

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

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CITIZENS UNITED, and	:
CITIZENS UNITED FOUNDATION,	: No. 14-CV-3703 (SHS)
	:
Plaintiffs,	:
	: ECF Case
-against-	:
	:
ERIC SCHNEIDERMAN, in his official	: DECLARATION OF
capacity as New York Attorney General,	: KARIN KUNSTLER
	: GOLDMAN
Defendant.	:
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KARIN KUNSTLER GOLDMAN, pursuant to 28 U.S.C. § 1746, hereby declares under the penalties of perjury:

1. I am an Assistant Attorney General in the Charities Bureau of the office of Eric T. Schneiderman, Attorney General of the State of New York (“Attorney General”). I submit this declaration based on personal knowledge, and in support of the Attorney General’s opposition to the motion for a preliminary injunction filed by plaintiffs in this action.

2. I joined the Charities Bureau of the Attorney General’s Office (“Bureau”) in 1982, and have served as the Section Chief of the Registration Section of the Charities Bureau for more than 15 years. In my capacity as Section Chief, my responsibilities include overseeing the registration and annual filing processes for charitable organizations that operate in the State, providing support for attorneys in the Bureau’s enforcement section, and drafting and reviewing proposed regulations and legislation concerning charitable organizations.

The Attorney General’s Supervision of Charitable Operations in New York State

3. The Attorney General, through the Bureau, is responsible for supervising charitable operations in the State. Among the Bureau’s duties is to oversee the registration of

charitable nonprofit organizations soliciting funds or otherwise doing business in the State, to investigate donor or consumer complaints, to ensure that funds and property held for charitable purposes are properly used, and, if necessary, to prosecute violations of the charitable registration and solicitation laws.

4. More than 65,000 charitable organizations are currently registered with the Bureau pursuant to Article 7-A of the New York Executive Law and/or Article 8 of the New York Trusts, Powers and Estates Law.

5. Charitable organizations registered with the Bureau must submit financial reports on an annual basis. This annual filing must include, *inter alia*, the completed New York Form CHAR500 (Annual Filing for Charitable Organizations), along with copies of an organization's complete Form 990 filed with the United States Internal Revenue Service ("IRS"). Attached as **Exhibit A** is a true and correct copy of the relevant excerpts of U.S. Internal Revenue Service, "Instructions for Form 990" (2008), also available at <http://www.irs.gov/pub/irs-prior/i990--2008.pdf>.

6. The Attorney General has consistently required that organizations submit a copy of their complete IRS Form 990 with schedules, including Schedule B, as part of the annual financial report. Attached as **Exhibit B** is a true and correct copy of Schedule B to the IRS Form 990 (2013) and the accompanying instructions, also available at <http://www.irs.gov/pub/irs-pdf/f990ezb.pdf>.

7. In 2003, the Attorney General promulgated a regulation at 13 NYCRR § 92.3 identifying the documents that must accompany the CHAR500, including "IRS Form 990, 990EZ or 990PF, including schedules A and B." 13 NYCRR § 92.3(b)(2) (2003).

8. In 2006, the Attorney General promulgated 13 NYCRR § 91.5, which replaced the description of the required attachments to the CHAR500 previously codified at 13 NYCRR § 92.3. Section 91.5 requires charitable organizations to provide “a copy of the complete IRS Form 990, 990EZ or 990PF with schedules.” 13 NYCRR § 91.5(c)(3)(i)(a) (2006).

9. The revised regulatory language at 13 NYCRR § 91.5(c)(3)(i)(a) accommodated the IRS’s anticipated changes to the Form 990.

10. Before 2008, IRS Form 990 had only two schedules: Schedule A and Schedule B. See U.S. Internal Revenue Service, “Instructions for Form 990 and Form 990-EZ” (2007), at 5, available at <http://www.irs.gov/pub/irs-prior/i990-ez--2007.pdf>, a true and correct copy of the relevant excerpts of which are also attached hereto as **Exhibit C**.

11. In 2008, the IRS released a new Form 990, accompanied by 14 new schedules. See Ex. A at 2. IRS provided notice of that it had been actively engaged in the process of revising Form 990 at least as of June 2006. See IRS Advisory Committee on Tax Exempt and Government Entities, “Policies and Guidelines for Form 990 Revision,” at 1 (June 7, 2006), available at http://www.irs.gov/pub/irs-tege/tege_act_rpt5.pdf, a true and correct copy of the relevant excerpts of which are also attached hereto as **Exhibit D**.

12. The Bureau’s CHAR500 forms from 2005 to 2013 have expressly enumerated Schedule B among the checklist of documents that must be included with the CHAR500. As examples, attached as **Exhibit E** and **Exhibit F** are true and correct copies of the CHAR500 Forms submitted by Citizens United for fiscal years 2005 and 2011, respectively.¹

¹ Citizens United’s CHAR500 for fiscal year 2005 did not include a Schedule A because prior to 2008, IRS rules provided that § 501(c)(4) organizations like Citizens United were not required to submit Schedules A as part their Form 990 filing.

The Bureau's Confidential Treatment of Schedule B Documentation

13. The Bureau makes the annual financial reports of all registered charitable organizations, except for Schedules B, available for public inspection. In general, individuals may view a charitable organization's filings with the Bureau at www.charitiesnys.com, or may request copies of the same pursuant to the New York Freedom of Information Law ("FOIL").

14. Throughout my employment with the Charities Bureau, it has been the consistent practice of the Bureau to maintain Schedules B in confidence by withholding them from online publication and by exempting contributor names and addresses from FOIL requests.

15. The Bureau's long-standing practice has been to maintain Schedules B in confidence. Also, the instructions on the CHAR500 expressly inform taxpayers that Schedule B is exempt from FOIL disclosures. See Office of the Attorney General, Charities Bureau - Registration Section, "Instructions for Form CHAR500: Annual Filing for Charitable Organizations" (rev. 2010), at 6, a true and correct copy of which is attached hereto as **Exhibit G** and is also available at <http://www.charitiesnys.com/pdfs/char500i.pdf>.

16. The Bureau's policy of not disclosing Schedules B to the public is further reflected in its institutional practices. In 2006, the Bureau transitioned to an electronic document management system for maintaining, *inter alia*, the annual financial reports submitted by registered charities, and for publishing the reports, with the exception of Schedule B, on the Bureau's website. Specific protocols are in place to ensure that the electronic document management system protects the confidentiality of Schedules B: (1) the Bureau's employees who review and process annual financial reports filed by registrants are instructed to segregate Schedules B from the rest of the annual financial filing when uploading the documents to the Bureau's document management system; and (2) the document management system is

specifically designed to automatically withhold the segregated Schedules B from publication to the Bureau's website.

The Bureau's Identification of Filing Deficiencies

17. In 2012, upon review of its operations, the Bureau determined that although some charitable organizations file complete annual financial reports, including full copies of their Schedules B as required, others do not.

18. Following this review, the Bureau implemented an across-the-board initiative to identify and notify registered organizations of their filing deficiencies with respect to Schedule B. Since 2012, the Bureau's established practice is to send deficiency notices to organizations that fail to submit the required Schedule B with their CHAR500, identifying the missing documentation.

Filings of Citizens United and Citizens United Foundation

19. Plaintiffs Citizens United and Citizens United Foundation have been registered with the Bureau since 1995.

20. Plaintiffs have consistently filed annual CHAR500 forms with the Bureau, including other schedules to the Form 990 filed with the IRS, yet they did not include full copies of their Schedules B. See, e.g., Ex. F (Citizens United's 2011 CHAR500 Form).

21. In April 2013, upon receipt of Plaintiffs' annual financial report for fiscal year 2011, the Bureau issued letters to Citizens United and Citizens United Foundation, notifying them of the filing deficiency and requesting their submission of Schedules B. To date, these deficiencies have not been cured by Plaintiffs.

Dated: July 23, 2014



Karin Kunstler Goldman

EXHIBIT A

2008

Department of the Treasury
Internal Revenue Service

Instructions for Form 990 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)**

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Section references are to the Internal Revenue Code unless otherwise noted.

What's New

Redesigned Form 990 and Instructions for 2008

Overview and major changes. The Form 990 has been redesigned for 2008. The new form consists of an 11-page, 11-part core form that is required to be completed by all organizations that file Form 990 and schedules to be completed by those organizations that satisfy the applicable requirements for each schedule.

The following provides a brief summary of some major changes and features of the new form and an outline of the new core form and schedules. This summary does not describe all of the new features or changes. Some of the information previously required by the 2007 Form 990 has been eliminated or revised, and the new 2008 Form 990 requires information not previously required. Some information previously required of only certain types of organizations now is required of all types of organizations completing the form. The organization should carefully review the new form and instructions in order to make sure it satisfies the new form's reporting requirements. See the IRS website at www.irs.gov and click on the *Charities & Non-Profits* tab for more information.

Some areas of major changes in reporting requirements include governance and compensation of officers, directors, trustees, key employees, and highest compensated employees. For example, *Part VI. Governance, Management, and Disclosure*, is a new section that asks questions about the organization's governance structure, policies, and disclosure practices. *Part VII. Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors*, also contains important changes, including new definitions of officer and key employee applicable to all organizations, and the extension of reporting compensation paid to the top five highest compensated employees from organizations described in sections 501(c)(3) or 4947(a)(1), as was previously the case, to all organizations filing the Form 990, such as social welfare organizations, business leagues, trade associations, and social clubs.

Other areas of significant change include determination of public charity status and public support; supplemental financial statement reporting; and fundraising, special events, and gaming. For organizations described in sections 501(c)(3) or 4947(a)(1), Schedule A has been revised to emphasize reporting of public charity status and public support. Schedule D contains new reporting requirements for conservation

organizations; museums and other organizations maintaining collections of works of art and other items; credit counseling organizations and others holding funds in escrow or custodial arrangements; and organizations maintaining endowments. Schedule G requires reporting of certain information regarding arrangements with professional fundraisers, fundraising events, and gaming activities. Other new schedules include those for reporting foreign activities (Schedule F); hospitals (Schedule H); tax-exempt bonds (Schedule K); non-cash contributions (Schedule M); and related organizations (Schedule R).

The following is an outline of the parts of the core form and the new schedules.

Core form. The core form required to be completed by all organizations consists of the following eleven parts.

- *Part I. Summary* provides certain important information regarding the organization's mission, activities, and current and prior years' financial results.
- *Part II. Signature Block* contains the signature of an organization's officer, and, if applicable, paid preparer.
- *Part III. Statement of Program Service Accomplishments* requires reporting of the organization's new, ongoing, and discontinued exempt purpose achievements and related revenue and expenses.
- *Part IV. Checklist of Required Schedules* is used by the organization to determine which schedules it must complete and file with the IRS as part of the Form 990.
- *Part V. Statements Regarding Other IRS Filings and Tax Compliance* is used by the organization to report its compliance with other federal tax reporting and substantiation requirements.
- *Part VI. Governance, Management, and Disclosure* requires information regarding the organization's governing body and management, policies, and disclosure practices.
- *Part VII. Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors* is used to report compensation paid to such persons by the organization and its related organizations reported on Forms W-2, Forms 1099-MISC, and as certain other compensation.
- *Part VIII. Statement of Revenue, Part IX. Statement of Functional Expenses, and Part X. Balance Sheet*, comprise the financial statements of the organization for federal tax reporting purposes.
- *Part XI. Financial Statements and Reporting* is used to report information regarding the organization's accounting methods and its compiled, reviewed, or audited financial statements.

Schedules. The 2008 Form 990 contains 16 schedules. Each organization must complete Part IV. *Checklist of Required Schedules*, to determine those schedules it must complete. These schedules replace the prior schedules and most required attachments previously constructed and completed by the filing organization. All filers will be required to provide certain narrative responses on Schedule O (Form 990). The following is a list and brief description of the new schedules.

- *Schedule A. Public Charity Status and Public Support* is completed by organizations described in sections 501(c)(3) and 4947(a)(1) to provide information relevant to status as a public charity, including satisfaction of applicable public support tests on an ongoing basis.
- *Schedule B. Schedule of Contributors* is completed by organizations to provide information regarding contributions they report as revenues.
- *Schedule C. Political Campaign and Lobbying Activities* is completed by organizations that conduct political campaign activities, organizations described in sections 501(c)(3) and 4947(a)(1) that conduct lobbying activities, and organizations subject to section 6033(e) notice and reporting requirements and potential proxy tax on certain membership dues, assessments, and similar amounts.
- *Schedule D. Supplemental Financial Statements* is completed by organizations to supplement certain balance sheet information, as well as conservation organizations, museums and other organizations maintaining collections, credit counseling organizations and others holding funds in escrow or custodial arrangements, and organizations

maintaining endowments or donor advised funds and similar funds or accounts.

- *Schedule E. Schools* is the private school questionnaire previously contained in former Schedule A.
- *Schedule F. Statement of Activities Outside the United States* is used to report the organization's activities conducted outside the United States.
- *Schedule G. Supplemental Information Regarding Fundraising or Gaming Activities* requires reporting by organizations that reported certain amounts of professional fundraising expenses, revenue from special events, and revenue from gaming activities.
- *Schedule H. Hospitals* is completed by organizations that operate one or more facilities licensed or registered as a hospital under state law.
- *Schedule I. Grants and Other Assistance to Organizations, Governments and Individuals in the U.S.* is used to report grants and other assistance provided by the organization to others within the United States.
- *Schedule J. Compensation Information* is completed by organizations to provide detailed compensation information for certain current or former officers, directors, trustees, key employees, and highest compensated employees, and certain information regarding the organization's compensation practices and arrangements.
- *Schedule K. Supplemental Information for Tax-Exempt Bonds* is completed by organizations with outstanding tax-exempt bond liabilities.
- *Schedule L. Transactions with Interested Persons* is completed by organizations that engage in certain types of relationships or transactions with interested persons, including excess benefit transactions, loans, grants or other financial assistance, and other financial or business transactions or arrangements.
- *Schedule M. Non-Cash Contributions* is used to report contributions other than cash received by the organization.
- *Schedule N. Liquidation, Termination, Dissolution, or Significant Disposition of Assets* is used to report major dispositions of assets by the organization.
- *Schedule O. Supplemental Information to Form 990* is used by organizations to provide supplemental information to describe or explain the organization's responses to questions contained in the core form or schedules.
- *Schedule R. Related Organizations and Unrelated Partnerships* is used to provide information regarding the organization's relationships with other exempt and taxable organizations.

Instructions, glossary, and appendices. The 2008 Instructions for Form 990 contain a sequencing list to help organizations determine the order in which to complete various portions of the form (see *Sequencing List To Complete the Form*); revised general and specific instructions for the core form and schedules; a glossary of key terms; and a compensation table to help organizations determine where and how to report types of compensation paid to officers, directors, trustees, key employees, and highest compensated employees (see *Specific Instructions* for Part VII). The new instructions also contain new appendices for reporting requirements and guidance regarding group returns (see Appendix E), and for organizations to report activities conducted indirectly through joint ventures and disregarded entities (see Appendix F).

Form 990-EZ Filing Amounts for 2008–2010

Form 990-EZ, Short Form Return of Organization Exempt From Income Tax, may be filed by most organizations with gross receipts and total assets below certain amounts. For calendar or fiscal years beginning in 2008, most organizations with gross receipts less than \$1,000,000 and total assets less than \$2,500,000 may choose to file Form 990 or Form 990-EZ. (For 2007, these amounts were less than \$100,000 gross receipts and \$250,000 total assets.) For 2009, most organizations with gross receipts less than \$500,000 and total assets less than \$1,250,000 may choose to file Form 990 or Form 990-EZ. Beginning in 2010, most organizations with gross receipts less

File Form 990-EZ for	If gross receipts are less than	And if total assets are less than
2008 (generally filed in 2009)	\$1,000,000	\$2,500,000
2009 (generally filed in 2010)	\$500,000	\$1,250,000
2010 and later	\$200,000	\$500,000

than \$200,000 and total assets less than \$500,000 may file either Form 990 or Form 990-EZ.

Although Form 990-EZ was not redesigned for 2008, some changes have been made. Organizations that file the 2008 Form 990-EZ must review the instructions for Schedules A, B, C, E, G, L, and N to determine whether they must now report any of their activities or information on those schedules. Form 990-EZ filers will not be required to complete any of the other 2008 Form 990 schedules.

New annual electronic filing requirement for small tax-exempt organizations

Many small tax-exempt organizations now must file new Form 990-N, Electronic Notice (e-Postcard) for Tax-Exempt Organizations Not Required to File Form 990 or 990-EZ, if they choose not to file Form 990 or Form 990-EZ. See the IRS website at www.irs.gov and click on the *Form 990-N (e-Postcard)* tab for more information.

Purpose of Form

Form 990 and Form 990-EZ are used by tax-exempt organizations, nonexempt charitable trusts, and section 527 political organizations to provide the IRS with the information required by section 6033.

An organization's completed Form 990, Form 990-EZ, and Form 990-T, Exempt Organization Business Income Tax Return, of 501(c)(3) organizations, are available for public inspection as required by section 6104. Schedule B (Form 990, 990-EZ, or 990-PF), Schedule of Contributors, is available for public inspection for section 527 organizations filing Form 990 or 990-EZ. For other organizations that file Form 990 or Form 990-EZ, parts of Schedule B (Form 990, 990-EZ, or 990-PF), may be open to public inspection. See the instructions for Schedule B (Form 990, 990-EZ, or 990-PF) for more details.

Some members of the public rely on Form 990 or Form 990-EZ as their primary or sole source of information about a particular organization. How the public perceives an organization in such cases may be determined by information presented on its return. Therefore, the return must be complete, accurate, and fully describe the organization's programs and accomplishments.

Use Form 990 or Form 990-EZ to send a required election to the IRS, such as the election to capitalize costs under section 266.

Phone Help

If you have questions and/or need help completing Form 990, please call 1-877-829-5500. This toll-free telephone service is available Monday through Friday.

Email Subscription

The IRS has established a new subscription-based email service for tax professionals and representatives of tax-exempt organizations. Subscribers will receive periodic updates from the IRS regarding exempt organization tax law and regulations, available services, and other information. To subscribe, visit www.irs.gov/eo.

Photographs of Missing Children

The Internal Revenue Service is a proud partner with the National Center for Missing and Exploited Children. Photographs of missing children selected by the Center may appear in instructions on pages that would otherwise be blank. You can help bring these children home by looking at the

photographs and calling 1-800-THE-LOST (1-800-843-5678) if you recognize a child.

General Instructions

Overview of Form 990

The *General Instructions* apply to Form 990. See also the *Specific Instructions* for this form.

Note. Terms in **bold** are defined in the *Glossary* of the Instructions for Form 990.



Certain Form 990 filers must file electronically. See E. When, Where, and How To File for who must file electronically.

Form 990 is an annual information return required to be filed with the IRS by most organizations exempt from income tax under Internal Revenue Code section 501(a), and certain political organizations and **nonexempt charitable trusts**. Parts I through XI of the form must be completed by all filing organizations and require reporting on the organization's exempt and other activities, finances, governance, compliance with certain federal tax filings and requirements, and compensation paid to certain persons. Additional schedules are required to be completed depending upon the activities and type of the organization. By completing Part IV, the organization determines which schedules are required. The entire completed Form 990 filed with the IRS, except for certain contributor information on Schedule B (Form 990, 990-EZ, or 990-PF), is required to be made available to the public by the IRS and the filing organization, and may be required to be filed with state governments to satisfy state reporting requirements.

Helpful Hints. The following hints may help you more efficiently review these instructions and complete the form.

- See *C. Sequencing List To Complete the Form* that provides guidance on the recommended order for completing the form and applicable schedules.
- Throughout these instructions, terms that are highlighted in bold are defined in the *Glossary*.
- Throughout these instructions, "the organization" and the "filing organization" both refer to the organization filing Form 990.
- The examples appearing throughout the instructions to Form 990 are illustrative only. They are for the purpose of completing this form and are not all-inclusive.
- Instructions to the Form 990 schedules are published separately from these instructions.



Organizations that have total gross income from unrelated trades or businesses of at least \$1,000 also are required to file Form 990-T, Exempt Organization Business Income Tax Return, in addition to any required Form 990, 990-EZ, or 990-N.

A. Who Must File

Most organizations exempt from income tax under section 501(a) must file an annual information return (Form 990 or Form 990-EZ) or an annual electronic notice (Form 990-N), depending upon the organization's **gross receipts** and **total assets**.

For 2008, Form 990 must be filed by an organization exempt from income tax under section 501(a) (including an organization that has not applied for recognition of exemption) if it has either (1) **gross receipts** greater than or equal to \$1,000,000 or (2)

total assets greater than or equal to \$2,500,000 at the end of the tax year. This includes:

- Organizations described in section 501(c)(3) (other than **private foundations**), and
- Organizations described in other 501(c) subsections (other than black lung benefit trusts).

Gross receipts are the total amounts the organization received from all sources during its annual accounting period, without subtracting any costs or expenses. See Appendix B for a discussion of gross receipts.

For purposes of Form 990 reporting, the term *section 501(c)(3)* includes organizations exempt under sections 501(e) and (f) (cooperative service organizations), 501(k) (child care organizations), and 501(n) (charitable risk pools). In addition, any organization described in one of these sections is also subject to section 4958 if it obtains a determination letter from the IRS stating that it is described in section 501(c)(3).

Form 990-N. If an organization normally has gross receipts of \$25,000 or less, it must submit Form 990-N, Electronic Notice (e-Postcard) for Tax-Exempt Organizations Not Required To File Form 990 or 990-EZ, if it chooses not to file Form 990 or Form 990-EZ (with exceptions described below for certain section 509(a)(3) **supporting organizations** and for certain organizations described in *B. Organizations Not Required To File Form 990*). See Appendix B for a discussion of gross receipts.

Form 990-EZ. For tax years beginning in 2008, if an organization has **gross receipts** less than \$1,000,000 and **total assets** at the end of the year less than \$2,500,000, it may choose to file Form 990-EZ, Short Form Return of Organization Exempt From Income Tax, instead of Form 990. See the instructions for Form 990-EZ for more information. See the special rules described later regarding **controlling organizations** under section 512(b)(13) and **sponsoring organizations of donor advised funds**.

TIP *The IRS has provided transitional relief to small and mid-size organizations, allowing many to file Form 990-EZ for 2008 and 2009 instead of Form 990, and providing them additional time to become familiar with the new Form 990 and its requirements. The table at the top of page 3 of these instructions describes the modified thresholds for filing Form 990-EZ (instead of Form 990) during this transition period.*

Foreign and U.S. possession organizations. **Foreign organizations** and **U.S. Possession** as well as **domestic organizations** must file Form 990 or 990-EZ unless specifically excepted under *B. Organizations Not Required To File Form 990*. Report amounts in U.S. dollars and state what conversion rate the organization uses. Combine amounts from within and outside the U.S. and report the total for each item. All information must be written in English.

Sponsoring organizations of donor advised funds. **Sponsoring organizations of donor advised funds**, if required to file an annual information return for the year, must file Form 990 and not Form 990-EZ.

Controlling organizations described in section 512(b)(13). A **controlling organization** of one or more **controlled entities**, as described in section 512(b)(13), must file Form 990 and not Form 990-EZ if it is required to file an annual information return for the year and if there was any transfer of funds between the controlling organization and any controlled entity during the year.

Section 509(a)(3) supporting organizations. A section 509(a)(3) **supporting organization** must file Form 990 or 990-EZ, even if its gross receipts are normally \$25,000 or less, unless it qualifies as one of the following.

1. An integrated auxiliary of a **church**.
2. The exclusively religious activities of a **religious order**.
3. A religious organization whose gross receipts are normally not more than \$5,000.
4. An organization whose gross receipts are normally not more than \$5,000 that supports a section 501(c)(3) religious organization.

5. A charitable organization supported partly by funds contributed by Federal, state, or local governmental units, or primarily by contributions of the general public, whose gross receipts are normally not more than \$5,000.

If the organization is described in (3), (4), or (5), then it must file Form 990-N unless it voluntarily files Form 990 or Form 990-EZ.

Section 501(c)(7) and section 501(c)(15) organizations. A section 501(c)(7) or section 501(c)(15) organization applies the same **gross receipts** test as other organizations to determine whether it must file Form 990, but uses a different definition of **gross receipts** to determine whether it qualifies as tax-exempt for the tax year. See Appendix C for more information.

Section 527 political organizations. Tax-exempt political organizations must file Form 990 or Form 990-EZ unless excepted under *B. Organizations Not Required To File Form 990*. A qualified state or local political organization must file Form 990 or Form 990-EZ only if it has gross receipts of \$100,000 or more. Political organizations are not required to file Form 990-N.

Section 4947(a)(1) nonexempt charitable trusts. A **nonexempt charitable trust** described under section 4947(a)(1) (if it is not treated as a private foundation) is required to file Form 990 or Form 990-EZ, unless excepted under *B. Organizations Not Required To File Form 990*. Such a trust is treated like an exempt section 501(c)(3) organization for purposes of completing the form. All references to a section 501(c)(3) organization shall include a section 4947(a)(1) trust (for instance, such a trust must complete Schedule A (Form 990 or 990-EZ), Public Charity Status and Public Support), unless otherwise specified. If such a trust does not have any taxable income under Subtitle A of the Code, it can file Form 990 or Form 990-EZ to meet its section 6012 filing requirement and does not have to file Form 1041, U.S. Income Tax Return for Estates and Trusts.

Returns when exempt status not yet established. An organization is required to file Form 990 in accordance with these instructions if the organization claims exempt status under section 501(a) but has not yet established such exempt status by filing Form 1023, Application for Recognition of Exemption Under Section 501(c)(3) of the Internal Revenue Code, or Form 1024, Application for Recognition of Exemption Under Section 501(a) or for Determination Under Section 120, and receiving an IRS letter recognizing tax-exempt status. In such a case, the organization must check the "Application pending" checkbox in item B on Form 990, page 1 (whether or not a Form 1023 or 1024 has been filed) to indicate that Form 990 is being filed in the belief that the organization is exempt under section 501(a), but that the IRS has not yet recognized such exemption.

B. Organizations Not Required To File Form 990

An organization does not have to file Form 990 or 990-EZ even if it has at least \$1,000,000 of gross receipts or \$2,500,000 of **total assets** if it is described below (except for section 509(a)(3) supporting organizations, which are described earlier). See *A. Who Must File* for determining whether the organization may file Form 990-EZ instead of Form 990. An organization described in items 10, 11, or 13 below is required to file Form 990-N unless it voluntarily files Form 990, 990-EZ, or 990-BL.

Certain religious organizations.

1. A **church**, an interchurch organization of local units of a church, a convention or association of churches, or an integrated auxiliary of a church as described in Regulations section 1.6033-2(h) (such as a men's or women's organization, religious school, mission society, or youth group).
2. A church-affiliated organization that is exclusively engaged in managing funds or maintaining retirement programs and is described in Rev. Proc. 96-10, 1996-1 C.B. 577.

3. A school below college level affiliated with a church or operated by a **religious order** described in Regulations section 1.6033-2(g)(1)(vii).

4. A mission society sponsored by, or affiliated with, one or more churches or church denominations, if more than half of the society's activities are conducted in, or directed at, persons in foreign countries.

5. An exclusively religious activity of any **religious order** described in Rev. Proc. 91-20, 1991-1 C.B. 524.

Certain governmental organizations.

6. A state institution whose income is excluded from gross income under section 115.

7. A **governmental unit** or affiliate of a governmental unit described in Rev. Proc. 95-48, 1995-2 C.B. 418.

8. An organization described in section 501(c)(1). A section 501(c)(1) organization is a corporation organized under an Act of Congress that is an instrumentality of the United States, and exempt from federal income taxes.

Certain political organizations.

9. A political organization that is:

- A state or local committee of a political party;
- A political committee of a state or local candidate;
- A caucus or association of state or local officials; or
- Required to report under the Federal Election Campaign Act of 1971 as a political committee (as defined in section 301(4) of such Act).

10. An organization whose **gross receipts** are normally \$25,000 or less. To determine what an organization's gross receipts "normally" are, see Appendix B, *How to Determine Whether an Organization's Gross Receipts Are Normally \$25,000 (or \$5,000) or Less*.

Certain organizations with limited gross receipts.

11. A **foreign organization**, including organizations located in **U.S. possessions**, whose **gross receipts** from sources within the U.S. are normally \$25,000 or less.

12. A private foundation (including a private operating foundation) exempt under section 501(c)(3) and described in section 509(a). Use Form 990-PF, Return of Private Foundation. Also use Form 990-PF for a taxable private foundation, a section 4947(a)(1) **nonexempt charitable trust** treated as a private foundation, and a private foundation terminating its status by becoming a **public charity** under section 507(b)(1)(B) (for tax years within its 60-month termination period). If the organization successfully terminates, then it files Form 990 or Form 990-EZ in its final year of termination.

Certain organizations that file different kinds of annual information returns.

13. A black lung benefit trust described in section 501(c)(21). Use Form 990-BL, Information and Initial Excise Tax Return for Black Lung Benefit Trusts and Certain Related Persons.

14. A religious or apostolic organization described in section 501(d). Use Form 1065, U.S. Return of Partnership Income.

15. A stock bonus, pension, or profit-sharing trust that qualifies under section 401. Use Form 5500, Annual Return/Report of Employee Benefit Plan.

C. Sequencing List To Complete the Form and Schedules

You may find the following chart helpful. It limits jumping from one part of the form to another to make a calculation or determination needed to complete an earlier part. Certain later parts of the form must first be completed in order to complete earlier parts. In general, first complete the core form, and then complete alphabetically Schedules A–N and Schedule R, except as provided below. Schedule O should be completed as the core form and schedules are completed.

1. Complete lines A through F and H(a) through M in the Entity section of Form 990, on page 1.

2. See the instructions for Schedule R and determine the organization's **related organizations** required to be listed in Schedule R.

3. Determine the organization's officers, directors, trustees, key employees, and five highest compensated employees required to be listed on Form 990, Part VII, Section A.

4. Complete Parts VIII, IX, and X of Form 990.

5. Complete line G in the Entity section of Form 990, on page 1.

6. Complete Parts III, V, VII, and XI of Form 990.

7. See the instructions for Schedule L (Form 990) and complete Schedule L (Form 990) (if required).

8. Complete Part VI of Form 990. Transactions reported on Schedule L (Form 990) are relevant to determining independence of **members of the governing body** under Form 990, Part VI, line 1b.

