The Heritage Foundation and Affiliates

Consolidated Financial Report
December 31, 2014

Contents

McGladrey

Independent Auditor's Report

To the Board of Trustees
The Heritage Foundation
Washington, D.C.

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of The Heritage Foundation and Affiliates (the Foundation) which comprise the consolidated statements of financial position as of December 31, 2014 and 2013, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of The Heritage Foundation and Affiliates as of December 31, 2014 and 2013, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

McGladrey LLP

McLean, Virginia
May 20, 2015

The Heritage Foundation and Affiliates

Consolidated Statements of Financial Position
December 31, 2014 and 2013

	2014	2013
Assets		
Current Assets		
Cash and cash equivalents	$ 6,807,296	$ 4,841,314
Contributions receivable	13,367,690	6,138,893
Prepayments and other assets	878,644	833,388
Total current assets	21,053,630	11,813,595
Long-Term Assets		
Investments	172,264,986	158,215,630
Deferred compensation investments	2,343,695	2,338,716
Contributions receivable, net	4,083,324	3,440,454
Property and equipment, net	60,574,654	62,204,027
Cash surrender value of insurance	725,584	650,373
Total long-term assets	239,992,243	226,849,200
Total assets	$ 261,045,873	$ 238,662,795
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued expenses	$ 8,826,553	$ 9,621,002
Notes payable	518,065	503,752
Total current liabilities	9,344,618	10,124,754
Long-Term Liabilities		
Notes payable	18,688,885	18,068,237
Deferred compensation obligations	2,343,695	2,338,716
Split-interest obligations	13,526,999	13,880,425
Total long-term liabilities	34,559,579	34,287,378
Total liabilities	43,904,197	44,412,132
Net Assets		
Unrestricted		
Board designated	109,836,527	106,349,354
Undesignated	60,401,926	44,452,852
Temporarily restricted – gifts from annuities, trusts and promises to give	43,503,223	40,048,457
Permanently restricted	3,400,000	3,400,000
	217,141,676	194,250,663
	$ 261,045,873	$ 238,662,795

See Notes to Consolidated Financial Statements.

The Heritage Foundation and Affiliates

Consolidated Statements of Activities
Years Ended December 31, 2014 and 2013

	2014	2013
Changes in Unrestricted Net Assets		
Support and revenue:		
Public support – contributions	**$ 84,017,642**	$ 72,830,072
Investment gain, net	**9,890,624**	12,953,191
Rental and other income	**461,646**	3,883,440
Net assets released from restriction – satisfaction of time or program restrictions	**7,148,500**	3,294,082
Total unrestricted support and revenue	**101,518,412**	92,960,785
Expenses:		
Program services:		
Research	**24,007,467**	25,990,247
Media and government relations	**8,516,406**	8,143,121
Educational programs	**29,131,618**	26,777,982
Total program services	**61,655,491**	60,911,350
Supporting services:		
Management and general	**2,508,263**	3,211,592
Fundraising	**17,918,411**	16,588,744
Total supporting services	**20,426,674**	19,800,336
Total expenses	**82,082,165**	80,711,686
Change in unrestricted net assets	**19,436,247**	12,249,099
Changes in Temporarily Restricted Net Assets		
Contributions	**10,471,501**	29,156,191
Investment gain, net	**976,735**	3,128,616
Change in value of split-interest agreements	**(795,014)**	(1,318,424)
Change in value of pledges and irrevocable trusts	**(49,956)**	51,971
Net assets released from restrictions	**(7,148,500)**	(3,294,082)
Change in temporarily restricted net assets	**3,454,766**	27,724,272
Change in net assets	**22,891,013**	39,973,371
Net Assets		
Beginning	**194,250,663**	154,277,292
Ending	**$ 217,141,676**	$ 194,250,663

See Notes to Consolidated Financial Statements.

