Vincent College	\$ 35,000
Social Philosophy and Policy Foundation	625,000
Southeastern Legal Foundation, Inc.	75,000
Southwest Missouri State University Foundation	150,000
Stanford University, Hoover Institution on War, Revolution and Peace	625,000
Statistical Assessment Service	100,000
StudentNewsDaily.com, Inc.	15,000
Tax Foundation	100,000
Tufts University	300,000
The University of Chicago	200,000
University of Kentucky	100,000
University of Virginia Law School Foundation	350,000
USS Constitution Museum Foundation, Inc.	10,000
Victims of Communism Memorial Foundation, Inc.	25,000
World Affairs Council of Pittsburgh	<u>75,000</u>
Total Grants Paid in 2007	<u>\$17,113,000</u>

SARAH SCAIFE FOUNDATION
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OFFICERS

Richard M. Scaife	-	Chairman
Michael W. Gleba	-	Executive Vice President
Barbara L. Slaney	-	Vice President and Treasurer
R. Daniel McMichael	-	Secretary
Yvonne Marie Bly	-	Assistant Treasurer

ADDRESS

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Pittsburgh, PA 15219-6401

STATEMENTS OF INVESTMENTS - December 31, 2007

	<u>Book Value</u>	<u>Market Value</u>
Common Stocks	\$ 141,184,334	\$ 236,103,598
Corporate Bonds	3,962,966	3,924,240
Government Securities	50,470,075	51,544,930
Money Market	8,759,048	8,759,048
Mutual Funds	3,876,230	8,503,040
Other Investments	2,168,914	3,718,076
	<hr/>	<hr/>
	<u>\$ 210,421,567</u>	<u>\$ 312,552,932</u>

Return of Private Foundation
 or Section 4947(a)(1) Nonexempt Charitable Trust
 Treated as a Private Foundation

2007

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: SARAH SCAIFE FOUNDATION INCORPORATED
 Number and street (or P.O. box number if mail is not delivered to street address): 301 GRANT STREET
 ONE OXFORD CENTRE, SUITE 3900
 City or town, state, and ZIP code: PITTSBURGH, PA 15219

Room/suite: [Blank]

A Employer identification number: 25-1113452
 B Telephone number (see page 10 of the instructions): (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) ▶ \$ 312,596,952.

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)
Revenue	1 Contributions, gifts, grants, etc., received (attach schedule)				
	2 Check <input checked="" 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	8,111,440.	8,111,440.		STMT 1
	5a Gross rents				
	b Net rental income or (loss)				
	6a Net gain or (loss) from sale of assets not on line 10	19,773,773.			
	b Gross sales price for all assets on line 6a 56,763,135.				
	7 Capital gain net income (from Part IV, line 2)	STMT 24	19,773,773.		
	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)	1,916,212.	1,916,212.	NONE	STMT 2	
12 Total. Add lines 1 through 11	29,801,425.	29,801,425.	NONE		
Operating and Administrative Expenses	13 Compensation of officers, directors, trustees, etc.	585,053.	94,635.	NONE	490,418.
	14 Other employee salaries and wages	343,886.	20,590.	NONE	323,296.
	15 Pension plans, employee benefits	268,435.	28,159.	NONE	240,276.
	16a Legal fees (attach schedule) STMT 3	4,913.	NONE	NONE	4,913.
	b Accounting fees (attach schedule) STMT 4	57,878.	28,939.	NONE	28,939.
	c Other professional fees (attach schedule) STMT 5	536,218.	280,218.	NONE	256,000.
	17 Interest				
	18 Taxes (attach schedule) (see page 14 of the instructions) *	359,491.	5,401.	NONE	46,090.
	19 Depreciation (attach schedule) and depletion	32,845.	NONE	NONE	
	20 Occupancy	221,007.	23,184.	NONE	197,823.
	21 Travel, conferences, and meetings	53,480.	NONE	NONE	53,480.
	22 Printing and publications				
	23 Other expenses (attach schedule) STMT 7	122,463.	6,720.	NONE	115,743.
	24 Total operating and administrative expenses. Add lines 13 through 23	2,585,669.	487,846.	NONE	1,756,978.
	25 Contributions, gifts, grants paid STMT 8	18,228,500.			17,113,000.
26 Total expenses and disbursements. Add lines 24 and 25	20,814,169.	487,846.	NONE	18,869,978.	
27 Subtract line 26 from line 12:					
a Excess of revenue over expenses and disbursements	8,987,256.				
b Net investment income (if negative, enter -0-)		29,313,579.			
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 (a) Book Value	End of year (b) Book Value (c) Fair Market Value		
Assets	1	Cash - non-interest-bearing	33,880.	32,748.	32,748.
	2	Savings and temporary cash investments	7,393,269.	8,759,048.	8,759,048.
	3	Accounts receivable	NONE		
		Less: allowance for doubtful accounts	NONE	NONE	NONE
	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	6,735.	6,840.	6,840.
	10 a	Investments - U.S. and state government obligations (attach schedule)*	50,470,075.	50,470,075.	51,544,930.
	b	Investments - corporate stock (attach schedule)	131,839,106.	141,184,334.	236,103,598.
	c	Investments - corporate bonds (attach schedule)	5,040,129.	3,962,966.	3,924,240.
	11	Investments - land, buildings, and equipment: basis			
	Less: accumulated depreciation (attach schedule)				
12	Investments - mortgage loans				
13	Investments - other (attach schedule)	5,542,904.	6,045,144.	12,221,116.	
14	Land, buildings, and equipment: basis	825,051.			
	Less: accumulated depreciation (attach schedule)	820,619.	4,432.	4,432.	
15	Other assets (describe)				
16	Total assets (to be completed by all filers - see the instructions. Also, see page 1, item I)	200,362,831.	210,465,587.	312,596,952.	
Liabilities	17	Accounts payable and accrued expenses			
	18	Grants payable	3,326,500.	4,442,000.	
	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)	3,326,500.	4,442,000.		
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	197,036,331.	206,023,587.	
	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)	197,036,331.	206,023,587.		
31	Total liabilities and net assets/fund balances (see page 17 of the instructions)	200,362,831.	210,465,587.		

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	197,036,331.
2	Enter amount from Part I, line 27a	2	8,987,256.
3	Other increases not included in line 2 (itemize)	3	
4	Add lines 1, 2, and 3	4	206,023,587.
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	206,023,587.