9. Complete Part I of Form 990 based on information derived from other parts of the form.

10. Complete Part IV of Form 990 to determine which schedules must be completed by the organization.

11. Complete applicable schedules (for "Yes" boxes that were checked in Part IV). Use Schedule O (Form 990), to provide required supplemental information and other narrative explanations.

12. Complete Part II, *Signature Block*, of Form 990.



A **public charity** described in section 170(b)(1)(A)(iv) or (vi) or section 509(a)(2) that is not within its initial five years of existence should first complete Part II or III of Schedule A, *Public Charity Status & Public Support*, (Form 990 or 990-EZ) to ensure that it continues to qualify as a public charity for the tax year. If it fails to qualify as a public charity, then it must file Form 990-PF rather than Form 990 or Form 990-EZ.

D. Accounting Periods and Methods



See IRS Pub. 538, *Accounting Periods and Methods*, about reporting changes to accounting periods and methods.

Accounting Periods

Calendar year. Use the 2008 Form 990 to report on the 2008 calendar year accounting period. A calendar year accounting period begins on January 1 and ends on December 31.

Fiscal year. If the organization has established a fiscal year accounting period, use the 2008 Form 990 to report on the organization's fiscal year that began in 2008 and ended 12 months later. A fiscal year accounting period should normally coincide with the natural operating cycle of the organization. Be certain to indicate in item A of the Entity section of Form 990 the date the organization's fiscal year began in 2008 and the date the fiscal year ended in 2009.

Short period. A short accounting period is a period of less than 12 months, which exists when an organization first commences operations, changes its accounting period, or terminates. If the organization's short year ended prior to December 31, 2008 (not on or after December 31, 2008), it may use 2007 Form 990 to file for the short year.

Accounting period change. If the organization changes its accounting period, it must file a Form 990 for the short period resulting from the change. Write "Change of Accounting Period" at the top of this short-period return.

If the organization previously changed its accounting period within the 10-calendar-year period that includes the beginning of the **short period**, and it had a Form 990 filing requirement at any time during that 10-year period, it must also attach a Form 1128 to the short-period return. See Rev. Proc. 85-58, 1985-2 C.B. 740.

Accounting methods

Unless instructed otherwise, the organization should generally use the same accounting method on the return to report revenue and expenses that it regularly uses to keep its books and records. To be acceptable for Form 990 reporting

EXHIBIT B

Schedule B
 (Form 990, 990-EZ,
 or 990-PF)
 Department of the Treasury
 Internal Revenue Service

Schedule of Contributors

OMB No. 1545-0047

2013

▶ **Attach to Form 990, Form 990-EZ, or Form 990-PF.**
 ▶ Information about Schedule B (Form 990, 990-EZ, or 990-PF) and its instructions is at www.irs.gov/form990.

Name of the organization	Employer identification number
---------------------------------	---------------------------------------

Organization type (check one):

Filers of:

Section:

- Form 990 or 990-EZ 501(c)() (enter number) organization
- 4947(a)(1) nonexempt charitable trust **not** treated as a private foundation
- 527 political organization

- Form 990-PF 501(c)(3) exempt private foundation
- 4947(a)(1) nonexempt charitable trust treated as a private foundation
- 501(c)(3) taxable private foundation

Check if your organization is covered by the **General Rule** or a **Special Rule**.

Note. Only a section 501(c)(7), (8), or (10) organization can check boxes for both the General Rule and a Special Rule. See instructions.

General Rule

- For an organization filing Form 990, 990-EZ, or 990-PF that received, during the year, \$5,000 or more (in money or property) from any one contributor. Complete Parts I and II.

Special Rules

- For a section 501(c)(3) organization filing Form 990 or 990-EZ that met the 33¹/₃ % support test of the regulations under sections 509(a)(1) and 170(b)(1)(A)(vi) and received from any one contributor, during the year, a contribution of the greater of **(1)** \$5,000 or **(2)** 2% of the amount on (i) Form 990, Part VIII, line 1h, or (ii) Form 990-EZ, line 1. Complete Parts I and II.
- For a section 501(c)(7), (8), or (10) organization filing Form 990 or 990-EZ that received from any one contributor, during the year, total contributions of more than \$1,000 for use *exclusively* for religious, charitable, scientific, literary, or educational purposes, or the prevention of cruelty to children or animals. Complete Parts I, II, and III.
- For a section 501(c)(7), (8), or (10) organization filing Form 990 or 990-EZ that received from any one contributor, during the year, contributions for use *exclusively* for religious, charitable, etc., purposes, but these contributions did not total to more than \$1,000. If this box is checked, enter here the total contributions that were received during the year for an *exclusively* religious, charitable, etc., purpose. Do not complete any of the parts unless the **General Rule** applies to this organization because it received *nonexclusively* religious, charitable, etc., contributions of \$5,000 or more during the year ▶ \$ _____

Caution. An organization that is not covered by the General Rule and/or the Special Rules does not file Schedule B (Form 990, 990-EZ, or 990-PF), but it **must** answer "No" on Part IV, line 2, of its Form 990; or check the box on line H of its Form 990-EZ or on its Form 990-PF, Part I, line 2, to certify that it does not meet the filing requirements of Schedule B (Form 990, 990-EZ, or 990-PF).

Name of organization	Employer identification number
-----------------------------	---------------------------------------

Part I **Contributors** (see instructions). Use duplicate copies of Part I if additional space is needed.

(a) No.	(b) Name, address, and ZIP + 4	(c) Total contributions	(d) Type of contribution
-----	----- ----- -----	\$-----	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
-----	----- ----- -----	\$-----	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
-----	----- ----- -----	\$-----	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
-----	----- ----- -----	\$-----	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
-----	----- ----- -----	\$-----	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
-----	----- ----- -----	\$-----	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
-----	----- ----- -----	\$-----	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)

Name of organization	Employer identification number
-----------------------------	---------------------------------------

Part II **Noncash Property** (see instructions). Use duplicate copies of Part II if additional space is needed.

(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (see instructions)	(d) Date received
-----	\$	-----
-----	\$	-----
-----	\$	-----
-----	\$	-----
-----	\$	-----
-----	\$	-----
-----	\$	-----

Name of organization	Employer identification number
----------------------	--------------------------------

Part III *Exclusively religious, charitable, etc., individual contributions to section 501(c)(7), (8), or (10) organizations that total more than \$1,000 for the year.* Complete columns (a) through (e) and the following line entry. For organizations completing Part III, enter the total of *exclusively* religious, charitable, etc., contributions of **\$1,000 or less** for the year. (Enter this information once. See instructions.) ▶ \$ _____

Use duplicate copies of Part III if additional space is needed.

(a) No. from Part I	(b) Purpose of gift	(c) Use of gift	(d) Description of how gift is held
-----	----- ----- -----	----- ----- -----	----- ----- -----

(e) Transfer of gift	
Transferee's name, address, and ZIP + 4	Relationship of transferor to transferee
----- ----- -----	----- ----- -----

(a) No. from Part I	(b) Purpose of gift	(c) Use of gift	(d) Description of how gift is held
-----	----- ----- -----	----- ----- -----	----- ----- -----

(e) Transfer of gift	
Transferee's name, address, and ZIP + 4	Relationship of transferor to transferee
----- ----- -----	----- ----- -----

(a) No. from Part I	(b) Purpose of gift	(c) Use of gift	(d) Description of how gift is held
-----	----- ----- -----	----- ----- -----	----- ----- -----

(e) Transfer of gift	
Transferee's name, address, and ZIP + 4	Relationship of transferor to transferee
----- ----- -----	----- ----- -----

(a) No. from Part I	(b) Purpose of gift	(c) Use of gift	(d) Description of how gift is held
-----	----- ----- -----	----- ----- -----	----- ----- -----

(e) Transfer of gift	
Transferee's name, address, and ZIP + 4	Relationship of transferor to transferee
----- ----- -----	----- ----- -----

General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

Future developments. For the latest information about developments related to Schedule B (Form 990, 990-EZ, or 990-PF), such as legislation enacted after the schedule and its instructions were published, go to www.irs.gov/form990.

Note. Terms in **bold** are defined in the *Glossary* of the Instructions for Form 990.

Purpose of Schedule

Schedule B (Form 990, 990-EZ, or 990-PF) is used to provide information on contributions the organization reported on:

- Form 990-PF, Return of Private Foundation, Part I, line 1;
- Form 990, Return of Organization Exempt from Income Tax, Part VIII, *Statement of Revenue*, line 1; or
- Form 990-EZ, Short Form Return of Organization Exempt from Income Tax, Part I, line 1.

Who Must File

Every organization must complete and attach Schedule B to its Form 990, 990-EZ, or 990-PF, unless it certifies that it does not meet the filing requirements of this schedule by taking the following action:

- Answering “No” on Form 990, Part IV, *Checklist of Required Schedules*, line 2, or
- Checking the box on
 - Form 990-EZ, line H, or
 - Form 990-PF, Part I, *Analysis of Revenue and Expenses*, line 2.

See the separate instructions for these lines on those forms.

If an organization is not required to file Form 990, 990-EZ, or 990-PF but chooses to do so, it must file a complete return and provide all of the information requested, including the required schedules.

Accounting Method

When completing Schedule B (Form 990, 990-EZ, or 990-PF), the organization must use the same accounting method it checked on Form 990, Part XII, *Financial Statements and Reporting*, line 1; Form 990-EZ, line G; or Form 990-PF, line J.

Public Inspection

- Schedule B is open to public inspection for an organization that files Form 990-PF.

- Schedule B is open to public inspection for a section 527 political organization that files Form 990 or 990-EZ.

- For all other organizations that file Form 990 or 990-EZ, the names and addresses of contributors are not required to be made available for public inspection. All other information, including the amount of contributions, the description of **noncash contributions**, and any other information, is required to be made available for public inspection unless it clearly identifies the contributor.

If an organization files a copy of Form 990 or 990-EZ, and attachments, with any state, it should not include its Schedule B (Form 990, 990-EZ, or 990-PF) in the attachments for the state, unless a schedule of contributors is specifically required by the state. States that do not require the information might inadvertently make the schedule available for public inspection along with the rest of the Form 990 or 990-EZ.

See the Instructions for Form 990, 990-EZ, or 990-PF for information on telephone assistance and the public inspection rules for these forms and their attachments.

Contributors to be Listed on Part I

A *contributor* (person) includes individuals, fiduciaries, partnerships, corporations, associations, trusts, and exempt organizations. In addition, section 509(a)(2), 170(b)(1)(A)(iv), and 170(b)(1)(A)(vi) organizations must also report **governmental units** as contributors.

Contributions

Contributions reportable on Schedule B (Form 990, 990-EZ, or 990-PF) are contributions, grants, bequests, devises, and gifts of money or property, whether or not for charitable purposes. For example, political contributions to section 527 political organizations are included. Contributions do not include fees for the performance of services. See the Instructions for Form 990, Part VIII, line 1, for more detailed information on contributions.

General Rule

Unless the organization is covered by one of the *Special Rules* below, it must list in Part I every contributor who, during the year, gave the organization, directly or indirectly, money, **securities**, or any other type of property that total \$5,000 or more for the organization's **tax year**. In determining the total amount, separate and independent gifts of less than \$1,000 can be disregarded.

Include each contribution included on Form 990, Part VIII, line 1, in calculating a contributor's total contributions and determining whether that contributor must be reported on Schedule B under this General Rule (or one of the following *Special Rules*, if applicable). For example, if an organization that uses the accrual method of accounting reports a pledge of noncash property in Part VIII, line 1, it must include the value of that contribution in calculating whether the contributor meets the General Rule (or one of the *Special Rules*, if applicable), even if the organization did not receive the property during the tax year.

Special Rules

Section 501(c)(3) organizations that file Form 990 or 990-EZ. For an organization described in section 501(c)(3) that meets the 33 $\frac{1}{3}$ % support test of the regulations under sections 509(a)(1) and 170(b)(1)(A)(vi), and not just the 10% support test (whether or not the organization is otherwise described in section 170(b)(1)(A)), list in Part I only those contributors whose contribution of \$5,000 or more during the tax year is greater than 2% of the amount reported on Form 990, Part VIII, line 1h, or Form 990-EZ, line 1.

Example. A section 501(c)(3) organization, of the type described above, reported \$700,000 in total contributions, gifts, grants, and similar amounts received on Form 990, Part VIII, line 1h. The organization is only required to list in Parts I and II of its Schedule B each person who contributed more than the greater of \$5,000 or 2% of \$700,000 (\$14,000) during the tax year. Thus, a contributor who gave a total of \$11,000 would not be reported in Parts I and II for this section 501(c)(3) organization. Even though the \$11,000 contribution to the organization was greater than \$5,000, it did not exceed \$14,000.

Section 501(c)(7), (8), or (10) organizations. For contributions to these social and recreational clubs, fraternal beneficiary and domestic fraternal societies, orders, or associations that were not for an exclusively religious, charitable, etc., purpose, list in Part I each contributor who contributed \$5,000 or more during the tax year, as described under *General Rule*, earlier.

For contributions to a section 501(c)(7), (8), or (10) organization received for use exclusively for religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals (sections 170(c)(4), 2055(a)(3), or 2522(a)(3)), list in Part I each contributor whose aggregate contributions for an exclusively religious, charitable, etc., purpose were more than \$1,000 during the tax year. To determine the more-than-\$1,000 amount, total all of a contributor's gifts for the tax year (regardless of amount). For a noncash contribution, complete Part II.

All section 501(c)(7), (8), or (10) organizations that listed an exclusively religious, charitable, etc., contribution in Part I or II must also complete Part III to provide further information on such contributions of more than \$1,000 during the tax year and show the total amount received from such contributions that were for \$1,000 or less during the tax year.

However, if a section 501(c)(7), (8), or (10) organization did not receive total contributions of more than \$1,000 from a single contributor during the tax year for exclusively religious, charitable, etc., purposes and consequently was not required to complete Parts I through III with respect to these contributions, it need only check the third *Special Rules* box on the front of Schedule B and enter, in the space provided, the total contributions it received during the tax year for an exclusively religious, charitable, etc., purpose.

Specific Instructions



Do not attach substitutes for Schedule B or attachments to Schedule B with information on contributors. Parts I, II, and III of Schedule B may be duplicated as needed to provide adequate space for listing all contributors. Number each page of each part (for example, Page 2 of 5, Part II).

Part I. In column (a), identify the first contributor listed as No. 1 and the second contributor as No. 2, etc. Number consecutively. In column (b), enter the contributor's name, address, and ZIP code. Identify a donor as "anonymous" only if the organization does not know the donor's identity. In column (c), enter the amount of total contributions for the **tax year** for the contributor listed.

In column (d), check the type of contribution. Check all that apply for the contributor listed. If a *cash contribution* came directly from a contributor (other than through payroll deduction), check the "Person" box. A cash contribution

includes contributions paid by cash, credit card, check, money order, electronic fund or wire transfer, and other charges against funds on deposit at a financial institution.

If an **employee's** cash contribution was forwarded by an employer (indirect contribution), check the "Payroll" box. If an employer withholds contributions from employees' pay and periodically gives them to the organization, report only the employer's name and address and the total amount given unless you know that a particular employee gave enough to be listed separately.

Check the "Noncash" box in column (d) for any contribution of property other than cash during the tax year, and complete Part II of this schedule. For example, if an organization that uses the accrual method of accounting reports a pledge of noncash property on Form 990, Part VIII, line 1, it must check the "Noncash" box and complete Part II even if the organization did not receive the property during the tax year.

For a section 527 organization that files a Form 8871, Political Organization Notice of Section 527 Status, the names and addresses of contributors that are not reported on Form 8872, Political Organization Report of Contributions and Expenditures, do not need to be reported in Part I if the organization paid the amount specified by section 527(j)(1). In this case, enter "Pd. 527(j)(1)" in column (b) instead of a name, address, and ZIP code; but you must enter the amount of contributions in column (c).

Part II. In column (a), show the number that corresponds to the contributor's number in Part I. In column (b), describe the **noncash contribution** received by the organization during the tax year, regardless of the value of that noncash contribution. Note the public inspection rules discussed earlier.

In columns (c) and (d), report property with readily determinable market value (for example, marked quotations for securities) by listing its **fair market value (FMV)**. If the organization immediately sells **securities** contributed to the organization (including through a broker or agent), the contribution still must be reported as a gift of property (rather than cash) in the amount of the net proceeds plus the broker's fees and expenses. See the Instructions for Form 990, Part VIII, line 1g, which provide an example to illustrate this point. If the property is not immediately sold, measure market value of marketable securities registered and listed on a recognized securities exchange by the average of the highest and lowest quoted selling prices (or the average between the *bona fide* bid and

asked prices) on the contribution date. See Regulations section 20.2031-2 to determine the value of contributed stocks and bonds. When FMV cannot be readily determined, use an appraised or estimated value. To determine the amount of a noncash contribution subject to an outstanding debt, subtract the debt from the property's FMV. Enter the date the property was received by the organization, but only if the donor has fully given up use and enjoyment of the property at that time.

The organization must report the value of any **qualified conservation contributions** and contributions of **conservation easements** listed in Part II consistently with how it reports revenue from such contributions in its books, records, and financial statements and in Form 990, Part VIII, Statement of Revenue.

For more information on noncash contributions, see the instructions for Schedule M (Form 990), Noncash Contributions.

If the organization received a partially completed Form 8283, Noncash Charitable Contributions, from a donor, complete it and return it so the donor can get a charitable contribution deduction. Keep a copy for your records.

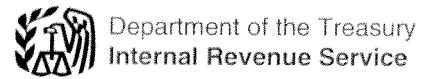
Original (first) and successor donee (recipient) organizations must file Form 8282, Donee Information Return, if they sell, exchange, consume, or otherwise dispose of (with or without consideration) charitable deduction property (property other than money or certain publicly traded securities) within 3 years after the date the original donee received the property.

Part III. Section 501(c)(7), (8), or (10) organizations that received contributions for use exclusively for religious, charitable, etc., purposes during the tax year must complete Parts I through III for each person whose gifts totaled more than \$1,000 during the tax year. Show also, in the heading of Part III, the total of gifts to these organizations that were \$1,000 or less for the tax year and were for exclusively religious, charitable, etc., purposes. Complete this information only on the first Part III page if you use duplicate copies of Part III.

If an amount is set aside for an exclusively religious, charitable, etc., purpose, show in column (d) how the amount is held (for example, whether it is commingled with amounts held for other purposes). If the organization transferred the gift to another organization, show the name and address of the transferee organization in column (e) and explain the relationship between the two organizations.

EXHIBIT C

2007



Instructions for Form 990 and Form 990-EZ

Return of Organization Exempt From Income Tax and .. Short Form 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)

Caution: Form 990-EZ is for use by organizations other than sponsoring organizations and controlling organizations defined in section 512(b)(13), with gross receipts of less than \$100,000 and total assets of less than \$250,000 at the end of the year.

Section references are to the Internal Revenue Code unless otherwise noted.

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provide the IRS with the information required by section 6033.

An organization's completed Form 990, Form 990-EZ, and the Form 990-T of 501(c)(3) organizations is available for public inspection as required by section 6104. Schedule B (Form 990, 990-EZ, or 990-PF), Schedule of Contributors, is open for public inspection for section 527 organizations filing Form 990 or Form 990-EZ. For other organizations that file Form 990 or Form 990-EZ, parts of Schedule B may be open to public inspection. See the *Instructions for Schedule B* for more details.

Some members of the public rely on Form 990, or Form 990-EZ, 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, the return must be complete, accurate, and fully describe the organization's programs and accomplishments.

Use Form 990 or Form 990-EZ, to send a required election to the IRS, such as the election to capitalize costs under section 266.

What's New

New annual electronic filing requirement for small tax-exempt organizations. Most small tax-exempt organizations must now file *new* Form 990-N, Electronic Notice (e-Postcard) for Tax-Exempt Organizations Not Required to File Form 990 or 990-EZ. See the IRS website at www.irs.gov and click on the Charities & Non-Profits tab for more information.

Purpose of Form

Form 990 and Form 990-EZ are used by tax-exempt organizations, nonexempt charitable trusts, and section 527 political organizations to

Phone Help

If you have questions and/or need help completing Form 990, or Form 990-EZ, please call 1-877-829-5500. This toll-free telephone service is available Monday through Friday.

Email Subscription

The IRS has established a new subscription-based email service for tax professionals and representatives of tax-exempt organizations. Subscribers

will receive periodic updates from the IRS regarding exempt organization tax law and regulations, available services, and other information. To subscribe, visit www.irs.gov/eo.

Photographs of Missing Children

The Internal Revenue Service is a proud partner with the National Center for Missing and Exploited Children. Photographs of missing children selected by the Center may appear in instructions on pages that would otherwise be blank. You can help bring these children home by looking at the photographs and calling 1-800-THE-LOST (1-800-843-5678) if you recognize a child.

General Instructions

The *General Instructions* apply to both Form 990 and Form 990-EZ. See also the *Specific Instructions* for each of these forms.



Certain Form 990 filers must file electronically, see General Instruction H for who must file electronically.

A. Who Must File

Filing Tests

Organizations exempt from income tax under Internal Revenue Code section 501(a), which includes sections 501(c), 501(e), 501(f), 501(k), 501(n), and 4947(a)(1) must generally file Form 990 or Form 990-EZ based on their gross receipts for the tax year. (See *General Instruction B* next for exceptions to the filing requirement.) For this purpose, *gross receipts* is the organization's total revenues from all sources during its annual accounting period, without subtracting any costs or expenses.



However, in addition to the above filing test, 501(c)(15) insurance companies are subject to a separate series of tests to determine whether small insurance companies qualify as tax exempt under section 501(c)(15) for the tax year. These separate tests use a different definition for gross receipts only for purposes of determining whether such insurance companies qualify as tax exempt. See Section 501(c)(15) Organizations below for additional information.

If the organization does not meet any of the exceptions listed in *General Instruction B*, and its annual gross receipts are normally more than \$25,000, it must file Form 990 or Form

990-EZ. If the organization is a sponsoring organization, or a controlling organization within the meaning of section 512(b)(13), it must file Form 990. However, if the organization is a supporting organization described in section 509(a)(3), it generally must file Form 990 (Form 990-EZ if applicable) even if its gross receipts are normally \$25,000, or less. Supporting organizations of religious organizations need not file Form 990 (or Form 990-EZ) if their gross receipts are normally \$5,000, or less. See the gross receipts discussion in *General Instruction B*.

If the organization's gross receipts during the year are less than \$100,000 and its total assets at the end of the year are less than \$250,000, it may file Form 990-EZ instead of Form 990. Even if the organization meets this test, it can still file Form 990.

Organizations required to file Schedule A (Form 990 or 990-EZ), Organization Exempt Under Section 501(c)(3), that do not meet the support tests discussed in the instructions for Part IV of that schedule can contact the IRS at the following address to re-evaluate their determination-of-filing requirements.

Internal Revenue Service
TE/GE EO Determinations
P.O. Box 2508
Cincinnati, OH 45201

Section 501(a), (e), (f), (k), and (n) Organizations

Except for those types of organizations listed in *General Instruction B*, an annual return on Form 990, or Form 990-EZ, is required from every organization exempt from tax under section 501(a), including foreign organizations and cooperative service organizations described in sections 501(e) and (f); child care organizations described in section 501(k); and charitable risk pools described in section 501(n).

Section 501(c)(3), 501(e), (f), (k), and (n) organizations must also attach a completed Schedule A (Form 990 or 990-EZ) to their Form 990 or Form 990-EZ.



For purposes of these instructions, the term section 501(c)(3) includes organizations exempt under sections 501(e), (f), (k), and (n).

Section 501(c)(15) Organizations

A section 501(c)(15) organization applies the same gross receipts test as other organizations to determine whether they must file the Form 990 or

Form 990-EZ. However, section 501(c)(15) insurance companies are also subject to separate tests to determine whether they qualify as tax-exempt for the tax year. The following tests use a specific definition for gross receipts defined, below only for purposes of the following tests. Insurance companies that do not qualify as tax-exempt must file Form 1120-PC, U.S. Property and Casualty Insurance Company Income Tax Return, or Form 1120, U.S. Corporation Income Tax Return, as taxable entities. See Notice 2006-42, which is on page 878 of the Internal Revenue Bulletin 2006-19 at www.irs.gov/pub/irs-irbs/irb06-19.pdf.

Tests for section 501(c)(15) insurance companies to qualify as tax-exempt for the tax year. If any section 501(c)(15) insurance company (other than life insurance) normally has gross receipts of more than \$25,000 for the tax year and meets both parts of the following test, then the company can file Form 990 (or Form 990-EZ, if applicable).

1. The company's gross receipts must be equal to or less than \$600,000, and
2. The company's premiums must be more than 50% of its gross receipts.

If the company did not meet this test and the company is a mutual insurance company, then it must meet the *Alternate test* to qualify to file Form 990 (or Form 990-EZ, if applicable). Otherwise, the company must file Form 1120 or Form 1120-PC, as appropriate.

Alternate test. If any section 501(c)(15) insurance company (other than life insurance) is a mutual insurance company and it did not meet the above test, then the company must meet both parts of the following alternate test.

1. The company's gross receipts must be equal to or less than \$150,000, and
2. The company's premiums must be more than 35% of its gross receipts.

If the company does not meet either test, then it must file Form 1120-PC or Form 1120 (if the company is not entitled to insurance reserves) instead of Form 990 or Form 990-EZ.



The alternate test does not apply if any employee of the mutual insurance company or a member of the employee's family is an employee of another company that is exempt under section 501(c)(15) (or would be exempt if this provision did not apply).

Gross receipts. To determine whether a section 501(c)(15) organization satisfies either of the above tests, figure gross receipts by

adding (1) premiums (including deposits and assessments) without reduction for return premiums or premiums paid for reinsurance; (2) gross investment income of a non-life insurance company (as described in section 834(b)); and (3) other items that are included in the filer's gross income under Subchapter B, Chapter 1, Subtitle A of the Code. This definition does not, however, include contributions to capital. For more information, see *Notice 2006-42*, which is on page 878 of the Internal Revenue Bulletin 2006-19 at www.irs.gov/pub/irs-irbs/irb06-19.pdf.

Premiums consist of all amounts received as a result of entering into an insurance contract. For information about the reporting of premiums, see the instructions for Form 990 Part I, line 2.

Anti-abuse rule. The anti-abuse rule, found in section 501(c)(15)(C), explains how gross receipts (including premiums) from all members of a controlled group are aggregated in figuring the above tests.

Political Organizations

Tax-exempt political organizations must file Form 990 or Form 990-EZ (if applicable) unless the organization is exempt from filing under *Exemption 14 or 15 of General Instruction B*. A qualified state or local political organization (defined below) must file Form 990 (not Form 990-EZ) only if it has gross receipts of \$100,000 or more.

Qualified state or local political organizations. A qualified political organization meets all of the following requirements.

1. The organization's exempt functions are solely for the purpose of influencing or attempting to influence the selection, nomination, election, or appointment of any individual to any state or local public office or office in a state or local political organization.

2. The organization is subject to state law that requires it to report the information that is similar to that required on Form 8872.

3. The organization files the required reports with the state.

4. The state makes such reports public and the organization makes them open to public inspection in the same manner that organizations must make Form 8872 available for public inspection.

For additional information, including the prohibition of involvement in the organization of a federal candidate or office holder, see section 527(e)(5).

Disregarded Entities

A disregarded entity, as described in Regulations sections 301.7701-1 through 301.7701-3, is treated as a branch or division of its parent organization for federal tax purposes. Therefore, financial and other information applicable to a disregarded entity must be reported as the parent organization's information.

Section 4947(a)(1) Nonexempt Charitable Trusts

Any nonexempt charitable trust (described in section 4947(a)(1)) not treated as a private foundation is also required to file Form 990, or Form 990-EZ, along with a completed Schedule A (Form 990 or 990-EZ). See the discussion in *General Instruction D* for exceptions to filing Form 1041, U.S. Income Tax Return for Estates and Trusts.

If an Organization's Exemption Application Is Pending

If the organization's application for exemption is pending, check the *Application pending* box in the heading of the return and complete the return.

Organizations That Filed a Return in the Prior Year but Are Not Required To File in the Current Year

Organizations that previously filed Form 990 or Form 990-EZ and meet exemption 15 under *General Instruction B* do not have to file a return.

Exempt organizations that filed Form 990, or Form 990-EZ, but are no longer required to file because they meet a specific exemption (other than exemption 15 in *General Instruction B*) must advise their IRS area office so their filing status can be updated.

Exempt organizations that are not sure of their area office may call the IRS at 1-877-829-5500. Exempt organizations that stop filing Form 990, or Form 990-EZ, without notifying their area office may receive service center correspondence inquiring about their returns. When responding to these inquiries, these organizations must give the specific reason for not filing.

Failure To File and Its Effect on Contributions

Organizations that are eligible to receive tax deductible contributions are listed in Publication 78, Cumulative List of Organizations described in Section 170(c) of the Internal Revenue Code of 1986. An organization may be removed from this listing if our records show that it is required to file Form 990, or Form 990-EZ, but it does not file a return or advises us that it is no longer required to file. However, contributions to such

an organization may continue to be deductible by the general public until the IRS publishes a notice to the contrary in the Internal Revenue Bulletin.

B. Organizations Not Required To File Form 990 or 990-EZ

TIP Organizations not required to file Form 990, or Form 990-EZ with the IRS may wish to use it to satisfy state reporting requirements. For details, see General Instruction E.

The following types of organizations exempt from tax under section 501(a) (section 527 for political organizations) do not have to file Form 990, or Form 990-EZ, with the IRS. However, if the organization chooses to file a Form 990 or Form 990-EZ, it must also attach the schedules and statements described in the instructions for these forms. In addition, an organization not required to file Form 990 or 990-EZ because it meets exceptions 12, 15, or 16 must file *new* Form 990-N, Electronic Notice (e-Postcard) for Tax-Exempt Organizations Not Required to File Form 990 or 990-EZ.