The Heritage Foundation and Affiliates

Consolidated Statements of Cash Flows
Years Ended December 31, 2014 and 2013

	2014	2013
Cash Flows From Operating Activities		
Change in net assets	$ 22,891,013	$ 39,973,371
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Net realized and unrealized gain on investments	(10,666,485)	(15,685,941)
Change in value of split-interest agreements	795,014	1,318,424
Increase in discount on contributions receivable	67,680	53,447
Change in value of terminated split-interest agreements	576,222	82,011
Depreciation	3,632,838	3,315,797
Loss on disposal of assets	1,602,035	37,466
Change in value of interest rate swap	1,138,713	(753,594)
Contributions restricted to investment in perpetuity	(100,000)	(100,000)
Changes in assets and liabilities:		
(Increase) decrease in:		
Contributions receivable	(7,939,347)	1,978,264
Prepayments and other assets	(45,256)	213,730
Increase (decrease) in:		
Accounts payable and accrued expenses	(794,449)	(671,455)
Net cash provided by operating activities	11,157,978	29,761,520
Cash Flows From Investing Activities		
Purchases of investments	(20,723,105)	(144,151,371)
Sales of investments	17,340,234	117,335,114
Purchases of property and equipment	(3,605,500)	(3,592,056)
Change in cash surrender value of life insurance	(75,211)	(151,592)
Net cash used in investing activities	(7,063,582)	(30,559,905)
Cash Flows From Financing Activities		
Proceeds from notes payable	-	7,505,079
Principal payments on notes payable	(503,752)	(6,870,923)
Proceeds from the line of credit	10,250,486	6,509,947
Payments on the line of credit	(10,250,486)	(6,509,947)
Contributions restricted to investment in perpetuity	100,000	100,000
Payments on split interest agreements	(2,057,595)	(1,825,950)
Proceeds from split interest agreements	332,933	1,317,635
Net cash (used in) provided by financing activities	(2,128,414)	225,841
Net increase (decrease) in cash and cash equivalents	1,965,982	(572,544)
Cash and Cash Equivalents		
Beginning	4,841,314	5,413,858
Ending	$ 6,807,296	$ 4,841,314
Supplemental Disclosure of Cash Flow Information		
Interest paid	$ 484,284	$ 477,385
Net increase in cash surrender value of life insurance	$ 75,211	$ 151,592

Note 1. Nature of Activities and Significant Accounting Policies

Nature of activities: The Heritage Foundation and Affiliates (the Foundation) is composed of the following entities: The Heritage Foundation, 3rd Street Properties, LLC, Massachusetts Avenue Properties, LLC, and Intern Housing, LLC.

Founded in 1973, The Heritage Foundation is an educational and research institute – a think tank – whose mission is to formulate and promote conservative public policies based on the principles of free enterprise, limited government, individual freedom, traditional American values, and a strong national defense. The Foundation pursues this mission by performing timely, accurate research on key policy issues, and effectively marketing these findings to its primary audiences who are members of Congress, key congressional staff, policy makers in the Executive Branch, the nation's news media, the academic and policy communities, and its donors and the public at large. The Foundation's vision is to build an America where freedom, opportunity, prosperity and civil society flourish.

The Heritage Foundation is the sole member of three Limited Liability Companies that are used for a variety of purposes.

3rd Street Properties, LLC is a Limited Liability Company used to purchase and hold real estate property.

Massachusetts Avenue Properties, LLC is a Limited Liability Company used to purchase and hold real estate property.

Intern Housing LLC, is a Limited Liability Company that operates an intern housing program.

A summary of significant accounting policies of the Foundation follows:

Basis of accounting: The accompanying consolidated financial statements are presented in accordance with the accrual basis of accounting, whereby support and revenue are recognized when received and earned and expenses are recognized when incurred.

Principles of consolidation: All intercompany accounts and transactions between The Heritage Foundation, 3 rd Street Properties, LLC, Massachusetts Avenue Properties, LLC, and Intern Housing, LLC, have been eliminated in the consolidated financial statements.

Basis of presentation: The consolidated financial statement presentation follows the recommendation of the Financial Accounting Standards Board Accounting Standards Codification (the Codification). As required by the Non-Profit Entities topics of the Codification, *Balance Sheet* and *Income Statement,* the Foundation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted.