1. A church, an interchurch organization of local units of a church, a convention or association of churches, an integrated auxiliary of a church (such as a men's or women's organization, religious school, mission society, or youth group).
2. A church-affiliated organization that is exclusively engaged in managing funds or maintaining retirement programs and is described in Rev. Proc. 96-10, 1996-1 C.B. 577.
3. A school below college level affiliated with a church or operated by a religious order.
4. A mission society sponsored by, or affiliated with, one or more churches or church denominations, if more than half of the society's activities are conducted in, or directed at, persons in foreign countries.
5. An exclusively religious activity of any religious order.
6. A state institution whose income is excluded from gross income under section 115.
7. An organization described in section 501(c)(1). A section 501(c)(1) organization is a corporation organized under an Act of Congress that is:
 - An instrumentality of the United States, and
 - Exempt from federal income taxes.
8. A private foundation exempt under section 501(c)(3) and described in section 509(a). Use Form 990-PF, Return of Private Foundation.

9. A black lung benefit trust described in section 501(c)(21). Use Form 990-BL, Information and Initial Excise Tax Return for Black Lung Benefit Trusts and Certain Related Persons.
10. A stock bonus, pension, or profit-sharing trust that qualifies under section 401. Use Form 5500, Annual Return/Report of Employee Benefit Plan.
11. A religious or apostolic organization described in section 501(d). Use Form 1065, U.S. Return of Partnership Income.
12. A foreign organization whose annual gross receipts from sources within the U.S. are normally \$25,000 or less (Rev. Proc. 94-17, 1994-1 C.B. 579). See the *\$25,000 Gross Receipts Test* below.
13. A governmental unit or affiliate of a governmental unit described in Rev. Proc. 95-48, 1995-2 C.B. 418.
14. A political organization that is:
 - A state or local committee of a political party;
 - A political committee of a state or local candidate;
 - A caucus or association of state or local officials;
 - An authorized committee (as defined in section 301(6) of the Federal Election Campaign Act of 1971) of a candidate for federal office;
 - A national committee (as defined in section 301(14) of the Federal Election Campaign Act of 1971) of a political party;
 - A United States House of Representatives or United States Senate campaign committee of a political party committee;
 - Required to report under the Federal Election Campaign Act of 1971 as a political committee (as defined in section 301(4) of such Act); or
 - An organization described under section 6033(g)(3)(G).
15. Except for supporting organizations described in section 509(a)(3), an organization whose gross receipts are normally \$25,000 or less.
16. A section 509(a)(3) supporting organization of a religious organization, if the supporting organization's gross receipts are normally \$5,000 or less.

How to Determine If an Organization's Gross Receipts are Normally \$25,000 (or \$5,000) or Less

To figure whether an organization has to file Form 990-EZ (or Form 990) apply the \$25,000 (or \$5,000) gross receipts test (below) using the following definition of gross receipts and information in *Figuring Gross Receipts* below.

Gross Receipts



Do not use the definition of gross receipts described in General Instruction A, under Section 501(c)(15) Organizations to figure gross receipts.

Gross receipts are the total amounts the organization received from all sources during its annual accounting period, without subtracting any costs or expenses.

Gross receipts when acting as an agent. If a local chapter of a section 501(c)(8) fraternal organization collects insurance premiums for its parent lodge and merely sends those premiums to the parent without asserting any right to use the funds or otherwise deriving any benefit from collecting them, the local chapter does not include the premiums in its gross receipts. The parent lodge reports them instead. The same treatment applies in other situations in which one organization collects funds merely as an agent for another.

Figuring Gross Receipts

Figure gross receipts for Form 990 and Form 990-EZ as follows.

Form 990. Gross receipts are the sum of lines 1e, 2, 3, 4, 5, 6a, 7, 8a (both columns), 9a, 10a, and 11 of Part I. Gross receipts can also be figured by adding back the amounts on lines 6b, 8b (both columns), 9b, and 10b to the total revenue reported on line 12.

Form 990-EZ. Gross receipts are the sum of lines 1, 2, 3, 4, 5a, 6a, 7a, and 8 of Part I. Gross receipts can also be figured by adding back the amounts on lines 5b, 6b, and 7b to the total revenue reported on line 9.

Example. Organization M reported \$50,000 as total revenue on line 9 of its Form 990-EZ. M added back the costs and expenses it had deducted on lines 5b (\$2,000); 6b (\$1,500); and 7b (\$500) to its total revenue of \$50,000 and determined that its gross receipts for the tax year were \$54,000.

\$25,000 Gross Receipts Test

To determine if an organization's gross receipts are normally \$25,000 or less, apply the following test. An organization's gross receipts normally are considered to be \$25,000 or less if the organization is:

1. Up to a year old and has received, or donors have pledged to give, \$37,500 or less during its first tax year;
2. Between 1 and 3 years old and averaged \$30,000 or less in gross receipts during each of its first 2 tax years; or
3. Three years old or more and averaged \$25,000 or less in gross receipts for the immediately preceding

3 tax years (including the year in which the return would be filed).

\$5,000 Gross Receipts Test

To determine if an organization's gross receipts are normally \$5,000 or less, apply the following test. An organization's gross receipts normally are considered to be \$5,000 or less if the organization is:

1. Up to a year old and has received, or donors have pledged to give, \$7,500 or less during its first tax year;
2. Between 1 and 3 years old and averaged \$6,000 or less in gross receipts during each of its first 2 tax years; or
3. Three years old or more and averaged \$5,000 or less in gross receipts for the immediately preceding 3 tax years (including the year in which the return would be filed).

C. Exempt Organization Reference Chart



To determine how the instructions for Form 990 and Form 990-EZ apply to the organization, you must know the Code section under which the organization is exempt.

Type of Organization	I.R.C. Section
Corporations Organized Under Act of Congress	501(c)(1)
Title Holding Corporations	501(c)(2)
Charitable, Religious, Educational, Scientific, etc., Organizations	501(c)(3)
Civic Leagues and Social Welfare Organizations	501(c)(4)
Labor, Agricultural, and Horticultural Organizations	501(c)(5)
Business Leagues, etc.	501(c)(6)
Social and Recreation Clubs	501(c)(7)
Fraternal Beneficiary and Domestic Fraternal Societies and Associations	501(c)(8) & (10)
Voluntary Employees' Beneficiary Associations	501(c)(9)
Teachers' Retirement Fund Associations	501(c)(11)
Benevolent Life Insurance Associations, Mutual Ditch or Irrigation Companies, Mutual or Cooperative Telephone Companies, etc.	501(c)(12)
Cemetery Companies	501(c)(13)
State Chartered Credit Unions, Mutual Reserve Funds	501(c)(14)
Insurance Companies or Associations Other Than Life	501(c)(15)
Cooperative Organizations To Finance Crop Operations	501(c)(16)
Supplemental Unemployment Benefit Trusts	501(c)(17)
Employee Funded Pension Trusts (created before 6/25/59)	501(c)(18)

Organizations of Past or Present Members of the Armed Forces	501(c)(19) & (23)
Black Lung Benefit Trusts	501(c)(21)
Withdrawal Liability Payment Funds	501(c)(22)
Title Holding Corporations or Trusts	501(c)(25)
State-Sponsored Organizations Providing Health Coverage for High-Risk Individuals	501(c)(26)
State-Sponsored Workmen's Compensation and Insurance and Reinsurance Organizations	501(c)(27)
Religious and Apostolic Associations	501(d)
Cooperative Hospital Service Organizations	501(e)
Cooperative Service Organizations of Operating Educational Organizations	501(f)
Child Care Organizations	501(k)
Charitable Risk Pools	501(n)
Political Organizations	527

Other Forms That May Be Required

Schedule A (Form 990 or 990-EZ). Organization Exempt Under Section 501(c)(3) (Except Private Foundation) and Section 501(e), 501(f), 501(k), 501(n), or Section 4947(a)(1), Nonexempt Charitable Trust. An organization is not required to file Schedule A (Form 990 or 990-EZ) if its gross receipts are normally \$25,000 or less. See the gross receipts discussion in *General Instruction B*.

Schedule B (Form 990, 990-EZ, or 990-PF). Schedule of Contributors. Schedule B (Form 990, 990-EZ, or 990-PF) provides contributor information for line 1 of Form 990 and 990-EZ. All Form 990 and 990-EZ filers must complete and attach this schedule to their return unless they meet an exception, and check the box in item M of Form 990 (item H on Form 990-EZ).

Forms W-2 and W-3. Wage and Tax Statement; and Transmittal of Wage and Tax Statements.

Form W-9. Request for Taxpayer Identification Number and Certification.

Form 940. Employer's Annual Federal Unemployment (FUTA) Tax Return.

Form 941. Employer's QUARTERLY Federal Tax Return. Used to report social security, Medicare, and income taxes withheld by an employer and social security and Medicare taxes paid by an employer.

Form 943. Employer's Annual Federal Tax Return for Agricultural Employees.

Trust Fund Recovery Penalty. If certain excise, income, social security, and Medicare taxes that must be collected or withheld are not collected or withheld, or these taxes are not paid to the IRS, a Trust Fund Recovery Penalty may apply. The Trust Fund Recovery Penalty may be imposed on all persons (including volunteers) who the IRS determines were responsible for collecting, accounting for, and paying over these taxes, and who acted willfully in not doing so.

This penalty does not apply to volunteer unpaid members of any board of trustees or directors of a tax-exempt organization, if these members are solely serving in an honorary capacity, do not participate in the day-to-day or financial activities of the organization, and do not have actual knowledge of the failure to collect, account for, and pay over these taxes. However, the preceding sentence does not apply if it results in no person being liable for the penalty.

The penalty is equal to the unpaid trust fund tax. See Pub. 15 (Circular E), Employer's Tax Guide, for more details,

including the definition of responsible persons.

Form 990-T. Exempt Organization Business Income Tax Return (and proxy tax under section 6033(e)). Filed separately for organizations with gross income of \$1,000 or more from business unrelated to the organization's exempt purpose. The Form 990-T is also filed to pay the section 6033(e)(2) proxy tax. For Form 990, see line 85 and its instructions; for Form 990-EZ, see line 35 and its instructions.

Form 990-W. Estimated Tax on Unrelated Business Taxable Income for Tax-Exempt Organizations.

Form 1040. U.S. Individual Income Tax Return.

Form 1041. U.S. Income Tax Return for Estates and Trusts. Required of section 4947(a)(1) nonexempt charitable trusts that also file Form 990 or Form 990-EZ. However, if such a trust does not have any taxable income under Subtitle A of the Code, it can file Form 990, or Form 990-EZ, and does not have to file Form 1041 to meet its section 6012 filing requirement. If this condition is met, complete Form 990, or Form 990-EZ, and do not file Form 1041.

A section 4947(a)(1) nonexempt charitable trust that normally has gross receipts of not more than \$25,000 (see the gross receipts discussion in *General Instruction B*) and has no taxable income under Subtitle A must complete line 92 and the signature block on page 9 of the Form 990. On the Form 990-EZ, complete line 43 and the signature block on page 3 of the return. In addition, complete only the following items in the heading of Form 990 or Form 990-EZ:

Item	
A	Tax year (fiscal year or short period, if applicable)
B	Applicable checkboxes
C	Name and address
D	Employer identification number (EIN)
J	Section 4947(a)(1) nonexempt charitable trust box

Form 1096. Annual Summary and Transmittal of U.S. Information Returns.

Form 1098 series. Information returns to report mortgage interest, student loan interest, qualified tuition and related expenses received, and a contribution of a qualified vehicle that has a claimed value of more than \$500.

Form 1099 series. Information returns to report acquisitions or abandonments of secured property, proceeds from broker and barter exchange transactions, cancellation of debt, dividends and distributions, certain government and state qualified tuition program payments, taxable distributions from cooperatives, interest

D. Forms and Publications



Internet. You can access the IRS website 24 hours a day, 7 days a week, at www.irs.gov to:

- Download forms, instructions, and publications.
- Order IRS products online.
- Research your tax questions online.
- Search publications online by topic or keyword.
- View Internal Revenue Bulletins (IRBs) published in the last few years.
- Sign up to receive local and national tax news by email.



CD for tax products. You can order Publication 1796, IRS Tax Products CD, and obtain:

- A CD that is released twice so you have the latest products. The first release ships in late December and the final release ships in late February.
- Current-year forms, instructions, and publications.
- Prior-year forms, instructions, and publications.
- Tax Map: an electronic research tool and finding aid.
- Tax law frequently asked questions (FAQs).
- Tax Topics from the IRS telephone response system.
- Fill-in, print, and save features for most tax forms.
- Internal Revenue Bulletins.
- Toll-free and email technical support.

Buy the CD from National Technical Information Service (NTIS) at www.irs.gov/cdorders for \$35 (no handling fee) or call 1-877-233-6767 toll free to buy the CD for \$35 (plus a \$5 handling fee).

By phone and in person. You can order forms and publications by calling 1-800-TAX-FORM (1-800-829-3676). You can also get most forms and publications at your local IRS office.

payments, payments of long-term care and accelerated death benefits, miscellaneous income payments, distributions from an HSA, Archer MSA or Medicare Advantage MSA, original issue discount, distributions from pensions, annuities, retirement or profit-sharing plans, IRAs, insurance contracts, etc., and proceeds from real estate transactions. Also, use certain of these returns to report amounts that were received as a nominee on behalf of another person.

Form 1120-POL. U.S. Income Tax Return for Certain Political Organizations.

Form 1128. Application To Adopt, Change, or Retain a Tax Year.

Form 3115. Application for Change in Accounting Method.

Form 4506. Request for Copy of Tax Return.

Form 4506-A. Request for Public Inspection or Copy of Exempt or Political Organization IRS Form.

Form 4562. Depreciation and Amortization.

Form 4720. Return of Certain Excise Taxes Under Chapters 41 and 42 of the Internal Revenue Code.

Form 5500. Annual Return/Report of Employee Benefit Plan. Employers who maintain pension, profit-sharing, or other funded deferred compensation plans are generally required to file the Form 5500. This requirement applies whether or not the plan is qualified under the Internal Revenue Code and whether or not a deduction is claimed for the current tax year.

Form 5768. Election/Revocation of Election by an Eligible Section 501(c)(3) Organization To Make Expenditures To Influence Legislation.

Form 8282. Donee Information Return. Required of the donee of charitable deduction property who sells, exchanges, or otherwise disposes of donated property within 3 years after receiving it. The form is also required of any successor donee who disposes of charitable deduction property within 3 years after the date that the donor gave the property to the original donee. It does not matter who gave the property to the successor donee. It may have been the original donee or another successor donee.

Form 8283. Noncash Charitable Contributions.

Form 8300. Report of Cash Payments Over \$10,000 Received in a Trade or Business. Used to report cash amounts in excess of \$10,000 that were received in a single transaction (or in two or more related transactions) in the course of a trade or business (as defined in section 162).

However, if the organization receives a charitable cash contribution in excess of \$10,000, it is not subject to the reporting requirement since the funds were not received in the course of a trade or business.

Form 8822. Change of Address. Used to notify the IRS of a change in mailing address that occurs after the return is filed.

Form 8868. Application for Extension of Time To File an Exempt Organization Return.

Form 8870. Information Return for Transfers Associated With Certain Personal Benefit Contracts. Used to identify those personal benefit contracts for which funds were transferred to the organization, directly or indirectly, as well as the transferors for, and beneficiaries of, those contracts.

Form 8871. Political Organization Notice of Section 527 Status.

Form 8872. Political Organization Report of Contributions and Expenditures.

Form 8886-T. Disclosure by Tax-Exempt Entity Regarding Prohibited Tax Shelter Transaction.

Form 8899. Notice of Income from Donated Intellectual Property. Used to report net income from qualified intellectual property to the IRS and the donor.

Form 8921. Applicable Insurance Contracts Information Return.

Form TD F 90-22.1. Report of Foreign Bank and Financial Accounts.

Helpful Publications

Publication 463. Travel, Entertainment, Gift, and Car Expenses.

Publication 525. Taxable and Nontaxable Income.

Publication 526. Charitable Contributions.

Publication 538. Accounting Periods and Methods.

Publication 598. Tax on Unrelated Business Income of Exempt Organizations.

Publication 910. IRS Guide to Free Tax Services.

Publication 946. How To Depreciate Property.

Publication 1771. Charitable Contributions—Substantiation and Disclosure Requirements.

E. Use of Form 990, or Form 990-EZ, To Satisfy State Reporting Requirements

Some states and local government units will accept a copy of Form 990, or Form 990-EZ, Schedule A (Form 990 or 990-EZ), and Schedule B (Form 990,

990-EZ, or 990-PF) in place of all or part of their own financial report forms. The substitution applies primarily to section 501(c)(3) organizations, but some of the other types of section 501(c) organizations are also affected.

If the organization uses Form 990, or Form 990-EZ, to satisfy state or local filing requirements, such as those under state charitable solicitation acts, note the following discussions.

Determine State Filing Requirements

The organization may consult the appropriate officials of all states and other jurisdictions in which it does business to determine their specific filing requirements. Doing business in a jurisdiction may include any of the following: (a) soliciting contributions or grants by mail or otherwise from individuals, businesses, or other charitable organizations; (b) conducting programs; (c) having employees within that jurisdiction; (d) maintaining a checking account; or (e) owning or renting property there.

Monetary Tests May Differ

Some or all of the dollar limitations applicable to Form 990, or Form 990-EZ, when filed with the IRS may not apply when using Form 990, or Form 990-EZ, in place of state or local report forms. Examples of the IRS dollar limitations that do not meet some state requirements are the \$25,000 gross receipts minimum that creates an obligation to file with the IRS (see the gross receipts discussion in *General Instruction B*) and the \$50,000 minimum for listing professional fees in Part II-A of Schedule A (Form 990 or 990-EZ).

Additional Information May Be Required

State or local filing requirements may require the organization to attach to Form 990, or Form 990-EZ, one or more of the following: (a) additional financial statements, such as a complete analysis of functional expenses or a statement of changes in net assets; (b) notes to financial statements; (c) additional financial schedules; (d) a report on the financial statements by an independent accountant; and (e) answers to additional questions and other information. Each jurisdiction may require the additional material to be presented on forms they provide. The additional information does not have to be submitted with the Form 990, or Form 990-EZ, filed with the IRS.

Even if the Form 990, or Form 990-EZ, that the organization files with the IRS is accepted by the IRS as complete, a copy of the same return

EXHIBIT D

Advisory Committee on Tax Exempt and Government Entities (ACT)

Report of Recommendations



**Advisory Committee on
Tax Exempt and Government Entities
(ACT)**

**POLICIES AND GUIDELINES FOR
FORM 990 REVISION**

**Julie L. Floch, Project Leader
Suzanne Ross McDowell, Project Leader
Betsy Buchalter Adler
Ann Western Bittman
Sean Delany
George A. Vera**

June 7, 2006

I. Executive Summary

Since 1942, tax-exempt organizations have been required to file an annual information return. Currently, the filing is made on Form 990. Over the last 50 years, three important changes have taken place that affect Form 990. First, the form has grown in an incremental fashion from a two-page form to a 15-page form. Because of the incremental growth and various practical considerations in form design, the result of this growth is a form that lacks internal coherence and is difficult for both filers and users to understand. Second, while the form was designed initially by the Internal Revenue Service (the “Service” or “IRS”) to meet its own tax administration needs, it is now also used by other parties, including state tax authorities and charities’ bureaus, the public, the press and researchers. Third, electronic filing was mandated for a limited number of exempt organizations in 2006 and electronic filing is increasingly available on a voluntary basis as well.

Fueled in part by the changes above, in recent years, there has been growing dissatisfaction with Form 990, leading to suggestions for change from various stakeholders. The Service shares this dissatisfaction and is actively engaged in a revision of Form 990, but the revision project is extremely challenging for a number of reasons. Because users of Form 990 now include a diverse group with different objectives, there are competing interests and priorities. Inevitably, satisfaction of the needs of one group of users may compromise the Service’s ability to meet its own or the needs of another group. Additionally, the needs of the Service as well as other users must be balanced updating and processing the form. There is also a tension between the Service’s need to be nimble in responding to new enforcement concerns and the desire of filers as well as the Service and other users for stability in the form from year to year. The introduction and anticipated growth of electronic filing introduces new considerations for the design of the form. Finally, budgetary considerations present challenging constraints on implementing a completely redesigned form.

This project grew out of the ACT’s conviction that a successful redesign of Form 990 must be preceded by an understanding of the history of Form 990, an analysis and prioritization of the competing interests and needs of Form 990 users, identification of the challenges and limitations affecting a redesign project and, finally, establishment of policies and guidelines to serve as a framework for decisionmaking.

This report explains the process that the ACT followed; describes the historical development of Form 990; discusses current uses of Form 990; and identifies the challenges and limitations in redesigning Form 990. Finally, this report makes the following recommendations:

1. Form 990 should be designed primarily to assess whether the filer is complying with federal tax requirements.

Policies and Guidelines for Form 990 Revision

2. IRS should continue to accommodate the needs of the states as long as they do not adversely affect the IRS's primary mission or unduly burden filers.
3. Form 990 and its instructions should be as understandable to a person unschooled in the law of tax-exempt organizations as possible without compromising its primary purpose.
4. Form 990 should consist of a core form with schedules organized by topic and type of organization.
5. Questions on Form 990 should be formulated to obtain evidence or facts which will reveal whether the filer has complied with federal tax law.
6. Statutory limits on mandatory electronic filing should be removed and mandatory electronic filing should be phased in.
7. Form 990 should be redesigned in its entirety and implemented as quickly as possible.

II. Statement of Problem and Project Objectives

A. Problem

Over the last 50 years, three important changes have taken place that affect Form 990. First, Form 990 has grown from two pages to 15 pages. The growth has been incremental with additional questions being added to meet particular needs. Form 990 has now reached a point where it is long, poorly organized and difficult for both filers and users to understand. Second, while the Service designed the form for tax administration purposes, it is now used by a wide audience that includes state tax authorities and charities bureaus, the public, the press, and researchers. As users of Form 990 have come to expect it to be all things to all people, they have -- not surprisingly -- been disappointed. Third, the Service is now moving toward electronic filing. Some exempt organizations are required to file electronically now, and it is expected and desired that an increasing number will file electronically in the future. The advent of electronic filing adds new considerations to the use of Form 990. The Service shares these concerns and is actively working on a revision of Form 990.

B. Objectives

The ACT believes that successful revision of Form 990 depends upon establishing clear policies and guidelines to serve as a framework for evaluating

EXHIBIT E

16-22-36

Form CHAR500 <small>This form used for Article 7-A, EPTL and dual filers (replaces forms CHAR 497, CHAR 010 and CHAR 006)</small>	Annual Filing for Charitable Organizations New York State Department of Law (Office of the Attorney General) Charities Bureau - Registration Section 120 Broadway New York, NY 10271 www.oag.state.ny.us/charities/charities.html	2005 Open to Public Inspection
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1. General Information

a. For the fiscal year beginning (mm/dd/yyyy) 01/01 / **2005** and ending (mm/dd/yyyy) 12/31/2005

b. Check if applicable for NYS: <input type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial filing <input type="checkbox"/> Final filing <input type="checkbox"/> Amended filing <input type="checkbox"/> NY registration pending	c. Name of organization CITIZENS UNITED Number and street (or P.O. box if mail not delivered to street address) Room/suite 1006 Pennsylvania Ave., SE City or town, state or country and zip + 4 Washington, DC 20003	d. Fed. employer ID no. (EIN) (##-####-####) 91-143338 e. NY State registration no. (##-##-##) 16-22-36 f. Telephone number 202-547-5420 g. Email N/A
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2. Certification - Two Signatures Required

We certify under penalties of perjury that we reviewed this report, including all attachments, and to the best of our knowledge and belief, they are true, correct and complete in accordance with the laws of the State of New York applicable to this report.

a. President or Authorized Officer/Trustee Signature:	Michael Boos, Vice President Printed Name Title	1/11/2007 Date
b. Chief Financial Officer or Treasurer Signature:	David N. Bossie, President Printed Name Title	1/9/07 Date

3. Annual Report Exemption Information

a. **Article 7-A** annual report exemption (Article 7-A registrants and dual registrants)
 Check if total contributions from NY State (including residents, foundations, corporations, government agencies, etc.) did not exceed \$25,000 and the organization did not use the services of a professional fund raiser (PFR) or fund raising counsel (FRC) to solicit contributions during this fiscal year.

NOTE: An organization may also check the box to claim this exemption if no PFR or FRC was used and either: 1) the organization received an allocation from a federated fund, United Way or incorporated community appeal and contributions from all other sources did not exceed \$25,000 or 2) it received all or substantially all of its contributions from a single government agency to which it submitted an annual financial report similar to that required by Article 7-A).

b. **EPTL** annual report exemption (EPTL registrants and dual registrants)
 Check if total gross receipts for this fiscal year did not exceed \$25,000 and the assets (market value) of the organization did not exceed \$25,000 at any time during this fiscal year.

For EPTL or Article-7A registrants claiming the annual report exemption under the one law under which they are registered and for dual registrants claiming the annual report exemptions under both laws, simply complete part 1 (General Information), part 2 (Certification) and part 3 (Annual Report Exemption Information) above.
Do not submit a fee, do not complete the following schedules and do not submit any attachments to this form.

4. Article 7-A Schedules

If you did not check the Article 7-A annual report exemption above, complete the following for this fiscal year:

a. Did the organization use a professional fund raiser, fund raising counsel or commercial co-venturer for fund raising activity in NY State? Yes* No
 * If "Yes", complete Schedule 4a.

b. Did the organization receive government contributions (grants)? Yes* No
 * If "Yes", complete Schedule 4b.

5. Fee Submitted: See last page for summary of fee requirements.

Indicate the filing fee(s) you are submitting along with this form:

a. Article 7-A filing fee \$ <u>25</u> b. EPTL filing fee \$ _____ c. Total fee \$ <u>25</u>	Submit only one check or money order for the total fee, payable to "NYS Department of Law"
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6. Attachments: For organizations that are not claiming annual report exemptions under both laws, see last page for required attachments.

Schedule 4a: Professional Fund Raisers (PFR), Fund Raising Counsels (FRC), Commercial Co-Venturers (CCV)	
If you checked the box in question 4.a. on page 1, complete the following schedule for each PFR, FRC or CCV that the organization engaged for fund raising activity in NY State:	
1. Type of fund raising professional (FRP):	Professional fund raiser <input checked="" type="checkbox"/> Fund raising counsel <input type="checkbox"/> Commercial co-venturer <input type="checkbox"/>
2. Name of FRP:	<u>InfoCision Management Corporation</u> <hr/> Number and street (or P.O. box if mail is not delivered to street address): <u>325 Springside Drive</u> <hr/> City or town, state or country and zip + 4: <u>Akron, OH 44333</u>
3. FRP telephone number:	<u>330-668-1400</u>
4. Services provided by FRP (provide description):	 <u>Telemarketing, program management and fulfillment services.</u>
5. Compensation arrangement with FRP (provide description):	Fees vary according to the particular service provided and include, among other things, the following: \$1.25 for each completed prospect call, \$3.05 for each completed recall/reactivation call, \$3.60 for each completed housefile call, and \$0.89 per minute for inbound calls. Fees for follow-up mailings are \$0.89 per letter plus postage and stationary costs, and \$.68 each for handwritten thank you notes, plus postage and stationary costs. In addition, there is a processing fee of \$2.20 for each contribution received by credit card or debit card.
6. Dates of contract <u>01/01/2005</u> through <u>12/31/2006</u> <small>(mm/dd/yyyy) (mm/dd/yyyy)</small>
7. Amount paid to FRP \$ <u>3,388,777</u>

Schedule 4a: Professional Fund Raisers (PFR), Fund Raising Counsels (FRC), Commercial Co-Venturers (CCV)	
If you checked the box in question 4.a. on page 1, complete the following schedule for each PFR, FRC or CCV that the organization engaged for fund raising activity in NY State:	
1. Type of fund raising professional (FRP):	
Professional fund raiser	<input type="checkbox"/>
Fund raising counsel	<input checked="" type="checkbox"/>
Commercial co-venturer	<input type="checkbox"/>
2. Name of FRP:	
<u>HSP Direct, LLC</u>	
Number and street (or P.O. box if mail is not delivered to street address):	
<u>13755 Sunrise Valley Drive, Suite 450</u>	
City or town, state or country and zip + 4:	
<u>Herndon, VA 20171</u>	
3. FRP telephone number:	
<u>703-793-3220</u>	
4. Services provided by FRP (provide description):	
<u>Direct mail consulting.</u>	
5. Compensation arrangement with FRP (provide description):	
<u>\$75 per 1,000 fund-raising packages processed by the mailing house for mailing under the agreement.</u>	
6. Dates of contract	<u>01/20/2002</u> through <u>12/31/2020</u> <small>(mm/dd/yyyy) (mm/dd/yyyy)</small>
7. Amount paid to FRP	<u>\$ 108,059</u>

Schedule 4b: Government Contributions (Grants)

If you checked the box in question 4.b. on page 1, complete the following schedule for each government contribution (grant). Use additional copies of this page if necessary to list each government contribution (grant) separately.

Government Agency Name	Grant Amount
None	\$ 0
	\$
	\$
	\$
	\$
	\$
	\$
	\$
	\$
	\$
	\$
	\$
	\$
	\$
	\$
	\$
	\$
	\$
	\$
	\$
	\$
	\$
	\$
	\$
	\$
	\$
	\$
	\$
Total Government Contributions (Grants)	\$ 0

5. Fee Instructions

The filing fee depends on the organization's Registration Type. For details on Registration Type and filing fees, see the Instructions for Form CHAR500.

Organization's Registration Type	Fee Instructions
• Article 7-A	Calculate the Article 7-A filing fee using the table in part a below. The EPTL filing fee is \$0.
• EPTL	Calculate the EPTL filing fee using the table in part b below. The Article 7-A filing fee is \$0.
• Dual	Calculate both the Article 7-A and EPTL filing fees using the tables in parts a and b below. Add the Article 7-A and EPTL filing fees together to calculate the total fee. Submit a single check or money order for the total fee.

a) Article 7-A filing fee

Total Support & Revenue	Article 7-A Fee
more than \$250,000	\$25
up to \$250,000 *	\$10

* Any organization that contracted with or used the services of a professional fund raiser (PFR) or fund raising counsel (FRC) during the reporting period must pay an Article 7-A filing fee of \$25, regardless of total support and revenue.

b) EPTL filing fee

Net Worth at End of Year	EPTL Fee
Less than \$50,000	\$25
\$50,000 or more, but less than \$250,000	\$50
\$250,000 or more, but less than \$1,000,000	\$100
\$1,000,000 or more, but less than \$10,000,000	\$250
\$10,000,000 or more, but less than \$50,000,000	\$750
\$50,000,000 or more	\$1500

6. Attachments – Document Attachment Check-List

Check the boxes for the documents you are attaching.