> *Unrestricted net assets:* Net assets representing unrestricted resources available to support the Foundation's operations and temporarily restricted resources that become available for use in the year given by satisfying donor-imposed time or purpose restrictions. Unrestricted net assets include both board-designated and undesignated funds. The Board of Trustees has approved the establishment of an operating reserve (designated fund) to provide working capital and financing stability for the Foundation in the future. Funds have also been designated by the Board for certain programs and capital acquisitions. Total designated funds at December 31, 2014 and 2013, totaled $109,836,527 and $106,349,354, respectively. The undesignated fund constitutes the Foundation's operating fund and net investment in property, plant, and equipment net of related liabilities.

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

Temporarily restricted net assets: Net assets subject to donor-imposed stipulations that will be met either by actions of the Foundation and/or the passage of time. When a donor-imposed restriction expires due to accomplishing the stipulated purpose or through passage of time, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statements of activities as net assets released from restrictions.

Permanently restricted net assets: Net assets subject to donor-imposed stipulations that they be maintained permanently by the Foundation, typically with earned investment income used for donor-restricted purposes.

Cash and cash equivalents: The Foundation considers all highly liquid investments purchased with an initial maturity of three months or less to be cash equivalents. Cash equivalents held temporarily in the investment portfolio are excluded from cash and cash equivalents.

Financial risk: The Foundation maintains its cash in bank deposit accounts and money market accounts, which, at times, may exceed federally insured limits. The Foundation has not experienced any losses in such accounts and believes it is not exposed to any significant financial risk on cash balances.

The Foundation invests in a professionally managed portfolio that contains equity and fixed income mutual funds, alternative investments, and common trust funds. Investments are exposed to various risks such as market and credit. Due to the level of risk associated with such investments and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risks in the near term would materially affect investment balances and the amounts reported in the consolidated financial statements.

Contributions receivable and support and revenue: The Foundation recognizes support and revenue for contributions received, including those contributions received in the form of unconditional promises to give or pledges. These promises to give are classified as contributions receivable on the consolidated statements of financial position. As of December 31, 2014, the Foundation had an outstanding conditional matching pledge totaling $16,000,000.

Contributions receivable that are expected to be collected within one year are recorded at net realizable value. Contributions receivable that are expected to be collected in future years are discounted at an appropriate discount rate commensurate with the risks involved. Amortization of the discount is included in the change in value of pledges and irrevocable trusts on the consolidated statements of activities. An allowance for uncollectible pledges is recorded based on estimated amounts not expected to be collected. At December 31, 2014 and 2013, there was no reserve for uncollectible amounts recorded.

Investments: Investments with readily determinable fair values are reported at fair value with gains and losses included in the consolidated statements of activities. Other investments such as those in partnerships, hedge funds, trusts, LLCs and private equity are valued at fair value based on the applicable percentage of ownership of the underlying net assets or partners' capital or net asset value per share as determined by the fund at the measurement date. In determining fair value, these funds use valuations provided by the underlying funds or partnerships which are also substantiated by the fund's independent auditors. The underlying funds or partnerships value securities and other financial instruments on a fair value basis of accounting. The estimated fair values of certain investments of the underlying funds, which may include private placements and other securities for which prices are not readily available, are determined by the general partner or sponsor of the respective other investments and may not reflect amounts that could be realized upon immediate sale, nor amounts that ultimately may be realized. Accordingly, the estimated fair values may differ significantly from the values that would have been used had a ready market existed for these investments.

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

The fair value of the fund's investment in partnerships, private placements or other securities generally represents the amount the fund would expect to receive if it were to liquidate its investment in those underlying investments, excluding any redemption charges that may apply. Furthermore, liquidity may be affected by gate provisions and holdbacks imposed by certain funds.

Property and equipment: Property and equipment consists of land, buildings, building improvements, office furniture, and equipment, which are stated at cost as of the date of acquisition or, for gifts-in-kind, the fair market value at the date of donation. Depreciation is recognized on a straight-line basis over estimated useful lives of 3 to 39 years for building and building improvements, and 3 to 10 years for office furniture and equipment. Depreciation for all assets was based on a half-year convention for the year of acquisition and the last year of useful life for assets purchase prior to 2006. Beginning in 2006, assets are depreciated on a full-year convention. The Foundation capitalizes all property and equipment with a cost of $5,000 or more, except for IT equipment and software which is capitalized at unit costs exceeding $2,500. Subsequent to December 31, 2013, the Foundation changed its capitalization policy. Beginning January 1, 2014, the Foundation began capitalizing individual property and equipment purchases with a cost of $5,000 or more.

Valuation of long-lived assets: Long-lived assets and certain identifiable intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of the long-lived asset is measured by a comparison of the carrying amount of the asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the estimated fair value of the assets. Assets to be disposed of are reportable at the lower of the carrying amount or fair value, less costs to sell. The Foundation had no impairment of long-lived assets during 2014 or 2013.

Cash surrender value of insurance: During 1999, the Foundation entered into a split-dollar insurance agreement with the Foundation's then president. The Foundation made premium payments to fund the life insurance policy. The then president assigned the cash surrender value and proceeds from death benefit of the policy to the Foundation to the extent of the Foundation's cumulative premium payments.

Derivative financial instruments: The Foundation has entered into two interest rate swap agreements to manage the interest rate exposure on the notes payable. The fair values of the interest rate swap agreements are the estimated amount that the bank or financial institution would receive or pay to terminate the swap agreements at the reporting date, taking into account current interest rates and the current credit worthiness of the swap counter parties.

Such interest rate swaps are accounted for under the Codification topic, *Derivatives and Hedging*. As a not-for-profit organization, the Foundation is not allowed to use cash flow hedging. Therefore, the interest rate swaps are recorded in the consolidated statements of financial position at fair value. The changes in the fair values are reflected in other income in the consolidated statements of activities. The fair values of the interest rate swap liabilities at December 31, 2014 and 2013, were $(1,253,569) and $(114,856), respectively, and are included in long-term notes payable in the accompanying consolidated statements of financial position. The fair value of the interest rate swap asset at December 31, 2014 and 2013, were $0 and $13,913, respectively, and are included in other assets in the accompanying consolidated statements of financial position.

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

Split-interest agreements: Contributions received in the form of irrevocable split-interest agreements (charitable gift annuities and charitable trusts) are recorded as contribution revenue at the present value of amounts expected to transfer to the Foundation at the estimated date of death of the current beneficiaries, which is estimated using Internal Revenue Service mortality tables and discount rates commensurate with the risks involved, ranging from 1% to 6%. Any subsequent changes in the value of the split-interest agreements are recorded as change in value of split-interest agreements in the consolidated statements of activities.

During the life of the beneficiary or for the specified period of time, the Foundation pays the donor, or other specified parties, amounts as determined in the donor agreement. Upon fulfillment of the beneficiary payments or termination of the trust, the remaining assets are available to the Foundation for unrestricted purposes.

Income tax status: The Heritage Foundation is a not-for-profit organization exempt from federal income taxes under Section 501(a), as an entity described in Section 501(c)(3) of the Internal Revenue Code of 1986. The Heritage Foundation has been classified by the Internal Revenue Service as a public charity and is not a private foundation. Contributions to The Heritage Foundation are deductible for federal income, estate, and gift tax purposes. Income which is not related to exempt purposes is subject to tax. 3rd Street Properties, LLC, Massachusetts Avenue Properties, LLC, and Intern Housing, LLC, are limited liability companies whose sole member is The Heritage Foundation. Consequently, 3rd Street Properties, LLC, Massachusetts Avenue Properties, LLC, and Intern Housing, LLC, are disregarded entities for federal and state income tax purposes.

The Foundation follows the accounting standard on accounting for uncertainty in income taxes, which addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the consolidated financial statements. Under this guidance, the Foundation may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. The tax benefits recognized in the consolidated financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. The guidance on accounting for uncertainty in income taxes also addresses de-recognition, classification, interest and penalties on income taxes, and accounting in interim periods.