For All Filers		
<u>Filing Fee</u>		
<input checked="" type="checkbox"/> Single check or money order payable to "NYS Department of Law"		
<u>Copies of Internal Revenue Service Forms</u>		
<input checked="" type="checkbox"/> IRS Form 990	<input type="checkbox"/> IRS Form 990-EZ	<input type="checkbox"/> IRS Form 990-PF
<input type="checkbox"/> Schedule A to IRS Form 990	<input type="checkbox"/> Schedule A to IRS Form 990-EZ	<input type="checkbox"/> Schedule B to IRS Form 990-PF
<input type="checkbox"/> Schedule B to IRS Form 990	<input type="checkbox"/> Schedule B to IRS Form 990-EZ	<input type="checkbox"/> IRS Form 990-T
<input type="checkbox"/> IRS Form 990-T	<input type="checkbox"/> IRS Form 990-T	

Additional Article 7-A Document Attachment Requirement
<u>Independent Accountant's Report</u>
<input checked="" type="checkbox"/> Audit Report (total support & revenue more than \$250,000)
<input type="checkbox"/> Review Report (total support & revenue \$100,001 to \$250,000)
<input type="checkbox"/> No Accountant's Report Required (total support & revenue not more than \$100,000)

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)

OMB No. 1545-0047
2005
Open to Public Inspection

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

A For the 2005 calendar year, or tax year beginning and ending

B Check if applicable: <input type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial return <input type="checkbox"/> Final return <input type="checkbox"/> Amended return <input type="checkbox"/> Application pending	Please use IRS label or print or type. See Specific Instructions.	C Name of organization CITIZENS UNITED		D Employer identification number 91-1433368	
		Number and street (or P.O. box if mail is not delivered to street address) Room/suite 1006 PENNSYLVANIA SE		E Telephone number 202-547-5420	
		City or town, state or country, and ZIP + 4 WASHINGTON, DC 20003		F Accounting method: <input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual <input type="checkbox"/> Other (specify) ▶	

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

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? N/A 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

G Website: ▶ N/A

J Organization type (check only one) ▶ 501(c) (4) ◀ (insert no.) 4947(a)(1) or 527

K Check here if the organization's gross receipts are normally not more than \$25,000. The organization need not file a return with the IRS; but if the organization chooses to file a return, be sure to file a complete return. Some states require a complete return.

I Group Exemption Number ▶ N/A

L Gross receipts: Add lines 6b, 8b, 9b, and 10b to line 12 ▶ 6,537,276.

M Check if the organization is not required to attach Sch. B (Form 990, 990-EZ, or 990-PF).

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

Revenue	1 Contributions, gifts, grants, and similar amounts received:				
	a Direct public support	1a	5,238,651.		
	b Indirect public support	1b			
	c Government contributions (grants)	1c			
	d Total (add lines 1a through 1c) (cash \$ 5,238,651. noncash \$)	1d		5,238,651.	
	2 Program service revenue including government fees and contracts (from Part VII, line 93)	2		8,493.	
	3 Membership dues and assessments	3		1,040,940.	
	4 Interest on savings and temporary cash investments	4		932.	
	5 Dividends and interest from securities	5			
	6 a Gross rents	6a			
	b Less: rental expenses	6b			
	c Net rental income or (loss) (subtract line 6b from line 6a)	6c			
7 Other investment income (describe)	7				
	8 a Gross amount from sales of assets other than inventory	(A) Securities	(B) Other		
	b Less: cost or other basis and sales expenses	8a			
	c Gain or (loss) (attach schedule)	8b			
	d Net gain or (loss) (combine line 8c, columns (A) and (B))	8c			
	9 Special events and activities (attach schedule). If any amount is from gaming, check here <input type="checkbox"/>				
	a Gross revenue (not including \$ of contributions reported on line 1a)	9a			
	b Less: direct expenses other than fundraising expenses	9b			
c Net income or (loss) from special events (subtract line 9b from line 9a)	9c				
	10 a Gross sales of inventory, less returns and allowances	10a			
	b Less: cost of goods sold	10b			
	c Gross profit or (loss) from sales of inventory (attach schedule) (subtract line 10b from line 10a)	10c			
11 Other revenue (from Part VII, line 103)	11		248,260.		
12 Total revenue (add lines 1d, 2, 3, 4, 5, 6c, 7, 8d, 9c, 10c, and 11)	12		6,537,276.		
Expenses	13 Program services (from line 44, column (B))	13		3,774,069.	
	14 Management and general (from line 44, column (C))	14		117,660.	
	15 Fundraising (from line 44, column (D))	15		2,664,228.	
	16 Payments to affiliates (attach schedule)	16			
	17 Total expenses (add lines 16 and 44, column (A))	17		6,555,957.	
Net Assets	18 Excess or (deficit) for the year (subtract line 17 from line 12)	18		<18,681.>	
	19 Net assets or fund balances at beginning of year (from line 73, column (A))	19		<252,252.>	
	20 Other changes in net assets or fund balances (attach explanation) SEE STATEMENT 1	20		<6.>	
	21 Net assets or fund balances at end of year (combine lines 18, 19, and 20)	21		<270,939.>	

523001 02-03-06

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

Form 990 (2005)

If you are filing for an Additional (not automatic) 3-Month Extension, complete only Part II and check this box

Note: Only complete Part II if you have already been granted an automatic 3-month extension on a previously filed Form 8868.

If you are filing for an Automatic 3-Month Extension, complete only Part I (on page 1).

Part II Additional (not automatic) 3-Month Extension of Time - Must file Original and One Copy.

Name of Exempt Organization: CITIZENS UNITED; Employer identification number: 91-1433368; Address: 1006 PENNSYLVANIA SE, WASHINGTON, DC 20003

Check type of return to be filed: Form 990 (checked), Form 990-EZ, Form 990-T (sec. 401(a) or 408(a) trust), Form 1041-A, Form 5227, Form 990-B, Form 990-BL, Form 990-PF, Form 990-T (trust other than above), Form 4720, Form 6069

STOP: Do not complete Part II if you were not already granted an automatic 3-month extension on a previously filed Form 8868.

The books are in the care of DAVE BOSSIE; Telephone No. 202-547-5420; FAX No.

If the organization does not have an office or place of business in the United States, check this box; If this is for a Group Return, enter the organization's four digit Group Exemption Number (GEN)

I request an additional 3-month extension of time until NOVEMBER 15, 2006.

For calendar year 2005, or other tax year beginning and ending; If this tax year is for less than 12 months, check reason: Initial return, Final return, Change in accounting period

State in detail why you need the extension: TAXPAYER'S RETURN REQUIRE FURTHER REVIEW AND ANALYSIS SO THAT A COMPLETE AND ACCURATE TAX RETURN CAN BE FILED.

8a If this application is for Form 990-BL, 990-PF, 990-T, 4720, or 6069, enter the tentative tax, less any nonrefundable credits. See instructions \$; 8b If this application is for Form 990-PF, 990-T, 4720, or 6069, enter any refundable credits and estimated tax payments made. Include any prior year overpayment allowed as a credit and any amount paid previously with Form 8868 \$; 8c Balance Due. Subtract line 8b from line 8a. Include your payment with this form, or, if required, deposit with FTD coupon or, if required, by using EFTPS (Electronic Federal Tax Payment System). See instructions \$ N/A

Signature and Verification

Under penalties of perjury, I declare that I have examined this form, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete, and that I am authorized to prepare this form.

Signature: [Signature] Title: CPA, AS AGENT Date: 8-14-05

Notice to Applicant - To Be Completed by the IRS

We have approved this application. Please attach this form to the organization's return. We have not approved this application. However, we have granted a 10-day grace period from the later of the date shown below or the due date of the organization's return (including any prior extensions). This grace period is considered to be a valid extension of time for elections otherwise required to be made on a timely return. Please attach this form to the organization's return. We have not approved this application. After considering the reasons stated in item 7, we cannot grant your request for an extension of time to file. We are not granting a 10-day grace period. We cannot consider this application because it was filed after the extended due date of the return for which an extension was requested. Other

Director: [Signature] By: [Signature] EXTENSION APPROVED Date: AUG 24 2006

Alternate Mailing Address - Enter the address if you want the copy of this application for an additional 3-month extension returned to an address different than the one entered above.

Name: MORROW KESSLER & DOWSING PLLC; Address: 1809 7TH AVENUE, SUITE 1300, SEATTLE, WA 98101-1303

973833 05-01-05

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
22 Grants and allocations (attach schedule) ... (cash \$ <u>0</u> • noncash \$ <u>0</u> .) If this amount includes foreign grants, check here <input type="checkbox"/>				
23 Specific assistance to individuals (attach schedule)				
24 Benefits paid to or for members (attach schedule)				
25 Compensation of officers, directors, etc.	173,514.	95,255.	25,959.	52,300.
26 Other salaries and wages	164,554.	117,431.	26,349.	20,774.
27 Pension plan contributions	6,029.	3,459.	1,051.	1,519.
28 Other employee benefits	6,311.	4,309.	834.	1,168.
29 Payroll taxes	21,360.	13,272.	3,374.	4,714.
30 Professional fundraising fees				
31 Accounting fees	15,740.		15,740.	
32 Legal fees	7,206.	7,206.		
33 Supplies	27,522.	17,342.	4,124.	6,056.
34 Telephone	6,618.	4,169.	993.	1,456.
35 Postage and shipping	819,280.	370,633.	486.	448,161.
36 Occupancy	36,016.	22,690.	5,402.	7,924.
37 Equipment rental and maintenance	2,401.	1,513.	360.	528.
38 Printing and publications	4,160,527.	2,595,673.	422.	1,564,432.
39 Travel	2,492.	1,570.	373.	549.
40 Conferences, conventions, and meetings ...				
41 Interest				
42 Depreciation, depletion, etc. (attach schedule)	10,667.	3,733.	5,867.	1,067.
43 Other expenses not covered above (itemize):				
a				
b				
c				
d				
e				
f				
g SEE STATEMENT 2	1,095,720.	515,814.	26,326.	553,580.
44 Total functional expenses. Add lines 22 through 43. (Organizations completing columns (B)-(D), carry these totals to lines 13-15)	6,555,957.	3,774,069.	117,660.	2,664,228.

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 \$ 5,028,979. ; (ii) the amount allocated to Program services \$ 2,612,917. ;

(iii) the amount allocated to Management and general \$ 0. ; and (iv) the amount allocated to Fundraising \$ 2,416,062.

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? ► <u>SEE STATEMENT 3</u>	Program Service Expenses (Required for 501(c)(3) and (4) orgs., and 4947(a)(1) trusts; but optional for others.)
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.)	
a BUSH AGENDA PROJECT: ISSUE ADVOCACY CAMPAIGN TO PROMOTE LIMITED GOVERNMENT, TAX CUTS, STRONG NATIONAL DEFENSE AND TRADITIONAL FAMILY VALUES.	
(Grants and allocations \$) If this amount includes foreign grants, check here ► <input type="checkbox"/>	2,139,127.
b CU PRODUCTIONS: PRODUCE, DISTRIBUTE AND MARKET DOCUMENTARY FILMS FOCUSING ON CONTEMPORARY DOMESTIC AND INTERNATIONAL ISSUES.	
(Grants and allocations \$) If this amount includes foreign grants, check here ► <input type="checkbox"/>	1,165,378.
c AMERICAN SOVEREIGNTY PROJECT: ISSUE ADVOCACY CAMPAIGN TO PROMOTE SOVEREIGNTY AND INDEPENDENCE OF THE UNITED STATES OF AMERICA.	
(Grants and allocations \$) If this amount includes foreign grants, check here ► <input type="checkbox"/>	469,564.
d	
(Grants and allocations \$) If this amount includes foreign grants, check here ► <input type="checkbox"/>	
e Other program services (attach schedule)	
(Grants and allocations \$) If this amount includes foreign grants, check here ► <input type="checkbox"/>	
f Total of Program Service Expenses (should equal line 44, column (B), Program services) ►	3,774,069.

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
Assets	45 Cash - non-interest-bearing	363,244.	45	197,033.
	46 Savings and temporary cash investments		46	
	47 a Accounts receivable	47a		
	b Less: allowance for doubtful accounts	47b	47c	
	48 a Pledges receivable	48a		
	b Less: allowance for doubtful accounts	48b	48c	
	49 Grants receivable		49	
	50 Receivables from officers, directors, trustees, and key employees		50	
	51 a Other notes and loans receivable	51a		
	b Less: allowance for doubtful accounts	51b	51c	
	52 Inventories for sale or use		52	
	53 Prepaid expenses and deferred charges		53	
	54 Investments - securities	<input type="checkbox"/> Cost <input type="checkbox"/> FMV	54	
	55 a Investments - land, buildings, and equipment: basis	55a		
b Less: accumulated depreciation	55b	55c		
56 Investments - other		56		
57 a Land, buildings, and equipment: basis	57a	109,417.		
b Less: accumulated depreciation STMT 4	57b	76,082.		
58 Other assets (describe ► SEE STATEMENT 5)		1,374.	57c	33,335.
59 Total assets (must equal line 74). Add lines 45 through 58		294,645.	58	405,691.
59 Total assets (must equal line 74). Add lines 45 through 58		659,263.	59	636,059.
Liabilities	60 Accounts payable and accrued expenses	238,848.	60	123,998.
	61 Grants payable		61	
	62 Deferred revenue		62	
	63 Loans from officers, directors, trustees, and key employees		63	
	64 a Tax-exempt bond liabilities		64a	
	b Mortgages and other notes payable		64b	
	65 Other liabilities (describe ► ADVANCES FROM INFOCISION)		672,667.	65
66 Total liabilities. Add lines 60 through 65)		911,515.	66	906,998.
Net Assets or Fund Balances	Organizations that follow SFAS 117, check here <input checked="" type="checkbox"/> and complete lines 67 through 69 and lines 73 and 74.			
	67 Unrestricted	<252,252.>	67	<270,939.>
	68 Temporarily restricted		68	
	69 Permanently restricted		69	
	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		70	
	71 Paid-in or capital surplus, or land, building, and equipment fund		71	
	72 Retained earnings, endowment, accumulated income, or other funds		72	
	73 Total net assets or fund balances (add lines 67 through 69 or lines 70 through 72; column (A) must equal line 19; column (B) must equal line 21)	<252,252.>	73	<270,939.>
	74 Total liabilities and net assets/fund balances. Add lines 66 and 73	659,263.	74	636,059.

Part IV-A Reconciliation of Revenue per Audited Financial Statements With Revenue per Return (See the instructions.)

a	Total revenue, gains, and other support per audited financial statements		a	6,537,276.
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		b	0.
c	Subtract line b from line a		c	6,537,276.
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		d	0.
e	Total revenue (Part I, line 12). Add lines c and d		e	6,537,276.

Part IV-B Reconciliation of Expenses per Audited Financial Statements With Expenses per Return

a	Total expenses and losses per audited financial statements		a	6,555,957.
b	Amounts included on line a but not on Part I, line 17:			
1	Donated services and use of facilities	b1		
2	Prior year adjustments reported on Part I, line 20	b2		
3	Losses reported on Part I, line 20	b3		
4	Other (specify):	b4		
	Add lines b1 through b4		b	0.
c	Subtract line b from line a		c	6,555,957.
d	Amounts included on Part I, line 17, 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		d	0.
e	Total expenses (Part I, line 17). Add lines c and d		e	6,555,957.

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.)

(A) Name and address	(B) Title and average hours per week devoted to position	(C) Compensation (if not paid, enter -0-)	(D) Contributions to employee benefit plans & deferred compensation plans	(E) Expense account and other allowances
DAVID N BOSSIE 1006 PENNSYLVANIA AVE SE WASHINGTON, DC 20003	PRESIDENT AND DIRECTOR 36.00	118,735.	3,349.	0.
MICHAEL BOOS 1006 PENNSYLVANIA AVE SE WASHINGTON, DC 20003	VP/SECRETARY/GEN. COUNSEL 18.00	54,779.	1,657.	0.
BRIAN BERRY 10717 BULL RUN RIDGE DR AUSTIN, TX 78759	DIRECTOR 1.00	0.	0.	0.
FLOYD G BROWN 44 TOURAN LANE GOLETA, CA 93117	CHAIRMAN AND DIRECTOR 2.00	0.	0.	0.
RONALD E ROBINSON 110 ELDEN STREET HERDON, VA 20170	DIRECTOR 1.00	0.	0.	0.
DOUGLAS L RAMSEY 23112 SE 8TH ST SAMMAMISH, WA 98074	TRASURER AND DIRECTOR 1.00	0.	0.	0.

Part V-A Current Officers, Directors, Trustees, and Key Employees <i>(continued)</i>		Yes	No
75 a	Enter the total number of officers, directors, and trustees permitted to vote on organization business at board meetings 5		
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)	75b	X
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 this organization through common supervision or common control? SEE STATEMENT 7	75c	X
Note. Related organizations include section 509(a)(3) supporting organizations. If "Yes," attach a statement that identifies the individuals, explains the relationship between this organization and the other organization(s), and describes the compensation arrangements, including amounts paid to each individual by each related organization.			
d	Does the organization have a written conflict of interest policy?	75d	X

(A) Name and address	(B) Loans and Advances	(C) Compensation	(D) Contributions to employee benefit plans & deferred compensation plans	(E) Expense account and other allowances
NONE				

Part VI Other Information <i>(See the instructions.)</i>		Yes	No
76	Did the organization engage in any activity not previously reported to the IRS? If "Yes," attach a detailed description of each activity	76	X
77	Were any changes made in the organizing or governing documents but not reported to the IRS? If "Yes," attach a conformed copy of the changes.	77	X
78 a	Did the organization have unrelated business gross income of \$1,000 or more during the year covered by this return?	78a	X
b	If "Yes," has it filed a tax return on Form 990-T for this year? N/A	78b	
79	Was there a liquidation, dissolution, termination, or substantial contraction during the year? If "Yes," attach a statement	79	X
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?	80a	X
b	If "Yes," enter the name of the organization ► SEE STATEMENT 6 and check whether it is <input type="checkbox"/> exempt or <input type="checkbox"/> nonexempt		
81 a	Enter direct or indirect political expenditures. (See line 81 instructions.) 81a 0.		
b	Did the organization file Form 1120-POL for this year?	81b	X

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?	X	
b	Did the organization comply with the disclosure requirements relating to quid pro quo contributions?	X	
84 a	Did the organization solicit any contributions or gifts that were not tax deductible?	X	
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	X	
85	501(c)(4), (5), or (6) organizations. a Were substantially all dues nondeductible by members?	X	
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.	X	
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 N/A		
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 N/A		
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	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? If "Yes," complete Part IX		X
89 a	501(c)(3) organizations. Enter: Amount of tax imposed on the organization during the year under: section 4911 N/A; section 4912 N/A; section 4955 N/A		
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		X
c	Enter: Amount of tax imposed on the organization managers or disqualified persons during the year under sections 4912, 4955, and 4958		0.
d	Enter: Amount of tax on line 89c, above, reimbursed by the organization		0.
90 a	List the states with which a copy of this return is filed		SEE STATEMENT 8
b	Number of employees employed in the pay period that includes March 12, 2005	90b	11
91 a	The books are in care of DAVID N BOSSIE Telephone no. 202-547-5420 Located at 1006 PENNSYLVANIA SE, WASHINGTON, DC ZIP + 4 20003		
b	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)? If "Yes," enter the name of the foreign country N/A See the instructions for exceptions and filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts.	91b	X
c	At any time during the calendar year, did the organization maintain an office outside of the United States? If "Yes," enter the name of the foreign country N/A	91c	X
92	Section 4947(a)(1) nonexempt charitable trusts filing Form 990 in lieu of Form 1041- Check here and enter the amount of tax-exempt interest received or accrued during the tax year	92	N/A

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

Note: Enter gross amounts unless otherwise indicated.

	Unrelated business income		Excluded by section 512, 513, or 514		(E) Related or exempt function income
	(A) Business code	(B) Amount	(C) Exclu- sion code	(D) Amount	
93 Program service revenue:					
a VIDEO AND PUB. SALES			02		8,493.
b					
c					
d					
e					
f Medicare/Medicaid payments					
g Fees and contracts from government agencies					
94 Membership dues and assessments					1,040,940.
95 Interest on savings and temporary cash investments			14	932.	
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 ROYALTIES			02		248,260.
b					
c					
d					
e					
104 Subtotal (add columns (B), (D), and (E))		0.		932.	1,297,693.
105 Total (add line 104, columns (B), (D), and (E))					1,298,625.

Note: Line 105 plus line 1d, 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).
93	SALE OF VIDEO AND PUBLICATIONS THAT STATES THE CAUSES OF THE ORGANIZATION
93	ORGANIZATION
103	ROYALTIES FROM LIST RENTAL INCOME

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).

Please Sign Here: Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Signature of officer: *David H. Borne* Date: 11/06/06 Type or print name and title: President

Prepared by: Preparer's signature: *[Signature]* Date: 11-2-06 Check if self-employed: Preparer's SSN or PTIN: _____

Use Only: Firm's name (or yours if self-employed), address, and ZIP + 4: MORROW KESSLER & DOWSING PLLC, 1809 7TH AVENUE, SUITE 1300, SEATTLE, WA 98101-1313

EIN: _____ Phone no.: (206) 624-7434

2005 DEPRECIATION AND AMORTIZATION REPORT
FORM 990 PAGE 2

990

Asset No.	Description	Date Acquired	Method	Life	Line No.	Unadjusted Cost Or Basis	Bus % Excl	* Reduction In Basis	Basis For Depreciation	Accumulated Depreciation	Current Sec 179	Amount Of Depreciation
1	FURNITURE AN D FIXTURES	010197SL	7.00	16	8,635.				8,635.	8,635.		0.
2	OFFICE EQUIPMENT	010100SL	5.00	16	25,178.				25,178.	24,610.		0.
3	COMPUTER EQUIPMENT	010198SL	5.00	16	31,069.				31,069.	31,069.		0.
4	COMPUTER EQUIPMENT	060104SL	5.00	16	1,907.				1,907.	1,101.		381.
5	SERVER	012605SL	5.00	16	3,777.				3,777.			381.
6	SERVER	063005SL	5.00	16	4,492.				4,492.			692.
7	COMPUTER EQUIPMENT	022505SL	5.00	16	2,789.				2,789.			449.
8	COMPUTER EQUIPMENT	032505SL	5.00	16	1,301.				1,301.			465.
9	COMPUTER EQUIPMENT	052605SL	5.00	16	1,632.				1,632.			195.
10	CAM CORDER	021405SL	5.00	16	3,031.				3,031.			190.
11	PRO MAX	092505SL	5.00	16	1,739.				1,739.			556.
12	MOVIE CAMERA	030705SL	5.00	16	11,198.				11,198.			1,706.
13	EDITING MACHINE	032505SL	5.00	16	9,404.				9,404.			2,890.
14	TRI POD	063005SL	5.00	16	3,265.				3,265.			2,435.
15	* TOTAL 990 PAGE 2 DEPR		.000	16	109,417.		0.		109,417.	65,415.	0.	10,667.

528102 01-06-06 (D) - Asset disposed * ITC, Section 179, Salvage, Bonus, Commercial Revitalization Deduction, GO Zone

CITIZENS UNITED

91-1433368

FORM 990	OTHER CHANGES IN NET ASSETS OR FUND BALANCES	STATEMENT	1
DESCRIPTION		AMOUNT	
MISCELLANEOUS		<6.>	
TOTAL TO FORM 990, PART I, LINE 20		<6.>	

FORM 990	OTHER EXPENSES			STATEMENT	2
DESCRIPTION	(A) TOTAL	(B) PROGRAM SERVICES	(C) MANAGEMENT AND GENERAL	(D) FUNDRAISING	
CONSULTING	3,000.	3,000.			
ADVERTISING	155,782.	155,782.			
INSURANCE	33,249.	20,947.	4,987.	7,315.	
AGENCY FEES	188,908.	82,799.		106,109.	
LICENSES	6,401.	4,033.	960.	1,408.	
BANK FEES	193,062.		6,064.	186,998.	
DATA PROCESSING FEES	47,277.	18,518.	255.	28,504.	
CAGING FEES	39,143.	16,085.		23,058.	
LIST MAINTENANCE	388,104.	203,365.	675.	184,064.	
STATE REGISTRATIONS	1,555.	980.	233.	342.	
RESEARCH	5,654.	5,654.			
MEETING COSTS	30,388.	1,454.	13,152.	15,782.	
MISCELLANEOUS	3,197.	3,197.			
TOTAL TO FM 990, LN 43	1,095,720.	515,814.	26,326.	553,580.	

FORM 990	STATEMENT OF ORGANIZATION'S PRIMARY EXEMPT PURPOSE	STATEMENT	3
PART III			

EXPLANATION

TO PROMOTE SOCIAL WELFARE THROUGH INFORMATION AND EDUCATING THE PUBLIC ON CONSERVATIVE IDEAS AND POSITIONS ON ISSUES INCLUDING NATIONAL DEFENSE FREE.

CITIZENS UNITED

91-1433368

FORM 990 DEPRECIATION OF ASSETS NOT HELD FOR INVESTMENT STATEMENT 4

DESCRIPTION	COST OR OTHER BASIS	ACCUMULATED DEPRECIATION	BOOK VALUE
FURNITURE AND FIXTURES	8,635.	8,635.	0.
OFFICE EQUIPMENT	25,178.	24,610.	568.
COMPUTER EQUIPMENT	31,069.	31,069.	0.
COMPUTER EQUIPMENT	1,907.	1,482.	425.
SERVER	3,777.	381.	3,396.
SERVER	4,492.	692.	3,800.
COMPUTER EQUIPMENT	2,789.	449.	2,340.
COMPUTER EQUIPMENT	1,301.	465.	836.
COMPUTER EQUIPMENT	1,632.	195.	1,437.
CAM CORDER	3,031.	190.	2,841.
PRO MAX	1,739.	556.	1,183.
MOVIE CAMERA	11,198.	1,706.	9,492.
EDITING MACHINE	9,404.	2,890.	6,514.
TRI POD	3,265.	2,435.	830.
TOTAL TO FORM 990, PART IV, LN 57	109,417.	75,755.	33,662.

FORM 990 OTHER ASSETS STATEMENT 5

DESCRIPTION	AMOUNT
ADVANCES TO CITIZENS UNITED FOUNDATION (AFFILIATE)	405,691.
TOTAL TO FORM 990, PART IV, LINE 58, COLUMN B	405,691.

FORM 990 IDENTIFICATION OF RELATED ORGANIZATIONS STATEMENT 6
PART VI, LINE 80B

NAME OF ORGANIZATION	EXEMPT	NONEXEMPT
CITIZEN UNITED FOUNDATION AND THE PRESIDENTIAL COALITION LLC. TPC IS AN AFFILIATE OF OF CU.	X	
	X	

CITIZENS UNITED

91-1433368

FORM 990

PART V-A OFFICER COMPENSATION FROM
RELATED ORGANIZATIONS

STATEMENT 7

<u>OFFICER'S NAME</u>	<u>COMPENSATION</u>	<u>EMPLOYEE BENEFIT PLAN CONTRIBUTION</u>	<u>EXPENSE ACCOUNT</u>
DAVE BOSSIE	78,973.	2,232.	
<u>NAME OF RELATED ORGANIZATION</u>		<u>EMPLOYER ID NUMBER</u>	
CITIZENS UNITED FOUNDATION		54-1626748	
<u>RELATIONSHIP BETWEEN ORGANIZATIONS</u>			
COMMON SUPERVISION AND CONTROL			
<u>COMPENSATION DESCRIPTION</u>			
SALARY/WAGES AND EMPLOYEE PENSION PLAN CONTRIBUTIONS.			

<u>OFFICER'S NAME</u>	<u>COMPENSATION</u>	<u>EMPLOYEE BENEFIT PLAN CONTRIBUTION</u>	<u>EXPENSE ACCOUNT</u>
MIKE BOOS	36,520.	1,105.	
<u>NAME OF RELATED ORGANIZATION</u>		<u>EMPLOYER ID NUMBER</u>	
CITIZENS UNITED FOUNDATION		54-1626748	
<u>RELATIONSHIP BETWEEN ORGANIZATIONS</u>			
COMMON SUPERVISION AND CONTROL			
<u>COMPENSATION DESCRIPTION</u>			

CITIZENS UNITED

91-1433368

FORM 990

LIST OF STATES RECEIVING COPY OF RETURN
PART VI, LINE 90

STATEMENT 8

STATES

VA, AZ, AK, CT, FL, KS, KY, ME, MD, MA, MN, MS, NJ, NY, NC, OH, OR, PA, RI, SC, TN, WA, WV

CITIZENS UNITED

Independent Auditors' Report and Audited Financial Statements

DECEMBER 31, 2005

CITIZENS UNITED

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For Year Ended December 31, 2005

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Certified Public Accountants

1809 7th Avenue

Tel (206) 624-7434

Suite 1300

Fax (206) 623-5694

Seattle, WA 98101

Morrow
Kessler &
Dowsing PLLC

Independent Auditors' Report

To the Board of Directors
Citizens United
Washington, DC

We have audited the accompanying statement of financial position of Citizens United (a Virginia State non profit corporation) as of December 31, 2005 and the related statements of unrestricted support, revenue, expenses and changes in net assets, cash flows and functional expenses for the year then ended. These financial statements are the responsibility of Citizen's United management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. 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.

As more fully described in Notes 1 and 4 to the financial statements, Citizens United has recorded activities from fundraising organizations on the cash basis of accounting. The effect, if any from this variation from the accrued - basis of accounting method cannot be determined.

In our opinion, except of the effect of not recording the activities from fundraising organizations on the accrual basis of accounting as discussed in the preceding paragraph, the financial statements referred to above present fairly in all material respects, the financial position of Citizens United as of December 31, 2005 and the results of its operations and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Morrow Kessler & Dowsing PLLC

Morrow Kessler & Dowsing, PLLC
Certified Public Accountants

June 12, 2006

CITIZENS UNITED**Statement of Financial Position**

	As of <u>December 31, 2005</u>
Assets	
Current Assets:	
Cash	\$ 197,033
Due from Citizens United Foundation	<u>405,691</u>
Total Current Assets	602,724
Property and Equipment:	
Furniture and equipment	109,417
Less accumulated depreciation	<u>76,082</u>
	33,335
Total Assets	<u>\$ 636,059</u>
 Liabilities and Net Assets	
Current Liabilities:	
Accounts payable and accruals	\$ 123,998
Advances from Infocision – See Note 8	<u>783,000</u>
Total Current Liabilities	906,998
Net Assets	
Unrestricted (deficit):	<u>(270,939)</u>
Total Net Assets, Unrestricted	<u>(270,939)</u>
Total Liabilities and Net Assets	<u>\$ 636,059</u>

The accompanying notes are an integral part of these financial statements.