Management evaluated the Foundation’s tax positions and concluded that the Foundation had taken no uncertain tax positions that require adjustment to the consolidated financial statements to comply with the provisions of this guidance. Generally, the Foundation is no longer subject to income tax examinations by the U.S. federal, state or local tax authorities for years before 2011.

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

Allocation of joint costs: The Foundation incurred joint costs of $14,542,519 and $14,987,207 for the years ended December 31, 2014 and 2013, respectively. The Foundation allocated these joint costs among program and fundraising expenses as follows:

	2014	2013
Educational programs expense	$ 11,833,584	$ 12,454,036
Fundraising expense	2,708,935	2,533,171
	$ 14,542,519	$ 14,987,207

Advertising costs: Advertising costs are expensed when incurred. Total advertising expense was $1,528,497 and $1,443,221 for the years ended December 31, 2014 and 2013, respectively.

Use of estimates: The preparation of consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of support and revenue and expenses during the reporting period. Actual results could differ from those estimates.

Functional allocation of expenses: The costs of providing various program and supporting activities have been summarized on a functional basis in the accompanying statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Subsequent events: The Foundation evaluated subsequent events through May 20, 2015, which is the date the consolidated financial statements were available to be issued.

Note 2. Contributions Receivable

The following are unconditional promises to give at December 31, 2014 and 2013:

	2014	2013
Due in less than one year	$ 13,367,690	$ 6,138,893
Due in one to five years	4,154,452	3,272,652
Due in greater than five years	50,000	221,250
Total to be received	17,572,142	9,632,795
Less discounting for multi-year promises to give	(121,128)	(53,448)
	$ 17,451,014	$ 9,579,347

Note 3. Investments

See Note 4 for details on the composition of the investment portfolio at December 31, 2014 and 2013.

The following summarizes investment income for the years ended December 31, 2014 and 2013:

	2014	2013
Net realized and unrealized gain	$ 10,666,485	$ 15,685,941
Interest and dividends	200,874	395,866
	$ 10,867,359	$ 16,081,807

Note 4. Fair Value Measurements

The Foundation follows the Codification topic, *Fair Value Measurement,* which defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date and sets out a fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). Inputs are broadly defined as assumptions market participants would use in pricing an asset or liability. The three levels of the fair value hierarchy are described below:

Level 1 Unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. The types of investments included in Level 1 include listed equities and listed derivatives. As required by the Codification, the Foundation does not adjust the quoted price for these investments, even in situation where the Foundation holds a large position and a sale could reasonably impact the quoted price.

Level 2 Inputs other than quoted prices within Level 1 that are observable for the asset or liability, either directly or indirectly; fair value is determined through the use of models or other valuation methodologies. Investments generally included in this category are corporate bonds and loans, less liquid and restricted equity securities and certain over-the-counter derivatives. A significant adjustment to a Level 2 input could result in the Level 2 measurement becoming a Level 3 measurement.

Level 3 Inputs are unobservable for the asset or liability and include situations where there is limited market activity for the asset or liability. The inputs for determination of fair value are based upon the best information in the circumstances and may require significant management judgment or estimation. Investments that are included in this category generally include equity and debt positions in private companies and general and limited interests in private investment funds, real estate funds, debt funds and distressed debt.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The Foundation's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the investment.

Note 4. Fair Value Measurements (Continued)

In determining the appropriate levels, the Foundation performs a detailed analysis of the assets and liabilities that are subject to fair value measurements. At each reporting period, all assets and liabilities for which the fair value measurement is based on significant unobservable inputs are classified as Level 3. At each reporting period, transfers between levels are recognized on the actual date of the event or change in circumstances that caused the transfer in accordance with the Foundation's accounting policy regarding the recognition of transfers between levels of the fair value hierarchy.

Publicly traded securities are classified as Level 1 instruments because they comprise assets traded on public exchanges with readily determinable fair values and observable market based inputs.