CITIZENS UNITED**Statement of Unrestricted Support, Revenue, Expenses, and Changes in Net Assets**

	Year Ended <u>December 31, 2005</u>
Support:	
Direct mail and other contributions	\$ <u>6,537,276</u>
Total Support	6,537,276
Expenses:	
Communications/Publications	3,885,474
Fundraising	2,552,823
General and administration	<u>117,660</u>
Total Expenses	6,555,957
Decrease in Unrestricted Net Assets	(18,681)
Net Assets, Unrestricted at Beginning of Year	<u>(252,258)</u>
Net Assets, Unrestricted at End of Year (Deficit)	\$ <u><u>(270,939)</u></u>

The accompanying notes are an integral part of these financial statements.

CITIZENS UNITED**Statement of Cash Flows**

	Year Ended <u>December 31, 2005</u>
Cash Flows from Operating Activities:	
Decrease in unrestricted assets	\$ (18,681)
Adjustments to reconcile net loss to net cash provided by operating activities:	
Depreciation and amortization	10,667
Changes in current assets and liabilities:	
Due from Citizens United Foundation	(111,046)
Accounts payable	(114,856)
Advances from Infocision	185,000
Lease settlement	<u>(74,667)</u>
Net Cash Used by Operating Activities:	<u>(123,583)</u>
 Cash Flows from Investing Activities:	
Purchase of Property and Equipment	<u>(42,628)</u>
Net Cash Used by Investing Activities	(42,628)
 Net Decrease in Cash	(166,211)
 Cash and Cash Equipments, Beginning	<u>363,244</u>
 Cash and Cash Equivalents, End of Year	<u>\$ 197,033</u>

Interest paid during the year was \$358.

The accompanying notes are an integral part of these financial statements

CITIZENS UNITED**Statement of Functional Expenses**

Year Ended December 31, 2005

	Program Services Communications And Publications	Fundraising	General and Administration	Total
Salaries and wages	\$ 212,686	\$ 73,074	\$ 52,308	\$ 338,068
Payroll taxes	13,720	4,714	3,374	21,808
Fringe benefits	7,768	2,687	1,885	12,340
Consulting	3,000	-	-	3,000
Accounting	-	-	15,740	15,740
Legal	7,206	-	-	7,206
Publications and film projects	2,431,862	1,330,634	-	3,762,496
Postage and shipping	370,633	448,161	486	819,280
Printing	163,811	233,798	422	398,031
Travel	1,570	549	373	2,492
Operating Costs	17,342	6,056	4,124	27,522
Agency fees	82,799	106,109	-	188,908
Rent	22,690	7,924	5,402	36,016
Telephone	4,169	1,456	993	6,618
Depreciation and amortization	3,733	1,067	5,867	10,667
Dues, subscription and Licenses	4,033	1,408	960	6,401
Bank and managements fees	111,405	75,593	6,064	193,062
Data processing	18,518	28,504	255	47,277
Caging and escrow fees	16,085	23,058	-	39,143
List maintenance	203,365	184,064	675	388,104
State registrations	980	342	233	1,555
Donations	2,026	-	-	2,026
Insurance	20,947	7,315	4,987	33,249
Maintenance	1,513	528	360	2,401
Advertising	155,782	-	-	155,782
Research	5,654	-	-	5,654
Meeting costs	1,454	15,782	13,152	30,388
Miscellaneous	723	-	-	723
Totals	<u>\$ 3,885,474</u>	<u>\$ 2,552,823</u>	<u>\$ 117,660</u>	<u>\$6,555,957</u>

The accompanying notes are an integral part of these financial statements.

CITIZENS UNITED**Notes to Financial Statements**

For Year Ended December 31, 2005

Note 1. Nature of Activities and Summary of Significant Accounting Policies:**Nature of Activities**

Citizens United (the Organization) a Virginia non profit corporation is dedicated to restoring our government to citizen control. Through a combination of education, advocacy, and grass roots organization, the Organization seeks to reassert the traditional American values of limited government, freedom of enterprise, strong families, and national sovereignty and security. The Organization's goal is to restore the founding fathers' vision of a free nation, guided by honesty, common sense, and goodwill of its citizens. Contributions come from throughout the United States.

Basis of Accounting

The financial statements have been presented on the accrual basis of accounting. Revenue is recognized when earned and expenses are recognized when incurred. Revenues that are from fundraising organizations are recorded when received and the related expenses are recorded when paid. This is not in compliance with accounting principles generally accepted in the United States of America. See Note 4 for additional information on accounting with fundraising organizations. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor, or contributed in response to a specific appeal.

Contributions

The Organization adopted Statement of Financial Accounting Standards (SFAS) number 116, "Accounting for Contributions Received and Contributions Made," in 1996, whereby contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence and or nature of any donor restrictions. Restricted net assets are reclassified to unrestricted net assets upon satisfaction of the time or purpose restrictions. As of December 31, 2005, the Organization had no temporarily or permanently restricted net assets.

Financial Statement Presentation

The Organization adopted SFAS number 117, "Financial Statements of Not For Profit Organizations" in 1996. Under SFAS number 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. In addition, the Organization is required to present a statement of cash flows. As of December 31, 2005, the Organization did not have any restricted net assets.

Cash and Cash Equivalents

For purpose of reporting the statement of cash flows, the Organization considers all cash accounts, which are not subject to withdrawal restrictions or penalties, and all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

Income Taxes

The Internal Revenue Service has determined that the Organization is exempt from federal income tax under Section 501 (C) (4) of the internal revenue code. The Organization had no unrelated business income for the year ended December 31, 2005.

CITIZENS UNITED

Notes to Financial Statements (Continued)

For Year Ended December 31, 2005

***Note 1. Nature of Activities and Summary of Significant Accounting Policies
(continued):***

Estimates

Management uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported support, revenue and expenses. Actual results could vary from the estimates that were assumed in preparing the financial statements.

Property and Equipment

Property, plant, and equipment are carried at their original costs or fair market value, if donated, less accumulated depreciation which is computed on the straight line basis over lives of three to seven years. Amounts over \$1,000 are capitalized.

Note 2. Allocation of Joint Costs:

In 2005, the Organization incurred joint costs of \$5,028,979 for informational materials and activities that included fundraising appeals. Of those costs, \$2,416,062 was allocated to fundraising expense, and \$2,612,917 was allocated to program service expense-communications.

Note 3. Donor List:

The Organization owns a continually developing donor list with a value which is not readily determinable. Even though the value of the list is significant, it has not been reflected on the balance sheet due to its undeterminable character, and because no specifically determinable cost can be allocated to it.

Note 4-Contractual Agreement With Fundraisers:

During the course of the year, the Organization contracts with two fundraising agencies in addition to in house fundraising. The contracts with these agencies state that the Organization's liabilities are limited to the assets of the fundraising mailings.

The Organization receives from the agencies monthly statements reflecting the activity of the fundraiser. The Organization records this information into their accounting records. This includes the contributions received and the payments to vendors. The Organization maintains separate checking accounts for each mailing. The checking accounts are recorded in the financial statements and have a combined balance of approximately \$79,000. The Organization's liability is limited to the cash balance in the escrow accounts at year end. Therefore, the Organization has recorded a liability for approximately \$79,000. At the end of the fundraiser, the remaining cash balance (if any) will belong to the Organization. Thus, donations and payables from vendors are recorded when received and when paid.

CITIZENS UNITED**Notes to Financial Statements (Continued)**

For Year Ended December 31, 2005

Note 5. Related Party Transactions:

On a regular basis, the Organization lends money to Citizens United Foundation (a sister organization of Citizens United which is operated by the same management and is exempt under federal income taxes under Section 501 (C) (3) of the Internal Revenue Service (code) on a interest free basis. During the year, funds of approximately \$111,000 were borrowed. During the year, Citizens United paid rent of approximately \$36,000 to Citizens United Foundation. The lease is on a month to month basis.

Note 6. Commitment and Contingencies:

On May 21, 2003, Winkler Southern Towers Limited Partnership (Winkler) a former landlord filed a two count action suit in Virginia against Citizens United and Citizens United Foundation; count 1, alleged breach of its lease with Winkler. Winkler sought judgment in the amount of \$115,000, plus pre judgment and post judgment interest along with costs of attorney's fees arising from this alleged breach. Count 2, alleged that Citizens United transferred to Citizens United Foundation funds in year 2002 to purchase its present office location at a time when Citizens United was either insolvent or rendered insolvent as a result of the alleged transfer.

The case was settled in early 2005 for approximately \$134,000. The amount of the settlement has been paid to Winkler and was recorded in the 2004 financial statements.

Note 7. Pension Plan:

The Organization has a Simple IRA pension plan which covers all full time employees over the age of twenty one. During the year, the Organization contributed approximately \$7,000 to a Simple IRA plan.

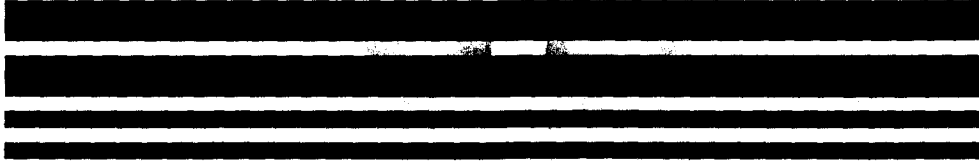
Note 8. Advances From Infocision:

During the 2004, Infocision, a fund raising company advanced the Organization \$1,000,000 for production of a movie. The movie is a part of the Organizations fundraising activities. Contributions from donors are used to pay for the cost of the movie. Through December 31, 2005, contributions of approximately \$217,000 have been received to offset a part of the advances. Through 2006, another \$127,000 has been received from donors. According to management, their agreement with Infocision contains a break even guarantee. Under that agreement, if the Organization or Infocision decides to terminate the agreement, all sums due Infocision are subject to the recall provision in the contract, which allows Infocision to make up to three recalls of mailings to donors over an eighteen month period to recoup any amounts owed under the agreement; afterwards, any remaining balance on the advances would be forgiven. Costs associated with the production of the movies are expensed as incurred.

COPY OF WITHIN PAPER
RECEIVED
JAN 16 2007
NYS OFFICE OF THE ATTORNEY GENERAL
CHARITIES BUREAU

34

EXHIBIT F



Group Check ID G201303060000193

16-22-36 25 JS

Form CHAR500 <small>This form used for Article 7-A, EPTL and dual filers. It replaces forms CHAR 497, CHAR 498 and CHAR 499.</small>	Annual Filing for Charitable Organizations New York State Department of Law (Office of the Attorney General) Charities Bureau - Registration Section 120 Broadway New York, NY 10271 http://www.charitiesnys.com	2011 Open to Public Inspection
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1. General Information

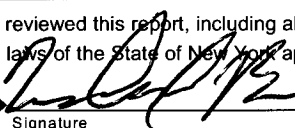
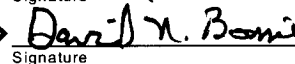
a. For the fiscal year beginning (mm/dd/yyyy) 01/01 / **2011** and ending (mm/dd/yyyy) 12/31/2011

b. Check if applicable for NYS: <input type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial filing <input type="checkbox"/> Final filing <input type="checkbox"/> Amended filing <input type="checkbox"/> NY registration pending	c. Name of organization Citizens United	d. Fed. employer ID no. (EIN) (##-####-####) 91-1433369
	e. NY State registration no. (##-###-###) 12-22-36 <u>16-22-26</u>	f. Telephone number 202-547-5420
	Number and street (or P.O. box if mail not delivered to street address) Room/suite 1006 Pennsylvania Ave., SE	g. Email michaelboos@citizensunited.org

City or town, state or country and zip + 4
Washington, DC 20003

2. Certification - Two Signatures Required

We certify under penalties of perjury that we reviewed this report, including all attachments, and to the best of our knowledge and belief, they are true, correct and complete in accordance with the laws of the State of New York applicable to this report.

a. President or Authorized Officer	 Signature	Michael Boos Printed Name	Vice President Title	<u>1/14/2013</u> Date
b. Chief Financial Officer or Treas.	 Signature	David N. Bossie Printed Name	President Title	<u>1/29/13</u> Date

3. Annual Report Exemption Information

a. **Article 7-A annual report exemption** (Article 7-A registrants and dual registrants)
 Check if total contributions from NY State (including residents, foundations, corporations, government agencies, etc.) did not exceed \$25,000 **and** the organization did not engage a professional fund raiser (PFR) or fund raising counsel (FRC) to solicit contributions during this fiscal year.
NOTE: An organization may claim this exemption if no PFR or FRC was used **and** either: 1) it received an allocation from a federated fund, United Way or incorporated community appeal **and** contributions from other sources did not exceed \$25,000 **or** 2) it received all or substantially all of its contributions from one government agency to which it submitted an annual report similar to that required by Article 7-A.

b. **EPTL annual report exemption** (EPTL registrants and dual registrants)
 Check if gross receipts did not exceed \$25,000 **and** assets (market value) did not exceed \$25,000 at any time during this fiscal year.

For EPTL or Article-7A registrants claiming the annual report exemption under the one law under which they are registered and for dual registrants claiming the annual report exemptions under both laws, simply complete part 1 (General Information), part 2 (Certification) and part 3 (Annual Report Exemption Information) above.
Do not submit a fee, do not complete the following schedules and do not submit any attachments to this form.

4. Article 7-A Schedules

If you did **not** check the Article 7-A annual report exemption above, complete the following for this fiscal year:

a. Did the organization use a professional fund raiser, fund raising counsel or commercial co-venturer for fund raising activity in NY State? **Yes*** **No**
 * If "Yes", complete **Schedule 4a.**

b. Did the organization receive government contributions (grants)? **Yes*** **No**
 * If "Yes", complete **Schedule 4b.**

5. Fee Submitted: See last page for summary of fee requirements.

Indicate the filing fee(s) you are submitting along with this form:

a. Article 7-A filing fee \$ <u>25</u>	Submit only one check or money order for the total fee, payable to "NYS Department of Law"
b. EPTL filing fee \$ _____	
c. Total fee \$ <u>25</u>	

6. Attachments - For organizations that are not claiming annual report exemptions under both laws, see last page for required attachments →→→

Schedule 4a: Professional Fund Raisers (PFR), Fund Raising Counsels (FRC), Commercial Co-Venturers (CCV)

If you checked the box in question 4.a. on page 1, complete the following schedule for each PFR, FRC or CCV that the organization engaged for fund raising activity in NY State:

1. Type of fund raising professional (FRP):
- Professional fund raiser
 - Fund raising counsel
 - Commercial co-venturer

2. Name of FRP:
InfoCision Management Corporation

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

City or town, state or country and zip + 4:
Akron, OH 44333

3. FRP telephone number:
330-668-1400

4. Services provided by FRP (provide description):
Telemarketing, program management and fulfillment services.

5. Compensation arrangement with FRP (provide description):
Fee vary according to the following fee schedule: Prospecting: \$2.50 per completed call; Housefile: \$4.50 per completed call; Do Not Call & Other Mailings: \$.40 per piece; Inbound calls: \$.95 per minute; follow-up mailings for pledges \$1.01 each plus postage and stationery; list rental and outside purchases cost plus 17.65% mark-up; creative services \$85/ hour; credit card processing fee \$2.00 per transaction; and debit card processing fee \$2.00 per transaction.

6. Dates of contract 01/01/2012 through 12/31/2012
(mm/dd/yyyy) (mm/dd/yyyy)

7. Amount paid to FRP \$ 5,411,172

8. If services were provided by a CCV, did the CCV provide the charitable organization with the interim report(s) required by §§ 173-a. 3 of the Executive Law?

)

Schedule 4a: Professional Fund Raisers (PFR), Fund Raising Counsels (FRC), Commercial Co-Venturers (CCV)	
If you checked the box in question 4.a. on page 1, complete the following schedule for each PFR, FRC or CCV that the organization engaged for fund raising activity in NY State:	
1. Type of fund raising professional (FRP):	
Professional fund raiser	<input type="checkbox"/>
Fund raising counsel	<input checked="" type="checkbox"/>
Commercial co-venturer	<input type="checkbox"/>
2. Name of FRP:	
<u>HSP Direct, LLC</u>	
Number and street (or P.O. box if mail is not delivered to street address):	
<u>13755 Sunrise Valley Drive</u>	
City or town, state or country and zip + 4:	
<u>Herndon, VA 20170</u>	
3. FRP telephone number:	
<u>703-793-3220</u>	
4. Services provided by FRP (provide description):	
<u>Direct mail consulting</u>	
5. Compensation arrangement with FRP (provide description):	
<u>\$75/1,000 fundraising packages processed by the amiling house for mailing under the contract.</u>	
6. Dates of contract	
<u>01/20/2002</u> through <u>12/31/2020</u> <small>(mm/dd/yyyy) (mm/dd/yyyy)</small>	
7. Amount paid to FRP	
\$ <u>698,869</u>	
8. If services were provided by a CCV, did the CCV provide the charitable organization with the interim report(s) required by §§ 173-a. 3 of the Executive Law?	

)

Schedule 4b: Government Contributions (Grants)

If you checked the box in question **4.b.** on page 1, complete the following schedule for **each** government contribution (grant). Use additional copies of this page if necessary to list each government contribution (grant) separately.

Government Agency Name	Grant Amount
None	\$
	\$
	\$
	\$
	\$
	\$
	\$
	\$
	\$
	\$
	\$
	\$
	\$
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	\$
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	\$
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	\$
	\$
Total Government Contributions (Grants)	\$ 0

5. Fee Instructions

The filing fee depends on the organization's Registration Type. For details on Registration Type and filing fees, see the Instructions for Form CHAR500.

Organization's Registration Type	Fee Instructions
• Article 7-A	Calculate the Article 7-A filing fee using the table in part a below. The EPTL filing fee is \$0.
• EPTL	Calculate the EPTL filing fee using the table in part b below. The Article 7-A filing fee is \$0.
• Dual	Calculate both the Article 7-A and EPTL filing fees using the tables in parts a and b below. Add the Article 7-A and EPTL filing fees together to calculate the total fee. Submit a single check or money order for the total fee.

a) **Article 7-A filing fee**

Total Support & Revenue	Article 7-A Fee
more than \$250,000	\$25
up to \$250,000 *	\$10

* Any organization that contracted with or used the services of a professional fund raiser (PFR) or fund raising counsel (FRC) during the reporting period must pay an Article 7-A filing fee of \$25, regardless of total support and revenue.

b) **EPTL filing fee**

Net Worth at End of Year	EPTL Fee
Less than \$50,000	\$25
\$50,000 or more, but less than \$250,000	\$50
\$250,000 or more, but less than \$1,000,000	\$100
\$1,000,000 or more, but less than \$10,000,000	\$250
\$10,000,000 or more, but less than \$50,000,000	\$750
\$50,000,000 or more	\$1500

6. Attachments – Document Attachment Check-List

Check the boxes for the documents you are attaching.

For All Filers

Filing Fee

Single check or money order payable to "NYS Department of Law"

Copies of Internal Revenue Service Forms

<input checked="" type="checkbox"/> IRS Form 990	<input type="checkbox"/> IRS Form 990-EZ	<input type="checkbox"/> IRS Form 990-PF
<input type="checkbox"/> All required schedules (including Schedule B)	<input type="checkbox"/> All required schedules (including Schedule B)	<input type="checkbox"/> All required schedules (including Schedule B)
<input type="checkbox"/> IRS Form 990-T	<input type="checkbox"/> IRS Form 990-T	<input type="checkbox"/> IRS Form 990-T

Additional Article 7-A Document Attachment Requirement

Independent Accountant's Report

Audit Report (total support & revenue more than \$250,000)

Review Report (total support & revenue \$100,001 to \$250,000)

No Accountant's Report Required (total support & revenue not more than \$100,000)

CURBO 11/09/2012 9:09 AM

Form **8879-EO**

**IRS e-file Signature Authorization
for an Exempt Organization**

OMB No. 1545-1878

For calendar year 2011, or fiscal year beginning 2011, and ending 20

▶ Do not send to the IRS. Keep for your records.

▶ See instructions on back.

2011

Department of the Treasury
Internal Revenue Service
Name of exempt organization

Employer identification number

91-1433368

CITIZENS UNITED

Name and title of officer

**David Bossie
President**

Type of Return and Return Information (Whole Dollars Only)

Check the box for the return for which you are using this Form 8879-EO and enter the applicable amount, if any, from the return. If you check the box on line 1a, 2a, 3a, 4a, or 5a, below, and the amount on that line for the return being filed with this form was blank, then leave line 1b, 2b, 3b, 4b, or 5b, whichever is applicable, blank (do not enter -0-). But, if you entered -0- on the return, then enter -0- on the applicable line below. Do not complete more than 1 line in Part I.

1a Form 990 check here ▶ <input checked="" type="checkbox"/>	b Total revenue, if any (Form 990, Part VIII, column (A), line 12)	1b	14,604,052
2a Form 990-EZ check here ▶ <input type="checkbox"/>	b Total revenue, if any (Form 990-EZ, line 9)	2b	
3a Form 1120-POL check here ▶ <input type="checkbox"/>	b Total tax (Form 1120-POL, line 22)	3b	
4a Form 990-PF check here ▶ <input type="checkbox"/>	b Tax based on investment income (Form 990-PF, Part VI, line 5)	4b	
5a Form 990-B check here ▶ <input type="checkbox"/>	b Balance Due (Form 990-B, Part I, line 3c or Part II, line 8c)	5b	

Declaration and Signature Authorization of Officer

Under penalties of perjury, I declare that I am an officer of the above organization and that I have examined a copy of the organization's 2011 electronic return and accompanying schedules and statements and to the best of my knowledge and belief, they are true, correct, and complete. I further declare that the amount in Part I above is the amount shown on the copy of the organization's electronic return. I consent to allow my intermediate service provider, transmitter, or electronic return originator (ERO) to send the organization's return to the IRS and to receive from the IRS (a) an acknowledgement of receipt or reason for rejection of the transmission, (b) the reason for any delay in processing the return or refund, and (c) the date of any refund. If applicable, I authorize the U.S. Treasury and its designated Financial Agent to initiate an electronic funds withdrawal (direct debit) entry to the financial institution account indicated in the tax preparation software for payment of the organization's federal taxes owed on this return, and the financial institution to debit the entry to this account. To revoke a payment, I must contact the U.S. Treasury Financial Agent at 1-888-353-4537 no later than 2 business days prior to the payment (settlement) date. I also authorize the financial institutions involved in the processing of the electronic payment of taxes to receive confidential information necessary to answer inquiries and resolve issues related to the payment. I have selected a personal identification number (PIN) as my signature for the organization's electronic return and, if applicable, the organization's consent to electronic funds withdrawal.

Officer's PIN: check one box only

I authorize **Robert Loe & Associates** to enter my PIN **20003** as my signature
ERO firm name Enter five numbers, but do not enter all zeros

on the organization's tax year 2011 electronically filed return. If I have indicated within this return that a copy of the return is being filed with a state agency(ies) regulating charities as part of the IRS Fed/State program, I also authorize the aforementioned ERO to enter my PIN on the return's disclosure consent screen.

As an officer of the organization, I will enter my PIN as my signature on the organization's tax year 2011 electronically filed return. If I have indicated within this return that a copy of the return is being filed with a state agency(ies) regulating charities as part of the IRS Fed/State program, I will enter my PIN on the return's disclosure consent screen.

Officer's signature

David W. Bossie

Date ▶ **11/09/12**

Certification and Authentication

ERO's EFIN/PIN. Enter your six-digit electronic filing identification number (EFIN) followed by your five-digit self-selected PIN.

91420598119

do not enter all zeros

I certify that the above numeric entry is my PIN, which is my signature on the 2011 electronically filed return for the organization indicated above. I confirm that I am submitting this return in accordance with the requirements of Pub. 4183, Modernized e-File (MeF) Information for Authorized IRS e-file Providers for Business Returns.

ERO's signature

Date

ERO Must Retain This Form—See Instructions

Do Not Submit This Form To the IRS Unless Requested To Do So

For Paperwork Reduction Act Notice, see back of form.

Form **8879-EO** (2011)

CU990 11/03/2012 2:48 PM

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

2011

Open to Public Inspection

A For the 2011 calendar year, or tax year beginning _____, and ending _____

B Check if applicable: <input type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial return <input type="checkbox"/> Terminated <input type="checkbox"/> Amended return <input type="checkbox"/> Application pending	C Name of organization CITIZENS UNITED		D Employer identification number 91-1433368
	Doing Business As Draft as of November 3, 2012		E Telephone number 202-547-5420
	Number and street (or P.O. box if mail is not delivered to street address) 1006 PENNSYLVANIA AVENUE SE		
	City or town, state or country, and ZIP + 4 WASHINGTON DC 20003		F Gross receipts: 14,604,052
F Name and address of principal officer: DAVID N BOSSIE 1006 PENNSYLVANIA AVENUE SE WASHINGTON DC 20003			H(a) is this a group return for affiliates? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No H(b) Are all affiliates included? <input type="checkbox"/> Yes <input type="checkbox"/> No If "No," attach a list (see instructions)
I Tax-exempt status: <input type="checkbox"/> 501(c)(3) <input checked="" type="checkbox"/> 501(c) (4) (insert no.) <input type="checkbox"/> 4947(a)(1) or <input type="checkbox"/> 527			
J Website: WWW.CITIZENSONUNITED.ORG K(c) Group exemption number			
K Form of organization: <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Trust <input type="checkbox"/> Association <input type="checkbox"/> Other			L Year of formation: 1988 M State of legal domicile: VA

Part I Summary

Activities & Governance	1 Briefly describe the organization's mission or most significant activities: See Schedule O		
	2 Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets.		
	3 Number of voting members of the governing body (Part VI, line 1a)	3	6
	4 Number of independent voting members of the governing body (Part VI, line 1b)	4	5
	5 Total number of individuals employed in calendar year 2011 (Part V, line 2a)	5	26
	6 Total number of volunteers (estimate if necessary)	6	0
	7a Total unrelated business revenue from Part VIII, column (C), line 12	7a	0
b Net unrelated business taxable income from Form 990-T, line 34	7b	0	
Revenue	8 Contributions and grants (Part VIII, line 1h)	Prior Year	Current Year
	9 Program service revenue (Part VIII, line 2g)	4,791,960	14,054,542
	10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	177,681	74,100
	11 Other revenue (Part VIII, column (A), lines 5, 6d, 6c, 9c, 10c, and 11e)	547	0
	12 Total revenue - add lines 8 through 11 (must equal Part VIII, column (A), line 12)	202,493	475,410
		15,172,681	14,604,052
Expenses	13 Grants and similar amounts paid (Part IX, column (A), lines 1-3)	0	0
	14 Benefits paid to or for members (Part IX, column (A), line 4)	0	0
	15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10)	726,439	817,458
	16a Professional fundraising fees (Part IX, column (A), line 11e)	696,694	1,098,495
	b Total fundraising expenses (Part IX, column (D), line 25) ▶	4,369,487	
	17 Other expenses (Part IX, column (A), lines 11a-11d, 11f-24e)	13,755,697	11,765,485
18 Total expenses. Add lines 13-17 (must equal Part IX, column (A), line 25)	696,694	1,098,495	
19 Revenue less expenses. Subtract line 18 from line 12	15,178,830	13,681,438	
	-6,149	922,614	
Net Assets or Fund Balances	20 Total assets (Part X, line 16)	Beginning of Current Year	End of Year
	21 Total liabilities (Part X, line 20)	1,462,297	2,228,178
	22 Net assets or fund balances. Subtract line 21 from line 20	330,224	173,491
	1,132,079	2,054,687	

Part II Signature Block

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here	Signature of officer	Date
	David Bossie Type or print name and title	President

Paid Preparer Use Only	Print/preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if PTIN
	Robert Loe	Robert Loe	11/03/12	call-employed
	Firm's name ▶	Firm's EIN ▶	PTIN	
	221 First Avenue West Ste 400	91-1394452		
	Firm's address ▶	Seattle, WA 98119-4223		Phone no. 206-292-1747

May the IRS discuss this return with the preparer shown above? (see instructions) Yes No

For Paperwork Reduction Act Notice, see the separate instructions.

Form 990 (2011)

CU990 11/03/2012 2:48 PM

Form 990 (2011) **CITIZENS UNITED**

91-1433368

Page **2**

Part III Statement of Program Service Accomplishments

Check if Schedule O contains a response to any question in this Part III

1 Briefly describe the organization's mission:

See Schedule O

2 Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ? Yes No

If "Yes," describe these new services on Schedule O.

3 Did the organization cease conducting, or make significant changes in how it conducts, any program services? Yes No

If "Yes," describe these changes on Schedule O.

4 Describe the organization's program service accomplishments for each of its three largest program services, as measured by expenses. Section 501(c)(3) and 501(c)(4) organizations and section 4947(a)(1) trusts are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported.

4a (Code:) (Expenses \$ **2,631,146** including grants of \$) (Revenue \$)
ISSUE ADVOCACY CAMPAIGN TO PROMOTE LIMITED GOVERNMENT, TAX CUTS AND A STRONG NATIONAL DEFENSE.

4b (Code:) (Expenses \$ **1,782,389** including grants of \$) (Revenue \$ **74,100**)
CITIZENS UNITED PRODUCTIONS: PRODUCE, DISTRIBUTE AND MARKET DOCUMENTARY FILMS FOCUSING ON CONTEMPORARY DOMESTIC AND INTERNATIONAL ISSUES.

4c (Code:) (Expenses \$ **2,546,271** including grants of \$) (Revenue \$)
"NATIONAL COMMITTEE FOR FAMILY, FAITH AND PRAYER": PUBLIC EDUCATION AND ISSUES ADVOCACY TO PROMOTE THE ROLE OF RELIGION IN SOCIETY, AND TRADITIONAL FAMILY VALUES.

4d Other program services. (Describe in Schedule O.)