Most alternative investments are classified as Level 2 instruments because they comprise equity interests in non-public entities; however, there are observable market based inputs upon which fair market value can be reasonably determined. Alternative investments classified as Level 2 instruments have net asset values per share, or the equivalent, and are able to be redeemed by the Foundation at the consolidated statement of financial position date, or in the near term. The remaining investments are classified as Level 3 instruments, due to the fact that they represent closely held partnership interests, which are typically private and do not have observable market inputs, nor are they readily corroborated by broader market data.

Private equity investments are classified as Level 3 because they do not have observable market inputs. The Foundation made its initial investment in these funds in 2008. As of December 31, 2014 and 2013, 65% and 66% of capital committed to these funds has been called, respectively.

Common trust funds (CTF) are unregistered bank investment products that pool fiduciary client assets. CTF's are classified as Level 2 instruments, as the fair value of a CTF is based on the underlying assets in the CTF and the number of units in each CTF owned by the Foundation as a percentage of the total number of units in the CTF. There were no unfunded commitments related to the CTF and the funds can be redeemed daily with no notice period.

Multi-strategy equity pooled separate accounts (PSA) are Level 2 assets, as the fair value of a PSA is based on the underlying assets in the PSA and the number of units in each PSA owned by the Foundation as a percentage of the total number of units in the PSA. A valuation agent is selected by Lincoln National Life Insurance Company for each PSA. The valuation agent calculates the net assets of the account on each open market day. There were no unfunded commitments related to the PSA and the funds can be redeemed daily with no notice period.

Guarantee contract assets are Level 3 assets valued at a contract value reported by the insurance company. Contract value represents contributions made under the contract, plus earnings, less participant withdrawals and administrative expenses. The guarantee contract is invested primarily in publicly traded and privately placed debt securities and mortgage loans. Funds can be withdrawn to be placed in separate funds upon request. Withdrawals may be deferred for up to six months if it is determined that investment conditions prevent an orderly sale of investments.

The deferred compensation plan obligations are based on the fair market value of the deferred compensation plan assets, which are observable inputs; however, the liabilities are not publicly traded and are, therefore, considered Level 2 items.

The estimated fair values of the Foundation's short-term financial instruments, including contributions receivable, cash surrender value of insurance, and accounts payable and accrued expenses arising in the ordinary course of operations, approximate their individual carrying amounts due to the relatively short period of time between their origination and expected realization. The fair value of the Foundation's notes payable approximates fair value as the interest rate on the underlying instruments fluctuate with market rates.

Note 4. Fair Value Measurements (Continued)

The interest rate swaps connected to the Foundation's term loan financing are classified as Level 2 instruments because their values are a function of the difference between the interest rate on the Foundation's notes payable and the rates in the swap agreements; hence there are observable market based inputs.

The tables below summarize the Foundation's financial assets and liabilities measured at fair value on a recurring basis, at December 31, 2014 and 2013.