(Expenses \$ **1,527,763** including grants of \$) (Revenue \$)

4e Total program service expenses **8,487,569**

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Part IV Checklist of Required Schedules

		Yes	No
1	Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? If "Yes," complete Schedule A		X
2	Is the organization required to complete Schedule B, Schedule of Contributors (see instructions)?	X	
3	Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? If "Yes," complete Schedule C, Part I		X
4	Section 501(c)(3) organizations. Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? If "Yes," complete Schedule C, Part II		
5	Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? If "Yes," complete Schedule C, Part III		X
6	Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? If "Yes," complete Schedule D, Part I		X
7	Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? If "Yes," complete Schedule D, Part II		X
8	Did the organization maintain collections of works of art, historical treasures, or other similar assets? If "Yes," complete Schedule D, Part III		X
9	Did the organization report an amount in Part X, line 21; serve as a custodian for amounts not listed in Part X; or provide credit counseling, debt management, credit repair, or debt negotiation services? If "Yes," complete Schedule D, Part IV		X
10	Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? If "Yes," complete Schedule D, Part V		X
11	If the organization's answer to any of the following questions is "Yes," then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable.		
a	Did the organization report an amount for land, buildings, and equipment in Part X, line 10? If "Yes," complete Schedule D, Part VI	X	
b	Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VII		X
c	Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VIII		X
d	Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part IX	X	
e	Did the organization report an amount for other liabilities in Part X, line 25? If "Yes," complete Schedule D, Part X		X
f	Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? If "Yes," complete Schedule D, Part X	X	
12a	Did the organization obtain separate, independent audited financial statements for the tax year? If "Yes," complete Schedule D, Parts XI, XII, and XIII	X	
b	Was the organization included in consolidated, independent audited financial statements for the tax year? If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI, XII, and XIII is optional		X
13	Is the organization a school described in section 170(b)(1)(A)(ii)? If "Yes," complete Schedule E		X
14a	Did the organization maintain an office, employees, or agents outside of the United States?		X
b	Did the organization have aggregate revenues or expenses of more than \$10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at \$100,000 or more? If "Yes," complete Schedule F, Parts I and IV		X
15	Did the organization report on Part IX, column (A), line 3, more than \$5,000 of grants or assistance to any organization or entity located outside the United States? If "Yes," complete Schedule F, Parts II and IV		X
16	Did the organization report on Part IX, column (A), line 3, more than \$5,000 of aggregate grants or assistance to individuals located outside the United States? If "Yes," complete Schedule F, Parts III and IV		X
17	Did the organization report a total of more than \$16,000 of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? If "Yes," complete Schedule G, Part I (see instructions)	X	
18	Did the organization report more than \$15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? If "Yes," complete Schedule G, Part II		X
19	Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 8a? If "Yes," complete Schedule G, Part III		X
20a	Did the organization operate one or more hospital facilities? If "Yes," complete Schedule H		X
b	If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return?		

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Part IV Checklist of Required Schedules (continued)

		Yes	No
21	Did the organization report more than \$5,000 of grants and other assistance to any government or organization in the United States on Part IX, column (A), line 1? If "Yes," complete Schedule I, Parts I and II		X
22	Did the organization report more than \$5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? If "Yes," complete Schedule I, Parts I and III		X
23	Did the organization answer "Yes" to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? If "Yes," complete Schedule J	X	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, that was issued after December 31, 2002? If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25		X
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?		
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?		
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?		
25a	Section 501(c)(3) and 501(c)(4) organizations. Did the organization engage in an excess benefit transaction with a disqualified person during the year? If "Yes," complete Schedule L, Part I		X
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? If "Yes," complete Schedule L, Part I		X
26	Was a loan to or by a current or former officer, director, trustee, key employee, highly compensated employee, or disqualified person outstanding as of the end of the organization's tax year? If "Yes," complete Schedule L, Part II		X
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor or employee thereof, a grant selection committee member, or to a 35% controlled entity or family member of any of these persons? If "Yes," complete Schedule L, Part III		X
28	Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions):		
a	A current or former officer, director, trustee, or key employee? If "Yes," complete Schedule L, Part IV		X
b	A family member of a current or former officer, director, trustee, or key employee? If "Yes," complete Schedule L, Part IV		X
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? If "Yes," complete Schedule L, Part IV		X
29	Did the organization receive more than \$25,000 in non-cash contributions? If "Yes," complete Schedule M		X
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? If "Yes," complete Schedule M		X
31	Did the organization liquidate, terminate, or dissolve and cease operations? If "Yes," complete Schedule N, Part I		X
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? If "Yes," complete Schedule N, Part II		X
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? If "Yes," complete Schedule R, Part I		X
34	Was the organization related to any tax-exempt or taxable entity? If "Yes," complete Schedule R, Parts II, III, IV, and V, line 1	X	
35a	Did the organization have a controlled entity within the meaning of section 512(b)(13)?		X
b	Did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? If "Yes," complete Schedule R, Part V, line 2		X
36	Section 501(c)(3) organizations. Did the organization make any transfers to an exempt non-charitable related organization? If "Yes," complete Schedule R, Part V, line 2		
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? If "Yes," complete Schedule R, Part VI		X
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11 and 19? Note. All Form 990 filers are required to complete Schedule O	X	

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Part V Statements Regarding Other IRS Filings and Tax Compliance

Check if Schedule O contains a response to any question in this Part V

		Yes	No
1a	Enter the number reported in Box 3 of Form 1099. Enter -0- if not applicable		
1a	20		
1b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable		
1b	0		
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	X	
2a	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return		
2a	26		
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? Note: If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)	X	
3a	Did the organization have unrelated business gross income of \$1,000 or more during the year?		X
b	If "Yes," has it filed a Form 990-T for this year? If "No," provide an explanation in Schedule O		
3b			
4a	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)?		X
b	If "Yes," enter the name of the foreign country: See instructions for filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts.		
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?		X
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?		X
c	If "Yes" to line 5a or 5b, did the organization file Form 8886-T?		
5c			
6a	Does the organization have annual gross receipts that are normally greater than \$100,000, and did the organization solicit any contributions that were not tax deductible?	X	
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	X	
7	Organizations that may receive deductible contributions under section 170(c).		
a	Did the organization receive a payment in excess of \$75 made partly as a contribution and partly for goods and services provided to the payor?		
7a			
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?		
7b			
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?		
7c			
d	If "Yes," indicate the number of Forms 8282 filed during the year		
7d			
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?		
7e			
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?		
7f			
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?		
7g			
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?		
7h			
8	Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations. Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?		
8			
9	Sponsoring organizations maintaining donor advised funds.		
a	Did the organization make any taxable distributions under section 4988?		
9a			
b	Did the organization make a distribution to a donor, donor advisor, or related person?		
9b			
10	Section 501(c)(7) organizations. Enter:		
a	Initiation fees and capital contributions included on Part VIII, line 12	10a	
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	10b	
11	Section 501(c)(12) organizations. Enter:		
a	Gross income from members or shareholders	11a	
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them.)	11b	
12a	Section 4847(a)(1) non-exempt charitable trusts. Is the organization filing Form 990 in lieu of Form 1041?	12a	
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year	12b	
13	Section 501(c)(29) qualified nonprofit health insurance issuers.		
a	Is the organization licensed to issue qualified health plans in more than one state? Note: See the instructions for additional information the organization must report on Schedule O.	13a	
b	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans	13b	
c	Enter the amount of reserves on hand	13c	
14a	Did the organization receive any payments for indoor tanning services during the tax year?	14a	X
b	If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O	14b	

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Part VI Governance, Management, and Disclosure For each "Yes" response to lines 2 through 7b below, and for a "No" response to line 8a, 8b, or 10b below, describe the circumstances, processes, or changes in Schedule O. See instructions. Check if Schedule O contains a response to any question in this Part VI.

Section A. Governing Body and Management

		Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year. If there are material differences in voting rights among members of the governing body, or if the governing body delegated broad authority to an executive committee or similar committee, explain in Schedule O. 6		
b	Enter the number of voting members included in line 1a, above, who are independent. 5		
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?		<input checked="" type="checkbox"/>
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors, or trustees, or key employees to a management company or other person?		<input checked="" type="checkbox"/>
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?		<input checked="" type="checkbox"/>
5	Did the organization become aware during the year of a significant diversion of the organization's assets?		<input checked="" type="checkbox"/>
6	Did the organization have members or stockholders?		<input checked="" type="checkbox"/>
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?		<input checked="" type="checkbox"/>
b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?		<input checked="" type="checkbox"/>
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following:		
a	The governing body?	<input checked="" type="checkbox"/>	
b	Each committee with authority to act on behalf of the governing body?	<input checked="" type="checkbox"/>	
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O.		<input checked="" type="checkbox"/>

Section B. Policies (This Section B requests information about policies not required by the Internal Revenue Code.)

		Yes	No
10a	Did the organization have local chapters, branches, or affiliates?		<input checked="" type="checkbox"/>
b	If "Yes," did the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with the organization's exempt purposes?		
11a	Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form?	<input checked="" type="checkbox"/>	
b	Describe in Schedule O the process, if any, used by the organization to review this Form 990.		
12a	Did the organization have a written conflict of interest policy? If "No," go to line 13.	<input checked="" type="checkbox"/>	
b	Were officers, directors, or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	<input checked="" type="checkbox"/>	
c	Did the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this was done.	<input checked="" type="checkbox"/>	
13	Did the organization have a written whistleblower policy?		<input checked="" type="checkbox"/>
14	Did the organization have a written document retention and destruction policy?	<input checked="" type="checkbox"/>	
15	Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision?		
a	The organization's CEO, Executive Director, or top management official	<input checked="" type="checkbox"/>	
b	Other officers or key employees of the organization. If "Yes" to line 15a or 15b, describe the process in Schedule O (see instructions).		<input checked="" type="checkbox"/>
16a	Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year?	<input checked="" type="checkbox"/>	
b	If "Yes," did the organization follow a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and take steps to safeguard the organization's exempt status with respect to such arrangements?	<input checked="" type="checkbox"/>	

Section C. Disclosure

- 17 List the states with which a copy of this Form 990 is required to be filed: **AL, AR, AZ, CO, CT, FL, HI, KS, KY, ME, MD, MA, MS**
- 18 Section 6104 requires an organization to make its Forms 1023 (or 1024 if applicable), 990, and 990-T (Section 501(c)(3)s only) available for public inspection. Indicate how you made these available. Check all that apply.
 Own website Another's website Upon request
- 19 Describe in Schedule O whether (and if so, how), the organization made its governing documents, conflict of interest policy, and financial statements available to the public during the tax year.
- 20 State the name, physical address, and telephone number of the person who possesses the books and records of the organization: **DAVID N BOSSIE** **1006 PENNSYLVANIA AVENUE SE** **DC 20003** **202-547-5420**
WASHINGTON

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Part VII Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors

Check if Schedule O contains a response to any question in this Part VII

Section A Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

1a Complete this table for all persons required to be listed. Report compensation for the calendar year ending with or within the organization's tax year.

- List all of the organization's current officers, directors, trustees (whether individuals or organizations), regardless of amount of compensation. Enter -0- in columns (D), (E), and (F) if no compensation was paid.
- List all of the organization's current key employees, if any. See instructions for definition of "key employee."
- List the organization's five current highest compensated employees (other than an officer, director, trustee, or key employee) who received reportable compensation (Box 5 of Form W-2 and/or Box 7 of Form 1099-MISC) of more than \$100,000 from the organization and any related organizations.
- List all of the organization's former officers, key employees, and highest compensated employees who received more than \$100,000 of reportable compensation from the organization and any related organizations.
- List all of the organization's former directors or trustees that received, in the capacity as a former director or trustee of the organization, more than \$10,000 of reportable compensation from the organization and any related organizations.

List persons in the following order: individual trustees or directors; institutional trustees; officers; key employees; highest compensated employees; and former such persons.

Check this box if neither the organization nor any related organizations compensated any current officer, director, or trustee.

(A) Name and Title	(B) Average hour per week (describe hours for related organizations in Schedule C)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former			
(1) David Bossie President & Director	28.00	X		X				163,900	245,850	33,324
(2) Kirby Wilbur Director	1.00	X						1,000	0	0
(3) Doug Ramsey Director	1.00	X						1,000	0	0
(4) Ron Robinson Director	1.00	X						0	0	0
(5) John Bliss Director	1.00	X						0	0	0
(6) Brian Barry Director	1.00	X						0	0	0
(7) Michael Boos VP, Secy & Gen Counsel	16.00			X				88,783	133,175	18,992
(8) J.T. Mastranadi Political Director	12.00					X		57,067	85,600	19,465
(9) Lauren Catts Accountant	13.00					X		47,891	71,836	13,962
(10) Ralph Christian Berg I.T. Manager	12.00					X		41,804	62,706	9,892
(11)										
(12)										
(13)										
(14)										

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Part VII Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees (continued)

(A) Name and title	(B) Average hours per week (describe hours for related organizations in Schedule D)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)					(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee			
(15)									
(16)									
(17)									
(18)									
(19)									
(20)									
(21)									
(22)									
(23)									
(24)									
(25)									
1b Sub-total						401,445	599,167	95,635	
c Total from continuation sheets to Part VII, Section A									
d Total (add lines 1b and 1c)						401,445	599,167	95,635	

2 Total number of individuals (including but not limited to those listed above) who received more than \$100,000 in reportable compensation from the organization **▶ 1**

	Yes	No
3 Did the organization list any former officer, director, or trustee, key employee, or highest compensated employee on line 1a? If "Yes," complete Schedule J for such individual		<input checked="" type="checkbox"/>
4 For any individual listed on line 1a, is the sum of reportable compensation and other compensation from the organization and related organizations greater than \$150,000? If "Yes," complete Schedule J for such individual	<input checked="" type="checkbox"/>	
5 Did any person listed on line 1a receive or accrue compensation from any unrelated organization or individual for services rendered to the organization? If "Yes," complete Schedule J for such person		<input checked="" type="checkbox"/>

Section B. Independent Contractors

1 Complete this table for your five highest compensated independent contractors that received more than \$100,000 of compensation from the organization. Report compensation for the calendar year ending with or within the organization's tax year.

(A) Name and business address	(B) Description of services	(C) Compensation
INFOCISION MANAGEMENT CORP AKRON OH 44333	325 SPRINGSIDE DRIVE TELEMARKETING	5,411,372
HSP DIRECT HERNDON VA 20171	13755 SUNRISE VALLEY DRIVE DIRECT MAIL	698,869
SIEK POSTAGE & SHIPPING STEVENSVILLE MD 21666	203 LOG CANOE CIRCLE POST/HANDLING	567,822
US POSTMASTER WASHINGTON DC 20003	ANY POST OFFICE POSTAGE	483,896
SOUTHWEST PUBLISHING & M,AILING TOPERA KS 66617	2600 NW TOPERA BLVD BROCHURES	310,111

2 Total number of independent contractors (including but not limited to those listed above) who received more than \$100,000 of compensation from the organization **▶ 16**

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Part VII Statement of Revenue

			(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512, 513, or 514
Contributions, Gifts, Grants and Other Similar Amounts	1a Federated campaigns	1a				
	1b Membership dues	1b	2,828,620			
	1c Fundraising events	1c				
	1d Related organizations	1d				
	1e Government grants (contributions)	1e				
	1f All other contributions, gifts, grants, and similar amounts not included above	1f	11,225,922			
	1g Noncash contributions included in lines 1a-1f: \$					
	1h Total. Add lines 1a-1f		14,054,542			
Program Service Revenue	2a Sale of DVDs	Busn. Code 900099	74,100	74,100		0
	b					
	c					
	d					
	e					
	f All other program service revenue					
	2g Total. Add lines 2a-2f		74,100			
Other Revenue	3 Investment income (including dividends, interest, and other similar amounts)					
	4 Income from investment of tax-exempt bond proceeds					
	5 Royalties					
	6a Gross rents	(i) Real (ii) Personal				
	b Less: rental exp.					
	c Rental inc. or (loss)					
	d Net rental income or (loss)					
	7a Gross amount from sales of assets other than inventory	(i) Securities (ii) Other				
	b Less: cost or other basis & sales exp.					
	c Gain or (loss)					
	d Net gain or (loss)					
	8a Gross income from fundraising events (not including \$ of contributions reported on line 1c). See Part IV, line 18	a				
	b Less: direct expenses	b				
	c Net income or (loss) from fundraising events					
	9a Gross income from gaming activities. See Part IV, line 19	a				
	b Less: direct expenses	b				
	c Net income or (loss) from gaming activities					
	10a Gross sales of inventory, less returns and allowances	a				
b Less: cost of goods sold	b					
c Net income or (loss) from sales of inventory						
Miscellaneous Revenue						
11a List royalties	Busn. Code 900099	412,093	412,093			
b Partnership profit	523000	58,283	58,283			
c Misc. gains & losses	523000	5,034	5,034			
d All other revenue						
11e Total. Add lines 11a-11d		475,410				
12 Total revenue. See instructions.		14,604,052	549,510	0	0	

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Part IX Statement of Functional Expenses

Section 501(c)(3) and 501(c)(4) organizations must complete all columns. All other organizations must complete column (A) but are not required to complete columns (B), (C), and (D).

Check if Schedule O contains a response to any question in this Part IX

Do not include amounts reported on lines 8b, 7b, 8b, 9b, and 10b of Part VII.	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1 Grants and other assistance to governments and organizations in the U.S. See Part IV, line 21				
2 Grants and other assistance to individuals in the U.S. See Part IV, line 22				
3 Grants and other assistance to governments, organizations, and individuals outside the U.S. See Part IV, lines 15 and 16				
4 Benefits paid to or for members				
5 Compensation of current officers, directors, trustees, and key employees	252,683	144,030	83,385	25,268
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)				
7 Other salaries and wages	420,131	239,474	138,643	42,014
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)	47,221	26,916	15,583	4,722
9 Other employee benefits	41,690	23,763	13,758	4,169
10 Payroll taxes	55,733	31,768	18,392	5,573
11 Fees for services (non-employees):				
a Management				
b Legal	7,904	2,055	5,849	
c Accounting	37,105	9,647	27,458	
d Lobbying				
e Professional fundraising services. See Part IV, line 17	1,098,495			1,098,495
f Investment management fees				
g Other	11,262	2,928	8,334	
12 Advertising and promotion	3,855,227	2,678,412		1,176,815
13 Office expenses	3,582,019	2,074,460	102,633	1,404,925
14 Information technology	223,773	127,551	73,845	22,377
15 Royalties	20,359	20,359		
16 Occupancy	54,700	31,179	18,051	5,470
17 Travel				
18 Payments of travel or entertainment expenses for any federal, state, or local public officials				
19 Conferences, conventions, and meetings				
20 Interest				
21 Payments to affiliates				
22 Depreciation, depletion, and amortization	58,257	58,257		
23 Insurance	103,541	59,018	34,169	10,354
24 Other expenses. Itemize expenses not covered above. (List miscellaneous expenses in line 24e. If line 24e amount exceeds 10% of line 25, column (A) amount, list line 24e expenses on Schedule O.)				
a Pub & file projects	1,672,712	1,672,712		
b List maintenance	571,379	331,400		239,979
c Donations	514,301	514,301		
d Agency fees	434,619	434,619		
e All other expenses	618,328	4,720	284,282	329,326
25 Total functional expenses. Add lines 1 through 24e	13,681,438	8,487,569	824,382	4,369,487
26 Joint costs. Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation. Check here <input checked="" type="checkbox"/> if following SOP 98-2 (ASC 958-720)	10,237,302	5,937,635		4,299,667

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Part X Balance Sheet

		(A) Beginning of year		(B) End of year
Assets	1 Cash—non-interest bearing	843,255	1	1,407,930
	2 Savings and temporary cash investments		2	
	3 Pledges and grants receivable, net		3	
	4 Accounts receivable, net	5,235	4	4,455
	5 Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees. Complete Part II of Schedule L		5	
	6 Receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(6) voluntary employees' beneficiary organizations (see instructions)		6	
	7 Notes and loans receivable, net		7	
	8 Inventories for sale or use		8	
	9 Prepaid expenses and deferred charges		9	
	10a Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D	10a 408,014		
	b Less: accumulated depreciation	10b 267,812	198,459	10c 140,202
	11 Investments—publicly traded securities		11	79,865
	12 Investments—other securities. See Part IV, line 11		12	
	13 Investments—program-related. See Part IV, line 11	17,217	13	
	14 Intangible assets		14	
	15 Other assets. See Part IV, line 11	398,131	15	595,726
16 Total assets. Add lines 1 through 15 (must equal line 34)	1,462,297	16	2,228,178	
Liabilities	17 Accounts payable and accrued expenses	255,079	17	173,491
	18 Grants payable		18	
	19 Deferred revenue		19	
	20 Tax-exempt bond liabilities		20	
	21 Escrow or custodial account liability. Complete Part IV of Schedule D		21	
	22 Payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons. Complete Part II of Schedule L		22	
	23 Secured mortgages and notes payable to unrelated third parties		23	
	24 Unsecured notes and loans payable to unrelated third parties		24	
	25 Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24). Complete Part X of Schedule D	75,145	25	
	26 Total liabilities. Add lines 17 through 25	330,224	26	173,491
Net Assets or Fund Balances	Organizations that follow SFAS 117, check here <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.			
	27 Unrestricted net assets	1,132,073	27	2,054,687
	28 Temporarily restricted net assets		28	
	29 Permanently restricted net assets		29	
	Organizations that do not follow SFAS 117, check here <input type="checkbox"/> and complete lines 30 through 34.			
	30 Capital stock or trust principal, or current funds		30	
	31 Paid-in or capital surplus, or land, building, or equipment fund		31	
	32 Retained earnings, endowment, accumulated income, or other funds		32	
33 Total net assets or fund balances	1,132,073	33	2,054,687	
34 Total liabilities and net assets/fund balances	1,462,297	34	2,228,178	

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Part XI Reconciliation of Net Assets

Check if Schedule O contains a response to any question in this Part XI

1	Total revenue (must equal Part VIII, column (A), line 12)	1	14,604,052
2	Total expenses (must equal Part IX, column (A), line 25)	2	13,681,438
3	Revenue less expenses. Subtract line 2 from line 1	3	922,614
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	1,132,073
5	Other changes in net assets or fund balances (explain in Schedule O)	5	
6	Net assets or fund balances at end of year. Combine lines 3, 4, and 5 (must equal Part X, line 33, column (B))	6	2,054,687

Part XII Financial Statements and Reporting

Check if Schedule O contains a response to any question in this Part XII

	Yes	No
1 Accounting method used to prepare the Form 990: <input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual <input type="checkbox"/> Other If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O.		
2a Were the organization's financial statements compiled or reviewed by an independent accountant?		X
b Were the organization's financial statements audited by an independent accountant?	X	
c If "Yes" to line 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant? If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O.	X	
d If "Yes" to line 2a or 2b, check a box below to indicate whether the financial statements for the year were issued on a separate basis, consolidated basis, or both: <input checked="" type="checkbox"/> Separate basis <input type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separate basis		
3a As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133?		X
b If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits		

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**SCHEDULE D
(Form 990)**

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

▶ Complete if the organization answered "Yes," to Form 990, Part IV, line 6, 7, 8, 9, 10, 11a, 11b, 11c, 11d, 11a, 11f, 12a, or 12b.
▶ Attach to Form 990. ▶ See separate instructions.

OMB No. 1545-0047

2011

Open to Public Inspection

Name of the organization

Employer identification number

CITIZENS UNITED

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Part I Organizations Maintaining Donor Advised Funds or Other Similar Funds or Accounts. Complete if the organization answered "Yes" to Form 990, Part IV, line 6.

	(a) Donor advised funds	(b) Funds and other accounts
1 Total number at end of year		
2 Aggregate contributions to (during year)		
3 Aggregate grants from (during year)		
4 Aggregate value at end of year		
5 Did the organization inform all donors and donor advisors in writing that the assets held in donor advised funds are the organization's property, subject to the organization's exclusive legal control?	<input type="checkbox"/> Yes <input type="checkbox"/> No	
6 Did the organization inform all grantees, donors, and donor advisors in writing that grant funds can be used only for charitable purposes and not for the benefit of the donor or donor advisor, or for any other purpose conferring impermissible private benefit?	<input type="checkbox"/> Yes <input type="checkbox"/> No	

Part II Conservation Easements. Complete if the organization answered "Yes" to Form 990, Part IV, line 7.

1 Purpose(s) of conservation easements held by the organization (check all that apply).

<input type="checkbox"/> Preservation of land for public use (e.g., recreation or education)	<input type="checkbox"/> Preservation of an historically important land area
<input type="checkbox"/> Protection of natural habitat	<input type="checkbox"/> Preservation of a certified historic structure
<input type="checkbox"/> Preservation of open space	

2 Complete lines 2a through 2d if the organization held a qualified conservation contribution in the form of a conservation easement on the last day of the tax year.

	Held at the End of the Tax Year
a Total number of conservation easements	2a
b Total acreage restricted by conservation easements	2b
c Number of conservation easements on a certified historic structure included in (a)	2c
d Number of conservation easements included in (c) acquired after 8/17/06, and not on a historic structure listed in the National Register	2d

3 Number of conservation easements modified, transferred, released, extinguished, or terminated by the organization during the tax year ▶

4 Number of states where property subject to conservation easement is located ▶

5 Does the organization have a written policy regarding the periodic monitoring, inspection, handling of violations, and enforcement of the conservation easements it holds? Yes No

6 Staff and volunteer hours devoted to monitoring, inspecting, and enforcing conservation easements during the year ▶

7 Amount of expenses incurred in monitoring, inspecting, and enforcing conservation easements during the year ▶ \$

8 Does each conservation easement reported on line 2(d) above satisfy the requirements of section 170(h)(4)(B)(i) and section 170(h)(4)(B)(ii)? Yes No

9 In Part XIV, describe how the organization reports conservation easements in its revenue and expense statement, and balance sheet, and include, if applicable, the text of the footnote to the organization's financial statements that describes the organization's accounting for conservation easements.

Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets. Complete if the organization answered "Yes" to Form 990, Part IV, line 8.

- 1a If the organization elected, as permitted under SFAS 116 (ASC 958), not to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide, in Part XIV, the text of the footnote to its financial statements that describes these items.
- b If the organization elected, as permitted under SFAS 116 (ASC 958), to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide the following amounts relating to these items:
- (i) Revenues included in Form 990, Part VIII, line 1 ▶ \$
- (ii) Assets included in Form 990, Part X ▶ \$
- 2 If the organization received or held works of art, historical treasures, or other similar assets for financial gain, provide the following amounts required to be reported under SFAS 116 (ASC 958) relating to these items:
- a Revenues included in Form 990, Part VIII, line 1 ▶ \$
- b Assets included in Form 990, Part X ▶ \$

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Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets (continued)

- 3 Using the organization's acquisition, accession, and other records, check any of the following that are a significant use of its collection items (check all that apply):
- a Public exhibition
 - b Scholarly research
 - c Preservation for future generations
 - d Loan or exchange programs
 - e Other
- 4 Provide a description of the organization's collections and explain how they further the organization's exempt purpose in Part XIV.
- 5 During the year, did the organization solicit or receive donations of art, historical treasures, or other similar assets to be sold to raise funds rather than to be maintained as part of the organization's collection? Yes No

Part IV Escrow and Custodial Arrangements. Complete if the organization answered "Yes" to Form 990, Part IV, line 9, or reported an amount on Form 990, Part X, line 21.

- 1a Is the organization an agent, trustee, custodian or other intermediary for contributions or other assets not included on Form 990, Part X? Yes No
- b If "Yes," explain the arrangement in Part XIV and complete the following table:
- | | Amount |
|---------------------------------|--------|
| c Beginning balance | 1c |
| d Additions during the year | 1d |
| e Distributions during the year | 1e |
| f Ending balance | 1f |
- 2a Did the organization include an amount on Form 990, Part X, line 21? Yes No
- b If "Yes," explain the arrangement in Part XIV.

Part V Endowment Funds. Complete if the organization answered "Yes" to Form 990, Part IV, line 10.

	(a) Current year	(b) Prior year	(c) Two years back	(d) Three years back	(e) Four years back
1a Beginning of year balance					
b Contributions					
c Net investment earnings, gains, and losses					
d Grants or scholarships					
e Other expenditures for facilities and programs					
f Administrative expenses					
g End of year balance					

- 2 Provide the estimated percentage of the current year end balance (line 1g, column (e)) held as:
- a Board designated or quasi-endowment ▶ %
 - b Permanent endowment ▶ %
 - c Temporarily restricted endowment ▶ %
- The percentages in lines 2a, 2b, and 2c should equal 100%.
- 3a Are there endowment funds not in the possession of the organization that are held and administered for the organization by:
- | | Yes | No |
|-----------------------------|--------|----|
| (i) unrelated organizations | 3a(i) | |
| (ii) related organizations | 3a(ii) | |
- b If "Yes" to 3a(i), are the related organizations listed as required on Schedule R? Yes No

4 Describe in Part XIV the intended uses of the organization's endowment funds.

Part VI Land, Buildings, and Equipment. See Form 990, Part X, line 10.

Description of property	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land				
b Buildings				
c Leasehold improvements				
d Equipment		408,014	267,812	140,202
e Other				
Total. Add lines 1a through 1e. (Column (d) must equal Form 990, Part X, column (B), line 10(c).)				140,202

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Part VII Investments—Other Securities. See Form 990, Part X, line 12.

(a) Description of security or category (including name of security)	(b) Book value	(c) Method of valuation: Cost or end-of-year market value
(1) Financial derivatives		
(2) Closely-held equity interests		
(3) Other		
(A)		
(B)		
(C)		
(D)		
(E)		
(F)		
(G)		
(H)		
(I)		

Total. (Column (b) must equal Form 990, Part X, col. (B) line 12.) ▶

Part VIII Investments—Program Related. See Form 990, Part X, line 13.

(a) Description of investment type	(b) Book value	(c) Method of valuation: Cost or end-of-year market value
(1)		
(2)		
(3)		
(4)		
(5)		
(6)		
(7)		
(8)		
(9)		
(10)		

Total. (Column (b) must equal Form 990, Part X, col. (B) line 13.) ▶

Part IX Other Assets. See Form 990, Part X, line 15.

(a) Description	(b) Book value
(1) Due from Citizens United Foundation	532,619
(2) Due from Presidential Coalition	63,107
(3)	
(4)	
(5)	
(6)	
(7)	
(8)	
(9)	
(10)	

Total. (Column (b) must equal Form 990, Part X, col. (B) line 15.) ▶

595,726

Part X Other Liabilities. See Form 990, Part X, line 25.

1. (a) Description of liability	(b) Book value
(1) Federal income taxes	
(2)	
(3)	
(4)	
(5)	
(6)	
(7)	
(8)	
(9)	
(10)	
(11)	

Total. (Column (b) must equal Form 990, Part X, col. (B) line 25.) ▶

2. FIN 48 (ASC 740) Footnote. In Part XIV, provide the text of the footnote to the organization's financial statements that reports the organization's liability for uncertain tax positions under FIN 48 (ASC 740).

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Part XI Reconciliation of Change in Net Assets from Form 990 to Audited Financial Statements		
1	Total revenue (Form 990, Part VII, column (A), line 12)	14,604,052
2	Total expenses (Form 990, Part IX, column (A), line 25)	13,681,438
3	Excess or (deficit) for the year. Subtract line 2 from line 1	922,614
4	Net unrealized gains (losses) on investments	
5	Donated services and use of facilities	
6	Investment expenses	
7	Prior period adjustments	
8	Other (Describe in Part XIV.)	58,257
9	Total adjustments (net). Add lines 4 through 8	58,257
10	Excess or (deficit) for the year per audited financial statements. Combine lines 3 and 9	980,871

Part XII Reconciliation of Revenue per Audited Financial Statements With Revenue per Return		
1	Total revenue, gains, and other support per audited financial statements	14,604,052
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12:	
a	Net unrealized gains on investments	2a
b	Donated services and use of facilities	2b
c	Recoveries of prior year grants	2c
d	Other (Describe in Part XIV.)	2d
e	Add lines 2a through 2d	2e
3	Subtract line 2e from line 1	14,604,052
4	Amounts included on Form 990, Part VIII, line 12, but not on line 1:	
a	Investment expenses not included on Form 990, Part VII, line 7b	4a
b	Other (Describe in Part XIV.)	4b
c	Add lines 4a and 4b	4c
5	Total revenue. Add lines 3 and 4c. (This must equal Form 990, Part I, line 12.)	14,604,052

Part XIII Reconciliation of Expenses per Audited Financial Statements With Expenses per Return		
1	Total expenses and losses per audited financial statements	13,623,181
2	Amounts included on line 1 but not on Form 990, Part IX, line 25:	
a	Donated services and use of facilities	2a
b	Prior year adjustments	2b
c	Other losses	2c
d	Other (Describe in Part XIV.)	2d
e	Add lines 2a through 2d	2e
3	Subtract line 2e from line 1	13,623,181
4	Amounts included on Form 990, Part IX, line 25, but not on line 1:	
a	Investment expenses not included on Form 990, Part VII, line 7b	4a
b	Other (Describe in Part XIV.)	4b 58,257
c	Add lines 4a and 4b	4c 58,257
5	Total expenses. Add lines 3 and 4c. (This must equal Form 990, Part I, line 18.)	13,681,438

Part XIV Supplemental Information

Complete this part to provide the descriptions required for Part II, lines 3, 5, and 8; Part III, lines 1a and 4; Part IV, lines 1b and 2b; Part V, line 4; Part X, line 2; Part XI, line 8; Part XII, lines 2d and 4b; and Part XIII, lines 2d and 4b. Also complete this part to provide any additional information.

Part X - FIN 48 Footnote

THE INTERNAL REVENUE SERVICE HAS DETERMINED THAT THE ORGANIZATION IS EXEMPT FROM FEDERAL INCOME TAXES UNDER SECTION 501(C) 4 OF THE INTERNAL REVENUE CODE.

THE ORGANIZATION HAD NO UNRELATED BUSINESS INCOME FOR THE YEAR ENDED DECEMBER 31, 2011.

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Part XIV. Supplemental Information (continued)

THE FORMS 990 FOR YEARS ENDED DECEMBER 31, 2011, 2010 AND 2009 ARE STILL OPEN FOR REVIEW BY THE INTERNAL REVENUE SERVICE.

Part XI, Line 8 - Reconciliation of Changes - Other

Book / Tax Depreciation Difference \$ **58,257**

Part XIII, Line 4b - Expense Amounts Included on Return - Other

Book / Tax Depreciation Difference \$ **58,257**

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

Department of the Treasury
Internal Revenue Service

**Supplemental Information Regarding
Fundraising or Gaming Activities**

Complete if the organization answered "Yes" to Form 990, Part IV, lines 17, 18, or 19, or if the organization entered more than \$15,000 on Form 990-EZ, line 8a.
▶ Attach to Form 990 or Form 990-EZ. ▶ See separate instructions.

OMB No. 1545-0047

2011

Open To Public Inspection

Name of the organization

CITIZENS UNITED

Employer identification number

91-1433368

Part I Fundraising Activities. Complete if the organization answered "Yes" to Form 990, Part IV, line 17. Form 990-EZ filers are not required to complete this part.

1 Indicate whether the organization raised funds through any of the following activities. Check all that apply.

- a Mail solicitations
- b Internet and email solicitations
- c Phone solicitations
- d In-person solicitations
- e Solicitation of non-government grants
- f Solicitation of government grants
- g Special fundraising events

2a Did the organization have a written or oral agreement with any individual (including officers, directors, trustees or key employees listed in Form 990, Part VII) or entity in connection with professional fundraising services? Yes No

b If "Yes," list the ten highest paid individuals or entities (fundraisers) pursuant to agreements under which the fundraiser is to be compensated at least \$5,000 by the organization.

(i) Name and address of individual or entity (fundraiser)	(ii) Activity	(iii) Did fundraiser have custody or control of contributions?		(iv) Gross receipts from activity	(v) Amount paid to (or retained by) fundraiser listed in col. (i)	(vi) Amount paid to (or retained by) organization
		Yes	No			
1 Infocision 1 11835 W. Olympic Blvd Los Angeles CA 90064	Phone		X	7,262,738	5,411,172	1,851,566
2 HSP Direct 2 13755 Sunrise Valley Drive Herndon VA 20171	Dir. Mail		X	5,476,630	698,869	4,777,761
3						
4						
5						
6						
7						
8						
9						
10						
Total				12,739,368	6,110,041	6,629,327

3 List all states in which the organization is registered or licensed to solicit contributions or has been notified it is exempt from registration or licensing.

Alabama, Arkansas, Arizona, Colorado, Connecticut, Florida, Hawaii, Kansas, Kentucky, Maine, Maryland, Massachusetts, Mississippi, New Jersey, New York, North Carolina, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Carolina, Tennessee, Virginia, Washington, West Virginia, Wisconsin, Alaska

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CITIZENS UNITED

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Part II Fundraising Events. Complete if the organization answered "Yes" to Form 990, Part IV, line 18, or reported more than \$15,000 of fundraising event contributions and gross income on Form 990-EZ, lines 1 and 6b. List events with gross receipts greater than \$5,000.

		(a) Event #1	(b) Event #2	(c) Other events	(d) Total events	
		(event type)	(event type)	(total number)	(add col. (a) through col. (c))	
Revenue	1	Gross receipts				
	2	Less: Charitable contributions				
	3	Gross income (line 1 minus line 2)				
Direct Expenses	4	Cash prizes				
	5	Noncash prizes				
	6	Rent/facility costs				
	7	Food and beverages				
	8	Entertainment				
	9	Other direct expenses				
	10	Direct expense summary. Add lines 4 through 9 in column (d)				
	11	Net income summary. Combine line 3, column (d), and line 10				

Part III Gaming. Complete if the organization answered "Yes" to Form 990, Part IV, line 19, or reported more than \$15,000 on Form 990-EZ, line 6a.

		(a) Bingo	(b) Full tablement bingo/progressive bingo	(c) Other gaming	(d) Total gaming (add col. (a) through col. (c))
		1	Gross revenue		
Direct Expenses	2	Cash prizes			
	3	Noncash prizes			
	4	Rent/facility costs			
	5	Other direct expenses			
6	Volunteer labor	<input type="checkbox"/> Yes <input type="checkbox"/> No %	<input type="checkbox"/> Yes <input type="checkbox"/> No %	<input type="checkbox"/> Yes <input type="checkbox"/> No %	
7	Direct expense summary. Add lines 2 through 5 in column (d)				
8	Net gaming income summary. Combine line 1, column d, and line 7				

9 Enter the state(s) in which the organization operates gaming activities: _____
 a Is the organization licensed to operate gaming activities in each of these states? **9a** Yes No
 b If "No," explain: _____

10a Were any of the organization's gaming licenses revoked, suspended or terminated during the tax year? **10a** Yes No
 b If "Yes," explain: _____

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11 Does the organization operate gaming activities with nonmembers? Yes No

12 Is the organization a grantor, beneficiary or trustee of a trust or a member of a partnership or other entity formed to administer charitable gaming? Yes No

13 Indicate the percentage of gaming activity operated in:
a The organization's facility 13a %
b An outside facility 13b %

14 Enter the name and address of the person who prepares the organization's gaming/special events books and records:

Name ▶

Address ▶

15e Does the organization have a contract with a third party from whom the organization receives gaming revenue? Yes No

b If "Yes," enter the amount of gaming revenue received by the organization ▶ \$ and the amount of gaming revenue retained by the third party ▶ \$

c If "Yes," enter name and address of the third party:

Name ▶

Address ▶

16 Gaming manager information:

Name ▶

Gaming manager compensation ▶ \$

Description of services provided ▶

Director/officer Employee Independent contractor

17 Mandatory distributions:

a Is the organization required under state law to make charitable distributions from the gaming proceeds to retain the state gaming license? Yes No

b Enter the amount of distributions required under state law to be distributed to other exempt organizations or spent in the organization's own exempt activities during the tax year ▶ \$

Part IV Supplemental information. Complete this part to provide the explanations required by Part I, line 2b, columns (ii) and (v), and Part III, lines 9, 9b, 10b, 15b, 15c, 16, and 17b, as applicable. Also complete this part to provide any additional information (see instructions).

.....

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SCHEDULE J
(Form 990)

Compensation Information
For certain Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees
▶ Complete if the organization answered "Yes" to Form 990, Part IV, line 23.
▶ Attach to Form 990. ▶ See separate instructions.

OMB No. 1545-0047

2011

Open to Public Inspection

Department of the Treasury
Internal Revenue Service

Name of the organization

CITIZENS UNITED

Employer identification number
91-1433368

Part I Questions Regarding Compensation

1a Check the appropriate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a. Complete Part III to provide any relevant information regarding these items.

- | | |
|--|--|
| <input type="checkbox"/> First-class or charter travel | <input type="checkbox"/> Housing allowance or residence for personal use |
| <input type="checkbox"/> Travel for companions | <input type="checkbox"/> Payments for business use of personal residence |
| <input type="checkbox"/> Tax indemnification and gross-up payments | <input type="checkbox"/> Health or social club dues or initiation fees |
| <input type="checkbox"/> Discretionary spending account | <input type="checkbox"/> Personal services (e.g., maid, chauffeur, chef) |

b If any of the boxes on line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all of the expenses described above? If "No," complete Part III to explain

2 Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all officers, directors, trustees, and the CEO/Executive Director, regarding the items checked in line 1a?

3 Indicate which, if any, of the following the filing organization uses to establish the compensation of the organization's CEO/Executive Director. Check all that apply. Do not check any boxes for methods used by a related organization to establish compensation of the CEO/Executive Director. Explain in Part III.

- | | |
|---|--|
| <input checked="" type="checkbox"/> Compensation committee | <input type="checkbox"/> Written employment contract |
| <input type="checkbox"/> Independent compensation consultant | <input type="checkbox"/> Compensation survey or study |
| <input checked="" type="checkbox"/> Form 990 of other organizations | <input type="checkbox"/> Approval by the board or compensation committee |

4 During the year, did any person listed in Form 990, Part VII, Section A, line 1a, with respect to the filing organization or a related organization:

- a Receive a severance payment or change-of-control payment? **X**
- b Participate in, or receive payment from, a supplemental nonqualified retirement plan? **X**
- c Participate in, or receive payment from, an equity-based compensation arrangement? **X**
- If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III.

Only section 501(c)(3) and 501(c)(6) organizations must complete lines 5-9.

5 For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of:

- a The organization? **X**
- b Any related organization? **X**
- If "Yes" to line 5a or 5b, describe in Part III.

6 For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of:

- a The organization? **X**
- b Any related organization? **X**
- If "Yes" to line 6a or 6b, describe in Part III.

7 For persons listed in Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If "Yes," describe in Part III **X**

8 Were any amounts reported in Form 990, Part VII, paid or accrued pursuant to a contract that was subject to the initial contract exception described in Regulations section 53.4958-4(a)(3)? If "Yes," describe in Part III **X**

9 If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53.4958-6(c)?

	Yes	No
1a		
1b		
2		
3		
4a		X
4b		X
4c		X
5a		X
5b		X
6a		X
6b		X
7		X
8		X
9		

For Paperwork Reduction Act Notice, see the Instructions for Form 990.

Schedule J (Form 990) 2011

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Schedule J (Form 990) 2011

CITIZENS UNITED

91-1433368

Page **2**

Part II Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees. Use duplicate copies if additional space is needed.

For each individual whose compensation must be reported in Schedule J, report compensation from the organization on row (i) and from related organizations, described in the instructions, on row (ii). Do not list any individuals that are not listed on Form 990, Part VII.

Note. The sum of columns (B)(i)-(iii) for each listed individual must equal the total amount of Form 990, Part VII, Section A, line 1a, applicable column (D) and (E) amounts for that individual.

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported as deferred in prior Form 990
		(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
David Bossie	(i)	163,900	0	0	12,134	10,530	186,564	0
	(ii)	245,850	0	0	0	10,660	256,510	0
Michael Boos	(i)	88,783	0	0	6,659	5,431	100,873	0
	(ii)	133,175	0	0	0	6,902	140,077	0
J.T. Mastranadi	(i)	57,067	0	0	4,440	6,162	67,669	0
	(ii)	85,600	0	0	0	8,863	94,463	0
	(i)							
	(ii)							
	(i)							
	(ii)							
	(i)							
	(ii)							
	(i)							
	(ii)							
	(i)							
	(ii)							
	(i)							
	(ii)							
	(i)							
	(ii)							
	(i)							
	(ii)							
	(i)							
	(ii)							
	(i)							
	(ii)							
	(i)							
	(ii)							

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CITIZENS UNITED

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Part III Supplemental Information

Complete this part to provide the information, explanation, or descriptions required for Part I, lines 1a, 1b, 3, 4a, 4b, 4c, 5a, 5b, 6a, 6b, 7, and 8, and for Part II. Also complete this part for any additional information.

Part I, Line 3 - Related Org Methods Used for Compensation Explanation

Compensation is apportioned between Citizens United and its sister organizations, Citizens United Foundation, and the Presidential Coalition based on time expended by each employee, to the separate organizations.

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SCHEDULE O
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

Complete to provide information for responses to specific questions on
Form 990 or 990-EZ or to provide any additional information.
▶ Attach to Form 990 or 990-EZ.

OMB No. 1545-0047

2011

Open to Public
Inspection

Name of the organization

CITIZENS UNITED

Employer identification number

91-1433368

Form 990 - Organization's Mission or Most Significant Activities

CITIZENS UNITED IS DEDICATED TO RESTORING OUR GOVERNMENT TO CITIZEN CONTROL. THROUGH A COMBINATION OF EDUCATION, ADVOCACY, AND GRASS ROOTS ORGANIZATION, THE ORGANIZATION SEEKS TO REASSERT THE TRADITIONAL AMERICAN VALUES OF LIMITED GOVERNMENT, FREEDOM OF ENTERPRISE, STRONG FAMILIES, AND NATIONAL SOVEREIGNTY AND SECURITY. THE ORGANIZATION'S GOAL IS TO RESTORE THE FOUNDING FATHERS VISION OF A FREE NATION, GUIDED BY HONESTY, COMMON SENSE, AND THE GOODWILL OF ITS CITIZENS.

Form 990, Part III - Additional Information

All other program service expenses \$1,527,763.

Form 990, Part III, Line 4d - All Other Accomplishment

Total expenditures for the above program service accomplishments.

Form 990, Part VI, Line 11b - Organization's Process to Review Form 990

THE FORM 990 IS REVIEWED BY THE ORGANIZATION'S VICE PRESIDENT, SECRETARY, AND GENERAL COUNSEL AS WELL AS THE ORGANIZATION'S OUTSIDE COUNSEL.

THE ORGANIZATION EMAILS A COPY OF FORM 990 TO BOARD MEMBERS PRIOR TO FILING WITH THE INTERNAL REVENUE SERVICE.

Form 990, Part VI, Line 12c - Enforcement of Conflicts Policy

Citizens United follow the requirements of the Virginia Non-Stock Corporation Act with respect to transactions involving potential conflicts

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Schedule O (Form 990 or 990-EZ) (2011)

Page 2

Name of the organization

CITIZENS UNITED

Employer identification number

91-1433968

of interest.

The Organization's in-house counsel monitors transactions that may involve potential conflicts of interest and directors are reminded during board meetings of their duty (a) to disclose potential conflicts, and (b) to recuse themselves from matters involving their personal interests.

Form 990, Part VI, Line 15a - Compensation Process for Top Official

The compensation for the top official is determined each year by a Compensation Committee of independent directors.

The process involves the use of comparable compensation data and other information, which is documented in the minutes of the committee's meetings. This was last undertaken in 2011.

Form 990, Part VI, Line 17 - Other States Where Copy of Return is Filed

New Jersey, New York, North Carolina, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Carolina, Tennessee, Virginia, Washington, West Virginia, Wisconsin, Alaska

Form 990, Part VI, Line 19 - Governing Documents Disclosure Explanation

THE ORGANIZATION DOES NOT GENERALLY MAKE THESE DOCUMENTS AVAILABLE TO THE PUBLIC.

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**SCHEDULE R
(Form 990)**

Related Organizations and Unrelated Partnerships

OMB No. 1545-0047

2011

Open to Public Inspection

▶ Complete if the organization answered "Yes" to Form 990, Part IV, line 33, 34, 35, 36, or 37.

▶ Attach to Form 990.

▶ See separate instructions.

Department of the Treasury
Internal Revenue Service

Name of the organization

CITIZENS UNITED

Employer identification number

91-1433368

Part I Identification of Disregarded Entities (Complete if the organization answered "Yes" to Form 990, Part IV, line 33.)

(a) Name, address, and EIN of disregarded entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Total income	(e) End-of-year assets	(f) Direct controlling entity
(1)					
(2)					
(3)					
(4)					
(5)					

Part II Identification of Related Tax-Exempt Organizations (Complete if the organization answered "Yes" to Form 990, Part IV, line 34 because it had one or more related tax-exempt organizations during the tax year.)

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled entity?	
						Yes	No
(1) The Presidential Coalition, LLC 1006 Pennsylvania Avenue SE 11-3753369 Washington DC 20003	Elective	VA	527		N/A		X
(2) Citizens United Foundation 1006 Pennsylvania Avenue SE 54-1626748 Washington DC 20003	Education	VA	501C3	7	N/A		X
(3)							
(4)							
(5)							

For Paperwork Reduction Act Notice, see the Instructions for Form 990.

Schedule R (Form 990) 2011

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Schedule R (Form 990) 2011 **CITIZENS UNITED**

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Part III Identification of Related Organizations Taxable as a Partnership (Complete if the organization answered "Yes" to Form 990, Part IV, line 34 because it had one or more related organizations treated as a partnership during the tax year.)

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Predominant income (related, unrelated, excluded from tax under sections 512-514)	(f) Share of total income	(g) Share of end-of- year assets	(h) Dispro- portionate alloc.?		(i) Code V--UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?		(k) Percentage ownership
							Yes	No		Yes	No	
(1) Citizens United Productions No. 1 1006 Pennsylvania Avenue SE Washington DC 20003 27-0219789	Film	DC		Related	62,648						X	72.98
(2)												
(3)												
(4)												

Part IV Identification of Related Organizations Taxable as a Corporation or Trust (Complete if the organization answered "Yes" to Form 990, Part IV, line 34 because it had one or more related organizations treated as a corporation or trust during the tax year.)

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of-year assets	(h) Percentage ownership
(1)							
(2)							
(3)							
(4)							

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Schedule R (Form 990) 2011 **CITIZENS UNITED**

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Part V Transactions With Related Organizations (Complete if the organization answered "Yes" to Form 990, Part IV, line 34, 35, 35a, or 38.)

Note. Complete line 1 if any entity is listed in Parts II, III, or IV of this schedule.

	Yes	No
1 During the tax year, did the organization engage in any of the following transactions with one or more related organizations listed in Parts II-IV?		
a Receipt of (i) interest (ii) annuities (iii) royalties or (iv) rent from a controlled entity		X
b GR, grant, or capital contribution to related organization(s)		X
c GR, grant, or capital contribution from related organization(s)		X
d Loans or loan guarantees to or for related organization(s)		X
e Loans or loan guarantees by related organization(s)		X
f Sale of assets to related organization(s)		X
g Purchase of assets from related organization(s)		X
h Exchange of assets with related organization(s)		X
i Lease of facilities, equipment, or other assets to related organization(s)		X
j Lease of facilities, equipment, or other assets from related organization(s)	X	
k Performance of services or membership or fundraising solicitations for related organization(s)	X	
l Performance of services or membership or fundraising solicitations by related organization(s)		X
m Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)	X	
n Sharing of paid employees with related organization(s)	X	
o Reimbursement paid to related organization(s) for expenses	X	
p Reimbursement paid by related organization(s) for expenses		X
q Other transfer of cash or property to related organization(s)		X
r Other transfer of cash or property from related organization(s)		X

2 If the answer to any of the above is "Yes," see the instructions for information on who must complete this line, including covered relationships and transaction thresholds.

(a) Name of other organization	(b) Transaction type (a-r)	(c) Amount involved	(d) Method of determining amount involved
(1) Citizens United Foundation	j	54,000	Fair Market Value
(2) Presidential Coalition	d	63,107	Fair Market Value
(3) Citizens United Foundation	d	532,619	Fair Market Value
(4)			
(5)			
(6)			

Schedule R (Form 990) 2011

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Schedule R (Form 990) 2011 **CITIZENS UNITED**

91-1433368

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Part VI Unrelated Organizations Taxable as a Partnership (Complete if the organization answered "Yes" to Form 990, Part IV, line 37.)

Provide the following information for each entity taxed as a partnership through which the organization conducted more than five percent of its activities (measured by total assets or gross revenue) that was not a related organization. See instructions regarding exclusion for certain investment partnerships.

(a) Name, address, and EIN of entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Predominant income (related, unrelated, excluded from tax under section 512-514)	(e) Are all partners section 501(c)(3) organizations?		(f) Share of total income	(g) Share of end-of-year assets	(h) Disproportionate allocations?		(i) Code V-UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?		(k) Percentage ownership
				Yes	No			Yes	No		Yes	No	
(1)													
(2)													
(3)													
(4)													
(5)													
(6)													
(7)													
(8)													
(9)													
(10)													
(11)													

Schedule R (Form 990) 2011

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Schedule R (Form 990) 2011 **CITIZENS UNITED**

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Part VII Supplemental Information

Complete this part to provide additional information for responses to questions on Schedule R (see instructions).

Area with horizontal dotted lines for supplemental information.

CU990 CITIZENS UNITED
91-1433368
FYE: 12/31/2011

Federal Statements

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Form 990, Part IX, Line 11g - Other Fees for Service (Non-employee)

Description	Total Expenses	Program Service	Management & General	Fund Raising
	\$ 11,262	\$ 2,928	\$ 8,334	\$
Total	\$ 11,262	\$ 2,928	\$ 8,334	\$ 0

Form 990, Part IX, Line 24e - All Other Expenses

Description	Total Expenses	Program Service	Management & General	Fund Raising
Bank and merchant fees	\$ 405,966	\$	\$ 202,983	\$ 202,983
PAC expenses	103,212			103,212
Board expenses	57,774		57,774	
Operating costs	16,504	9,572		6,932
Telephone	11,968	6,822	3,949	1,197
Research	9,058	9,058		
Dues, subs & licenses	7,422	3,711		3,711
State registrations	5,359			5,359
Internet	1,065	607	351	107
Adjust to audit		-25,050	19,225	5,825
Total	\$ 618,328	\$ 4,720	\$ 284,282	\$ 329,326

CU990 CITIZENS UNITED
 91-1433368
 FYE: 12/31/2011

Federal Statements

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Balance Sheet - Accounts Pay.

<u>Code</u>	<u>Description</u>	<u>Amount</u>	<u>Amount</u>
		\$ 255,079	\$
Total		\$ 255,079	\$ 0

ACCOUNTS PAY. - CURRENT YEAR

<u>Code</u>	<u>Description</u>	<u>Amount</u>
	Accounts payable	\$ 39,976
	Escrows-fundraisers	133,515
Total		\$ 173,491

Citizens United

Independent Auditors' Report and Audited Financial Statements

December 31, 2011

**Robert Loe &
Associates** CERTIFIED PUBLIC ACCOUNTANTS

J.G. SCRIPPS BUILDING / SUITE 400
221 FIRST AVENUE WEST
SEATTLE, WASHINGTON 98119

PHONE 206 292 1747
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WEB SITE www.loe CPA.com

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Notes to Financial Statements.....	6-10

Robert Loe & Associates

CERTIFIED PUBLIC ACCOUNTANTS

J.G. SCRIPPS BUILDING / SUITE 400
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SEATTLE, WASHINGTON 98119

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Citizens United
Washington, DC

We have audited the accompanying statement of financial position of Citizens United (a Virginia non-profit organization) as of December 31, 2011 and the related statements of unrestricted support, revenue, expenses and changes in net assets, cash flows and functional expenses for the year ended December 31, 2011. These financial statements are the responsibility of Citizens United management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. 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.

As more fully described in Notes 1 and 4 to the financial statements, Citizens United has recorded activities from fundraising organizations on the cash basis of accounting. The effect, if any of this variation from the accrual basis of accounting cannot be determined.

In our opinion, except for the effect of not recording the activities from fundraising organizations on the accrual basis of accounting as discussed in the preceding paragraph, the financial statements referred to above present fairly in all material respects, the financial position of Citizens United as of December 31, 2011 and the results of its operations and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.


Robert Loe & Associates
July 12, 2012

CITIZENS UNITED
Statement of Financial Position
As of December 31, 2011

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 1,407,930
Accounts receivable	4,455
Due from Presidents Coalition - a related party	63,107
Due from Citizens United Foundation - a related party	<u>532,619</u>

TOTAL CURRENT ASSETS 2,008,111

FURNITURE AND EQUIPMENT, AT COST

Furniture and equipment	408,014
Less accumulated depreciation	<u>(267,812)</u>

NET FURNITURE AND EQUIPMENT 140,202

INVESTMENTS

Investment in Generation Zero, LLC	<u>79,865</u>
------------------------------------	---------------

TOTAL ASSETS \$ 2,228,178

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable and accrued expenses	\$ 39,976
Escrows payable to fundraising organizations	<u>133,515</u>

TOTAL CURRENT LIABILITIES 173,491

NET ASSETS

Unrestricted Net Assets	<u>2,054,687</u>
-------------------------	------------------

TOTAL NET ASSETS 2,054,687

TOTAL LIABILITIES AND NET ASSETS \$ 2,228,178

The accompanying notes are an integral part of these financial statements.

CITIZENS UNITED
Statement of Unrestricted Support Revenue
Expenses and Changes in Net Assets
For the Year Ended December 31, 2011

SUPPORT AND REVENUES

Support	
Direct mail and other contributions	\$ 14,054,542
Revenues	
List royalties	412,093
Sales from books and DVDs	74,100
Other income	63,317
	<u>549,510</u>
 TOTAL SUPPORT AND REVENUES	 <u>14,604,052</u>

EXPENSES

Program services	8,487,569
Fundraising	4,369,487
General and administrative	824,382
	<u>13,681,438</u>
 TOTAL EXPENSES	 <u>13,681,438</u>
 CHANGE IN NET ASSETS	 922,614
 NET ASSETS, BEGINNING OF YEAR	 <u>1,132,073</u>
 NET ASSETS, END OF YEAR	 <u><u>\$ 2,054,687</u></u>

The accompanying notes are an integral part of these financial statements.

CITIZENS UNITED
Statement of Cash Flows
 The the Year Ended December 31, 2011

CASH FLOWS FROM OPERATING ACTIVITIES	
Increase in unrestricted net assets	\$ 922,614
Adjustment to reconcile net income to net cash provided by operating activities:	
Depreciation	58,257
Changes in current assets and liabilities:	
Accounts receivable	780
Due from related parties	(272,740)
Escrows payable to fundraising organizations	31,444
Accounts Payable and Accrued Expenses	<u>(113,032)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>627,323</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Citizens United Productions, LLC	17,217
Gen Zero, LLC	<u>(79,865)</u>
NET CASH USED IN INVESTING ACTIVITIES	<u>(62,648)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	564,675
Cash, Beginning of period	<u>843,255</u>
Cash, End of year	<u><u>\$ 1,407,930</u></u>

The accompanying notes are an integral part of these financial statements.

CITIZENS UNITED
Statement of Functional Expenses
For the Year Ended December 31, 2011

	Program Services Communications and Publications	Fundraising	General & Administrative	Total
Salaries and wages	\$ 383,504	\$ 67,281	\$ 222,029	\$ 672,814
Payroll taxes	31,768	5,573	18,392	55,734
Pension costs	26,916	4,722	15,583	47,222
Fringe benefits	23,763	4,169	13,757	41,689
Professional fees	14,630	-	41,641	56,271
Publications and film projects	1,672,712	-	-	1,672,712
Postage and shipping	1,478,182	1,070,408	-	2,548,590
Printing	419,003	303,416	-	722,419
Operating costs	9,572	6,932	-	16,504
Agency fees	434,619	314,724	-	749,344
Rent	31,179	5,470	18,051	54,700
Depreciation and amortization	33,206	5,826	19,225	58,257
Dues, subscription and licenses	3,711	3,711	-	7,422
Bank and merchant fees	-	202,983	202,983	405,966
Computer expenses	127,551	22,377	73,845	223,774
List maintenance	331,400	239,979	-	571,379
State registrations	-	5,359	-	5,359
Donations	514,301	-	-	514,301
Insurance	59,018	10,354	34,168	103,541
Internet	607	106	351	1,065
Marketing/Advertising	2,678,412	1,939,540	-	4,617,952
Supplies	177,275	31,101	102,633	311,008
Research	9,058	-	-	9,058
PAC expenses	-	103,212	-	103,212
Board expenses	-	-	57,774	57,774
Fundraising	-	21,046	-	21,046
Telephone	6,822	1,197	3,949	11,968
Royalties	20,359	-	-	20,359
Total Functional Expenses	\$ 8,487,569	\$ 4,369,487	\$ 824,382	\$ 13,681,438

The accompanying notes are an integral part of these financial statements.

CITIZENS UNITED
Notes to Financial Statements
December 31, 2011

Note 1 – Nature of Activities and Significant Accounting Policies

Nature of Activities:

Citizens United (the Organization) a Virginia non-profit corporation, is dedicated to restoring our government to citizen control. Through a combination of education, advocacy, and grass roots organization, the Organization seeks to reassert the traditional American values of limited government, freedom of enterprise, strong families, and national sovereignty and security. The Organization's goal is to restore the founding fathers' vision of a free nation, guided by honesty, common sense, and goodwill of its citizens. Contributions come from throughout the United States.

Basis of Accounting:

The financial statements are presented on the accrual basis of accounting. Revenue is recognized when earned and expenses are recognized when incurred. Revenues that are from fundraising organizations are recorded when received and the related expenses are recorded when paid. This is not in compliance with accounting principles generally accepted in the United States of America. See Note 4 for additional information on accounting for transactions with fundraising organizations. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor, or contributed in response to a specific appeal.

Contributions:

The Organization adopted FASB ASC 605.10.15, "Accounting for Contributions Received and Contributions Made," whereby contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support, depending on the existence and or nature of any donor restrictions. Restricted net assets are reclassified to unrestricted net assets upon satisfaction of the time or purpose restrictions. As of December 31, 2011, the Organization had no temporarily or permanently restricted net assets.

Financial Statement Presentation:

The Organization adopted FASB ASC 958.205.05, "Financial Statements of Not For Profit Organizations". Under FASB ASC 958.205.05, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. In addition, the Organization is required to present a statement of cash flows. Management does not consider any of the Organization's assets to be temporary or permanently restricted.

Cash and Cash Equivalents:

For the purpose of reporting the statement of cash flows, the Organization considers all cash accounts, which are not subject to withdrawal restrictions or penalties, and all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

At times the Organization maintains cash in bank balances that may exceed the federally insured limits. Management does not consider this to be a significant risk.

CITIZENS UNITED
Notes to Financial Statements
December 31, 2011

Note 1 – Nature of Activities and Significant Accounting Policies (Continued)

Income Taxes:

The Internal Revenue Service has determined that the Organization is exempt from federal income tax under Section 501 (C) (4) of the Internal Revenue Code. The Organization had no unrelated business income for the year ended December 31, 2011. The Organization's Form 990 returns for the years ended 2009, 2010 and 2011 are still open for examination by the Internal Revenue Service.

Estimates:

Management uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported support, revenue and expenses. Actual results could vary from the estimates that were assumed in preparing the financial statements.

Property and Equipment:

Property, plant, and equipment are carried at their original costs or fair market value, if donated, less accumulated depreciation which is computed on the straight line basis over lives of three to seven years. Amounts over \$3,000 are capitalized.

Note 2 – Allocation of Joint Costs

In 2011, the Organization incurred joint costs of \$10,237,302 for informational materials and activities that included fundraising appeals. Of those costs, \$4,299,667 was allocated to fundraising expense, and \$5,937,635 was allocated to program service expense-communications.

Note 3 – Related Party Transactions

The Organization engages in borrowing and lending transactions with the Presidential Coalition and only lending transactions with Citizens United Foundation both of which are sister organizations that are operated by the same management and are exempt from federal income taxes under Section 501 (C) (3) and Section 527 respectively, of the Internal Revenue Service Code. The loans are on an interest free basis.

Citizens United paid rent of \$54,000 to Citizens United Foundation during the year. The lease is on a month to month basis.

CITIZENS UNITED
Notes to Financial Statements
December 31, 2011

Note 4 – Contractual Agreement with Fundraisers

The Organization contracts with various fundraising agencies in addition to its own in house fundraising. The contracts with the fundraising agencies provide that the Organization's liabilities are limited to the assets generated by the fundraising mailings.

The Organization receives monthly statements from the fundraising agencies reflecting the current activity. The Organization records this information in their accounting records including the contributions received and payments to the vendors. The Organization maintains separate checking accounts for each mailing campaign by each of the fund raising agencies. These checking accounts are included in the financial statements and have a balance of \$133,515.

The Organizations liability is limited to the cash balance in the escrow accounts at year end. The Organization has recorded a payable of \$133,515. At the end of each fundraising campaign the remaining cash balance (if any), will belong to the Organization. Thus, donations solicited by fundraising agencies are recorded when received and payments to vendors are incurred in order to solicit donations when paid.

Note 5 – Pension Plan

The Organization has a Simple IRA pension plan which covers all full time employees over the age of twenty one. During the year, the Organization contributed \$47,222 to the Simple IRA plan.

Note 6 – Donor List

The Organization owns a continually developing donor list with a value which is not readily determinable. Even though the value of the list is significant, it has not been reflected on the balance sheet because its value cannot be reasonably determined.

Note 7 – Investment in Generation Zero, LLC

In May 2009, Citizens United entered into a joint venture with a private investor to form Citizens United Productions No. 1, LLC for the purpose of producing and distributing a documentary film titled "Generation Zero." Citizens United's initial investment in the company was \$375,000 for which it received a 75% ownership interest. In addition, the terms of the company's operating agreement granted Citizens United control over the operations of the LLC.

During 2011 Citizens United Productions No. 1, LLC was dissolved and the Organization received the sole rights to the "Generation Zero" documentary.

Generation Zero, LLC was formed in 2011 as a single-member Virginia LLC for the purpose of distributing the documentary.

CITIZENS UNITED
Notes to Financial Statements
 December 31, 2011

Note 8 – Fair Value of Investments

FASB ASC 820-10-05, *Fair Value Measurements*, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820-10-05 are described as follows:

Level 1	Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the plan has the ability to access.
Level 2	Inputs to the valuation methodology include: <ul style="list-style-type: none"> - quoted prices for similar assets or liabilities in active markets; - quoted prices for identical or similar assets or liabilities in inactive markets; - inputs other than quoted prices that are observable for the asset or liability; - inputs that are derived principally from or corroborated by observable market data by correlation or other means. <p style="text-align: center;">If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.</p>
Level 3	Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2011.

Mutual funds: Valued at the net asset value (NAV) of shares held by the plan at year end.

Money market funds: Valued using amortized cost, which approximates fair value.

CITIZENS UNITED
Notes to Financial Statements
December 31, 2011

Note 8 – Fair Value of Investments (Continued)

The proceeding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within fair value hierarchy, the plan's assets at fair value as of December 31, 2011:

Assets at Fair Value as of December 31, 2011

	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	\$ 1,407,930	\$ -	\$ -	\$ 1,407,930
Investment in Generation Zero, LLC			79,865	79,865
Total assets at fair value	<u>\$ 1,407,930</u>	<u>\$ -</u>	<u>\$ 79,865</u>	<u>\$ 1,487,795</u>

Note 9 – Subsequent Events

The Organization's management has evaluated events occurring between December 31, 2011 and July 12, 2012 which is the date of the financial statements were available to be issued and has recognized in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at July 12, 2012, including the estimates inherent in the processing of the financial statements.

EXHIBIT G



New York State Department of Law (Office of the Attorney General)
Charities Bureau - Registration Section

Instructions for Form CHAR500

Annual Filing for Charitable Organizations
www.charitiesnys.com

Contents:

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Note:

- ▣ The information in this form is for nonprofit organizations, including wholly charitable trusts that file an IRS Form 990, 990-EZ or 990-PF. For registration and annual filing requirements for trusts and estates with charitable interests that do not file an IRS Form 990, 990-EZ or 990-PF.
- ▣ Registrants can determine their New York State registration number and the statute(s) under which they are registered by searching for their organization at the Charities Bureau's website at: http://www.charitiesnys.com/RegistrySearch/search_charities.jsp
- ▣ Please place the registration number on all correspondence and other documents, including checks, submitted to the Charities Bureau.
- ▣ The total fee must be paid by a single check or money order, payable to "New York State Department of Law." If more than one CHAR500 is being submitted, please submit a separate check or money order with each. Please **do not** submit filing fee without an annual reports.
- ▣ All references to forms designated "CHAR" are to official forms of the Attorney General's Charities Bureau. Copies of these forms are available on the Charities Bureau's website (see address at top of this page).

I. Registration Statutes and Registration Types

There are two statutes that require registration of organizations:

- Article 7-A: Article 7-A of the Executive Law (Article 7-A) requires registration of charitable and other nonprofit organizations that solicit contributions from New York State (including residents, foundations, corporations, government agencies and other entities).
- EPTL: Section 8-1.4 of the Estates, Powers and Trusts Law (EPTL) requires registration of charitable organizations that are incorporated, are formed or otherwise conduct activity in New York State.

Based on these two registration statutes, there are three registration types for organizations registered with the Charities Bureau:

- Article 7-A: Organizations registered pursuant to Article 7-A only and not registered under the EPTL.
- EPTL: Organizations registered pursuant to the EPTL only and not registered under Article 7-A.
- Dual: Organizations registered pursuant to both Article 7-A and the EPTL.

You must know under which statute(s) your organization is registered with the Charities Bureau to determine which parts of these instructions apply to you. To find out your registration type, search for your organization at the Charities Bureau website:

http://www.charitiesnys.com/RegistrySearch/search_charities.jsp

If you are registered but cannot find your organization at the Charities Bureau website, please contact the Charities Bureau for assistance. See part XI (Questions / Contacting the Charities Bureau) of these instructions.

To register, unregistered organizations should use form CHAR410 and the instructions to that form.

II. Who Must File CHAR500

All registered organizations, even those meeting annual report exemption requirements, must file with the Charities Bureau every year on form CHAR500. Although the Internal Revenue Service (IRS) does not require any filing at all for years in which gross receipts do not exceed certain thresholds, the Charities Bureau requires an annual filing, whether it is an annual report with financial data and a filing fee or a filing claiming exemption from reporting requirements and filing fees.

For filing and fee requirements, see part IV (What to File) and part V (Line By Line Instructions) of these instructions.

III. Entities Required to File a Form Other Than CHAR500

The following registered charitable entities should not use CHAR500 for annual filings with the Charities Bureau::

- trusts that are not wholly charitable but that have charitable interests (note: wholly charitable trusts that file an IRS Form 990, 990-EZ or 990-PF must use CHAR500); and
- estates with charitable interests.

All other registrants must file form CHAR500 each year.

IV. What to File

Follow the instructions in part V (Line by Line Instructions) to determine which sections of the CHAR500 your organization must complete and which schedules, attachments and fees your organization must attach to your organization's CHAR500.

Please clip or staple together as one package the CHAR500 with any required schedules and attachments. Please do not staple schedules or attachments separately. When submitting an accountant's report, please do not submit a bound copy.

All fees must be paid by a single check or money order, payable to "New York State Department of Law." Please write your organization's registration number on your payment. Clip (do not staple) your payment to the front of the CHAR500. Do not submit payment separately from the CHAR500.

V. Line By Line Instructions

You must know your organization's registration type to determine which parts of these instructions apply to your organization. For more information, see part I (Registration Statutes and Registration Types) of these instructions.

1. General Information**a. Fiscal year beginning and ending:**

Enter the month, day and year for both the beginning and end of the report's accounting period, whether your organization has a calendar year accounting period (e.g., January 1, 2004 to December 31, 2004) or a different full year accounting period (e.g., July 1, 2004 to June 30, 2005) or is filing for a period shorter than a year (e.g., July 1, 2004 to December 31, 2004).

b. Checkboxes:

Address change: Check this box if the organization changed its address since it submitted its previous filing.

Name change: Check this box if the organization has changed its name since it submitted its previous filing and attach a completed form CHAR410-A with all required attachments.

Initial filing: If the organization recently registered with the Charities Bureau and is submitting its first annual filing, check this box. If the organization has not yet registered, it must register using form CHAR410.

Final filing: Organizations should file final filings when they cease operations and/or dissolve. You must check this box and attach to the CHAR500 a copy of the IRS 990, 990-EZ or 990-PF marked "Final return" with all required attachments filed with the IRS.

If the organization is incorporated in New York State, you must attach either a certificate of dissolution from the New York State Department of State or a document describing the organization's plans to obtain a certificate of dissolution from the Department of State.

If the organization is incorporated in another state, you must attach a certificate of dissolution from the appropriate agency in that state.

The final filing checkbox may not be used to claim exemption from Charities Bureau registration and filing requirements. To claim such an exemption, use form Schedule E (Request for Registration Exemption for Charitable Organizations) and the instructions to that form.

Amended filing: If submitting an amended filing, you must check this box and attach to the CHAR500 a copy of the IRS 990, 990-EZ or 990-PF marked "Amended return" with all required attachments filed with the IRS.

If the Charities Bureau filing fee required under the amended report is higher than the fee submitted as part of the original filing, submit a payment covering the difference. If information in the required attachments has changed (e.g., accountant's audit report), submit the revised documents as attachments to the amended filing.

NY reg. pending: If the organization's New York State registration is pending, check this box and complete the filing.

c. Organization Information:

- State the name of the organization as it is registered with the Charities Bureau.
- State the mailing address of the organization.

d. Federal Employer Identification Number (EIN): State the organization's EIN on record with the IRS.**e. NY State Registration No.:**

If you do not know your New York State Registration Number, search for your organization at the Charities Bureau website:

http://www.charitiesnys.com/RegistrySearch/search_charities.jsp

If you are registered but cannot find your organization at the Charities Bureau website, please contact the Charities Bureau for assistance. See part XI (Questions / Contacting the Charities Bureau) of these instructions.

f. Telephone Number: State the telephone number of the organization where a key person responsible for the organization's annual filing can be reached.**g. Email:** State the email address of the organization where a key person responsible for the organization's annual filing can be reached.

2. Certification

Each signature must be accompanied by the signatory's printed name and title and the date signed.

The following individuals must certify the CHAR500:

- **Article 7-A & Dual:** Certifications must be signed by both the president or another authorized officer and the chief financial officer or treasurer.
- **EPTL:** Certifications must be signed by both the president or another authorized officer and the chief financial officer or treasurer, except that certification by a banking institution need only be signed by a vice president and certification on behalf of a trust need only be signed by at least one trustee. If only one signature is required please write "Trust - Only one signature required on the second signature line.

3. Annual Report Exemption Information

- a. **Article 7-A:** Organizations registered with the Attorney General pursuant to Article 7-A who (1) had total contributions from New York State (including residents, foundations, corporations, government agencies and other entities) that did not exceed \$25,000 and who did not use the services of a professional fund raiser (PFR)* or fund raising counsel (FRC)* to solicit contributions during the reporting period are exempt from the Article 7-A reporting requirement applicable to this period, but must still file CHAR500 to claim the annual report exemption. An organization may also claim this exemption if:

- it received an allocation from a federated fund, United Way or incorporated community appeal and contributions from all other sources did not exceed \$25,000 and it did not use a PFR or FRC, or
- it received all or substantially all of its contributions from single a government agency to which it submitted an annual financial report similar to that required by Article 7-A and it did not use a PFR or FRC.

To claim the exemption, such an organization must check the Article 7-A annual report exemption box on the CHAR500 and complete the certification under penalty for perjury attesting that it qualifies for an annual report exemption for the reporting period. No fees and no schedules or attachments are required for Article 7-A registrants claiming the Article 7-A annual report exemption. The filing deadline is the same as that for annual reports.

* For definitions of PFR and FRC, see part V.4.a.1. (Line By Line Instructions, Article 7-A Schedules, Schedule 4a: Professional Fund Raisers (PFR), Fund Raising Counsels (FRC), Commercial Co-Venturers (CCV)) of these instructions.

- b. **EPTL:** Organizations registered with the Attorney General pursuant to EPTL Section 8-1.4 whose (1) total gross receipts[†] were less than \$25,000 for the reporting period and (2) total assets^{††} did not exceed \$25,000 at any time during the reporting period are exempt from the EPTL reporting requirement applicable to this period, but must still file CHAR500 to claim the annual report exemption.

To claim the exemption, such an organization must check the EPTL annual report exemption box on the CHAR500 and complete the certification under penalty for perjury attesting that it qualifies for an annual report exemption for the reporting period. No fees and no schedules or attachments are required for EPTL only registrants claiming the EPTL annual report exemption. The filing deadline is the same as that for annual reports.

[†] Gross receipts include (1) gifts, grants, and contributions; and (2) gross income and revenue from all sources; and (3) gross amounts from sales of assets, other than inventory. Neither costs nor expenses are subtracted. In general, gross receipts is calculated in the same manner as Gross receipts in the IRS Form 990 (See also instructions for forms 990 and 990 EZ at www.irs.gov).

^{††} Total assets include all assets of the organization, valued at fair market value, without subtracting any liabilities. In general, total assets is calculated in the same manner as Total Assets on line 25 of the IRS Form 990-EZ, line 59 of the IRS Form 990 or Part II, line 16(c) of the IRS Form 990-PF.

- ⇨ **Dual:** An organization registered with the Attorney General pursuant to Article 7-A and the EPTL (dual registrant) who meets either or both of the annual report exemption requirements, may claim such exemptions by checking the relevant annual report exemption boxes on the CHAR500 and completing the certification under penalty for perjury attesting that it qualifies for an annual report exemption for the reporting period.

If the dual registrant is claiming the annual report exemptions for both Article 7-A and the EPTL, no fees and no schedules or attachments are required.

If the dual registrant is claiming the annual report exemption for one of the laws, but not both of them, the organization must follow the regular annual report filing requirements for the statute under which it cannot claim the annual report exemption.

4. Article 7-A Schedules

Organizations registered only under the EPTL do not need to complete the Article 7-A Schedules questions and should not attach the blank schedule pages to their CHAR500.

Only organizations registered under Article 7-A (Article 7-A and dual registrants) must complete the Article 7-A Schedules questions. If the answer to either question is "Yes", the corresponding schedule(s) must be completed and submitted with the first page of the CHAR500.

- a. **Schedule 4a: Professional Fund Raisers (PFR), Fund Raising Counsels (FRC), Commercial Co-Venturers (CCV)**

Organizations that contracted with or used the services of a PFR, FRC or CCV for fund raising activity in New York State during the reporting period must answer "Yes" to question 4.a. on the CHAR500 and must complete and submit Schedule 4a. If more than one fund raising professional (FRP) was used, submit a copy of this schedule for each FRP.

1. **Type of fund raising professional** – Check the appropriate box for the type of FRP used. The legal definitions of PFR, FRC and CCV are quite complex and should be read in their entirety. The following simplified definitions may be useful in understanding the differences between these FRP categories:

- **Professional Fund Raiser (PFR):** FRPs who, in addition to other activities, conduct the solicitation of contributions and/or handle the donations (for the legal definition of PFR, see Article 7-A § 171-a.4.)

- Fund Raising Counsel (FRC): FRPs who do not solicit contributions or handle donations, but limit their activities to advising or assisting a charitable organization to perform such functions itself (for the legal definition of FRC, see Article 7-A § 171-a.9.)
- Commercial Co-Venturer (CCV): An individual or for-profit company that is regularly and primarily engaged in trade or commerce other than raising funds for a charitable organization and who advertises that the purchase or use of goods, services, entertainment or any other thing of value will benefit a charitable organization (for the legal definition of CCV, see Article 7-A § 171-a.6.)

2. *FRP Information* –

- State the name of the FRP as it is registered with the Charities Bureau.
- State the principal address of the FRP.

3. *FRP telephone number* – State the telephone number of the FRP where a key employee responsible for the contract with your organization can be reached.

4. *Services provided by FRP* – Describe the services the FRP provided. This description must be consistent with the terms of the contract.

5. *Compensation arrangement with FRP* – Describe the way in which the FRP was compensated. This description must be consistent with the terms of the contract.

6. *Dates of contract* – List the month, day and year of the beginning and end of the contract period.

7. *Amount paid to FRP* – List the total gross amount paid in fees and covered expenses during the reporting period.

b. Article 7-A Schedule 4b: Government Contributions (Grants)

Organizations that received a contribution (grant) from a government agency during the reporting period must answer “Yes” to question 4.b. on the CHAR500 and must complete and submit Schedule 4b.

List the name of each agency from which your organization received a government contribution (grant) and the grant amount. Sum the grants on the last line of Schedule 4b, Total Government Contributions (Grants), which is equal to Government contributions (grants) on Part VIII, line 1e of the IRS Form 990 (note: there is no corresponding line on either the IRS Form 990-EZ or 990-PF).

Use additional copies of Schedule 4b if necessary to list each government contribution (grant) separately.

5. **Fee Submitted**

Calculate the filing fee due as follows and indicate the fees being submitted along with the annual report.

All fees must be paid by a single check or money order, payable to “New York State Department of Law.” Please write your organization’s registration number on your payment. Please clip (do not staple) your payment to the front of the CHAR500. Please do not submit payment separately from the CHAR500.

Organizations claiming one or both of the annual report exemptions should read completely part V.3. (Line By Line Instructions, Annual Report Exemption Information) of these instructions before completing the Fee Submitted section of CHAR500.

a. Article 7-A Filing Fee:

The Article 7-A filing fee is based on the total support and revenue of the organization for the reporting period, as indicated in the following table. Total support and revenue is equal to Total revenue on Part I, line 9 of the IRS Form 990-EZ or Part I, line 12 of the IRS Form 990 or 990-PF.

Total Support & Revenue	Article 7-A Filing Fee
more than \$250,000	\$25
up to \$250,000 *	\$10

* Any organization that contracted with or used the services of a professional fund raiser (PFR) or fund raising counsel (FRC) during the reporting period must pay an Article 7-A filing fee of \$25, regardless of total support and revenue. For definitions of PFR and FRC, see part V.4.a.1. (Line By Line Instructions, Article 7-A Schedules, Schedule 4a: Professional Fund Raisers (PFR), Fund Raising Counsels (FRC), Commercial Co-Venturers (CCV)) of these instructions.

b. EPTL Filing Fee:

The EPTL filing fee is based on the net worth of the organization at the end of the reporting period, as indicated in the following table. Net worth at the end of the year is equal to Net assets or fund balances at end of year on Part I, line 21 of the IRS Form 990 or 990-EZ or the difference between Total assets at fair market value on Part II, line 16(c) and Total liabilities on Part II, line 23(b) of the IRS Form 990-PF.

Net Worth at End of Year	EPTL Filing Fee
Less than \$50,000	\$25
\$50,000 or more, but less than \$250,000	\$50
\$250,000 or more, but less than \$1,000,000	\$100
\$1,000,000 or more, but less than \$10,000,000	\$250
\$10,000,000 or more, but less than \$50,000,000	\$750
\$50,000,000 or more	\$1500

c. **Total Fee:**

The total fee is equal to the sum of the Article 7-A and EPTL filing fees.

- **Article 7-A:** The total fee for Article 7-A only registrants equals their Article 7-A filing fee. Article 7-A only registrants do not need to calculate or pay an EPTL filing fee.
- **EPTL:** The total fee for EPTL only registrants equals their EPTL filing fee. EPTL only registrants do not need to calculate or pay an Article 7-A filing fee.
- **Dual:** Dual registrants must pay both filing fees. Determine the Article 7-A and EPTL filing fees using the tables above, add these fees together and indicate the sum on the Total Fee line.

6. Attachments⇨ **All Filers:**

All filers must include a copy of the following IRS forms with their submission of the CHAR500:

- copy of complete IRS Form 990, 990-EZ or 990-PF with schedules; and
- IRS Form 990-T, if applicable

⇨ **Additional Accountant's Report Attachment for Article 7-A and Dual Registrants:**

For Article 7-A and dual registrants, in addition to the documents listed above, use the following table to determine which additional accountant's report to include with your submission of the CHAR500:

Total Support & Revenue	Independent Accountant's Report
more than \$250,000	independent accountant's audit report and financial statements with accompanying notes
more than \$100,000, up to \$250,000	independent accountant's review report and financial statements with accompanying notes
up to \$100,000	no accountant's report required

Note regarding use of a consolidated accountant's report:

Financial statements submitted with the independent accountant's review or audit report must conform with Generally Accepted Accounting Principles (GAAP), including compliance with all pronouncements of the Financial Accounting Standards Board and the American Institute of Certified Public Accountants that establish principles relevant to not-for-profit corporations.

An Article 7-A or dual registrant whose financial information is included in a consolidated certified public accountant's audit or review report may file such consolidated audit or review report with its annual financial report in lieu of filing a separate audit or review report for the registrant alone, as long as such consolidated audit or review report includes or attaches supplemental schedules containing the following:

- *statement of financial position for each consolidated entity; and*
- *statement of activities for each consolidated entity; and*
- *consolidating adjustments.*

Even if a registrant files a consolidated audit or review report with its annual financial report, it must submit the CHAR500 with required schedules, attachments and fees described above on an individual basis.

VI. When and Where to Submit

All submissions must be mailed, postmarked by the deadlines indicated immediately below, to the address at the top of the CHAR500.

Article 7-A and Dual: File by the 15th day of the 5th month after the organization's accounting period ends. For example, a report for the fiscal year ended December 31, 2004 is due by May 15, 2005.

EPTL: File by the last day of the 6th month after the organization's accounting period ends. For example, a report for the fiscal year ended December 31, 2004 is due by June 30, 2005.

Note regarding weekends and holidays: If the regular due date falls on a Saturday, Sunday or legal holiday, file on the next business day. A business day is any day that is not a Saturday, Sunday or legal holiday.

VII. Extension of Time to File

Upon written request, preferably by email, submitted prior to the required filing date, the time to submit an annual filing may be extended by the Attorney General for up to three months. In lieu of such written request, a registrant may submit to the Charities Bureau a copy of a request for extension submitted to the Internal Revenue Service (IRS Form 8868). Email requests should be sent to charities.extensions@oag.state.ny.us. An email request should include the name of the charity and its New York State registration number in the subject line and should state the reason for the request in the body of the email or include IRS Form 8868 as an attachment.

Any requests for further extensions must be submitted in writing, by mail, stating the reasons for such request and, if the registrant files annual returns with the IRS, must be accompanied by an IRS Form 8868 approved by the IRS if received. No extensions of time to file annual financial reports shall be granted to any registrant who has failed to submit an annual filing for any year prior to that for which the extension is requested.

No fees should be submitted with a request for an extension of time to submit an annual filing.

VIII. Penalties

Article 7-A: An organization's Article 7-A registration is automatically revoked if it fails to comply with the Article 7-A reporting requirements. The Attorney General may also seek civil penalties of \$1,000 per violation and up to \$100 per day for noncompliance with the Article 7-A reporting requirements.

EPTL: Pursuant to EPTL Section 8-1.4, any organization that fails to comply with the EPTL reporting requirements may be subject to fines in the amount of \$10 per day, up to a maximum of \$1,000, for each such failure.

Dual: A dual registrant that fails to comply with reporting requirements is subject to penalties under both Article 7-A and the EPTL, as listed in the instructions directly above.

IX. Amended / Final Filing

See part V.1.b. (Line By Line Instructions, General Information, Checkboxes) for information on submitting an amended or final filing.

X. Combined Annual Report for Group of Registrants

Upon prior written authorization from the Charities Bureau, an Article 7-A or dual registrant that has one or more affiliates may qualify to file a combined annual filing on CHAR500-C (Combined Annual Financial Report) on behalf of itself and its affiliates in lieu of each organization filing an individual annual filing using CHAR500. For a detailed description of which organizations may qualify to file a combined annual filing, what must be filed as part of a combined filing, what fees must accompany a combined filing and how to apply for authorization to submit a combined filing, consult the instructions within form CHAR500-C.

XI. Annual Filings Open to Public Inspection

Preparers should note that information contained in the CHAR500 annual filing form and its attachments, including the IRS Form 990, 990-EZ or 990-PF with schedules, is **open to public inspection** pursuant to the New York Freedom of Information Law ("FOIL") unless otherwise stated below.

The only parts of the annual filing exempt from FOIL disclosure to the public are:

- Schedule B (Schedule of Contributors) to the IRS Form 990 or 990-EZ, which is also exempt from disclosure by the IRS pursuant to the United States Freedom of Information Act ("FOIA"). (*Note: Schedule B to the IRS Form 990-PF is **not exempt** from FOIL or FOIA disclosure.*)
- IRS Form 990-T (Exempt Organization Business Income Tax Return), which is also exempt from FOIA disclosure.

Preparers should also note that, if included, the Preparer's Social Security Number on the signature block of the IRS 990, 990-EZ or 990-PF is **not exempt** from FOIL or FOIA disclosure. **However**, pursuant to the IRS instructions to such forms, the Preparer's Social Security Number is **not required** on the 990, 990-EZ or 990-PF for most tax-exempt organizations:

Instructions to the IRS Forms 990 and 990-EZ: "Enter the preparer's social security number (SSN), preparer tax Identification number (PTIN), or employer identification number (EIN), only if the Form 990, or Form 990-EZ, is for a section

4947(a)(1) nonexempt charitable trust that is not filing Form 1041."

Instructions to the IRS Form 990-PF: "If the box for question 13 of Part VII-A is checked (section 4947(a)(1) nonexempt charitable trust filing Form 990-PF instead of Form 1041), the paid preparer must also enter his or her social security number

or, if applicable, PTIN and employer identification number in the spaces provided. Otherwise, do not enter the preparer's social security or employer identification number."

The Instructions for Form 990 and Form 990-EZ, Part W (Requirements for a Properly Completed Form 990 or Form 990-EZ), are available on the IRS website at the following web address: <http://www.irs.gov/pub/irs-pdf/i990.pdf>

The Instructions for Form 990-PF, Part Q (Public Inspection Requirements, Requirements Placed on the IRS) and the Signature section are available on the IRS website at the following web addresses, respectively:

<http://www.irs.gov/instructions/i990pf/ch01.html>

<http://www.irs.gov/instructions/i990pf/ch02.html>

Please contact the IRS at 1-877-829-5500 if you have questions about the 990 forms or IRS public disclosure policies.

XII. Questions / Contacting the Charities Bureau

Questions about completing the CHAR500 should be directed to the Charities Bureau as follows:

By Email: charities.bureau@ag.ny.gov

By Phone: 212-416-8401

Helpful information may also be found on the Charities Bureau website at www.charitiesnys.com.