	2014			
Description	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Publicly traded securities				
Mutual funds				
Equity mutual funds				
Index funds	$ 3,112,777	$ 3,112,777	$ -	$ -
Established international	684,675	684,675	-	-
Multi-strategy	142,997	142,997	-	-
Emerging markets	321,237	321,237	-	-
Total equity mutual funds	4,261,686	4,261,686	-	-
Fixed income mutual funds				
Multi-strategy	1,433,285	1,433,285	-	-
Index funds	1,006,605	1,006,605	-	-
Total fixed income mutual funds	2,439,890	2,439,890	-	-
Total mutual funds	6,701,576	6,701,576	-	-
Total publicly traded securities	6,701,576	6,701,576	-	-
Alternative investments				
Multi-strategy	97,902,496	-	96,707,192	1,195,304
Global opportunities	20,338,116	-	20,338,116	-
Fixed income	10,895,645	-	10,895,645	-
Private equity	9,341,088	-	-	9,341,088
Event driven	3,599,658	-	3,599,658	-
Total alternative investments	142,077,003	-	131,540,611	10,536,392
Common Trust Funds				
Equity mutual funds				
Index funds	6,111,426	-	6,111,426	-
Multi-strategy	2,206,664	-	2,206,664	-
Commodities funds	354,158	-	354,158	-
Emerging markets	1,074,643	-	1,074,643	-
Fixed income mutual funds				
Index funds	3,022,728	-	3,022,728	-
Total common trust funds	12,769,619	-	12,769,619	-
Other assets				
Multi-strategy equity PSAs	2,049,454	-	2,049,454	-
Guaranteed income fund	294,241	-	-	294,241
Total other assets	2,343,695	-	2,049,454	294,241
Total assets at fair value	163,891,893	6,701,576	146,359,684	10,830,633
Cash equivalents	10,716,788	10,716,788	-	-
Total investments	$ 174,608,681	$ 17,418,364	$ 146,359,684	$ 10,830,633
Deferred compensation obligations	$ 2,343,695	$ -	$ 2,343,695	$ -
Interest rate swap liability	1,253,569	-	1,253,569	-
Total liabilities	$ 3,597,264	$ -	$ 3,597,264	$ -

Note 4. Fair Value Measurements (Continued)

	2013			
Description	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Publicly traded securities				
Mutual funds				
Equity mutual funds				
Index funds	$ 2,663,070	$ 2,663,070	$ -	$ -
Established international	1,048,575	1,048,575	-	-
Multi-strategy	339,993	339,993	-	-
Emerging markets	304,144	304,144	-	-
Total equity mutual funds	4,355,782	4,355,782	-	-
Fixed income mutual funds				
Multi-strategy	1,805,806	1,805,806	-	-
Index funds	1,228,325	1,228,325	-	-
Total fixed income mutual funds	3,034,131	3,034,131	-	-
Total mutual funds	7,389,913	7,389,913	-	-
Total publicly traded securities	7,389,913	7,389,913	-	-
Alternative investments				
Multi-strategy	97,101,713	-	95,572,628	1,529,085
Global opportunities	16,937,627	-	16,937,627	-
Fixed income	10,154,664	-	10,154,664	-
Private equity	8,120,230	-	-	8,120,230
Event driven	3,450,597	-	3,450,597	-
Total alternative investments	135,764,831	-	126,115,516	9,649,315
Common trust funds				
Equity mutual funds				
Index funds	5,859,071	-	5,859,071	-
Multi-strategy	2,795,565	-	2,795,565	-
Emerging markets	818,301	-	818,301	-
Commodities funds	404,074	-	404,074	-
Fixed income mutual funds				
Index funds	2,987,115	-	2,987,115	-
Total common trust funds	12,864,126	-	12,864,126	-
Other assets				
Mulit-strategy equity PSAs	2,080,026	-	2,080,026	-
Guaranteed income fund	258,690	-	-	258,690
Total other assets	2,338,716	-	2,080,026	258,690
Total assets at fair value	158,357,586	7,389,913	141,059,668	9,908,005
Cash equivalents	2,196,760	2,196,760	-	-
Total investments	$ 160,554,346	$ 9,586,673	$ 141,059,668	$ 9,908,005
Deferred compensation obligations	2,338,716	-	2,338,716	-
Interest rate swap liability	114,856	-	114,856	-
Total liabilities at fair value	$ 2,453,572	$ -	$ 2,453,572	$ -

Note 4. Fair Value Measurements (Continued)

For assets and liabilities measured at fair value on a recurring basis using significant unobservable inputs (Level 3) during the period, the Codification requires reconciliation of the beginning and ending balances, separately for each major category of assets and liabilities, except for derivative assets and liabilities, which may be presented net. The following table represents the reconciliation of the Foundation's assets measured at fair value on a recurring basis using significant unobservable inputs.

	2014			
Description	Total	Multi-Strategy	Private Equity	Guaranteed Income Fund
Beginning balance of assets	$ 9,908,005	$ 1,529,085	$ 8,120,230	$ 258,690
Realized and unrealized gains, net	1,148,529	45,318	1,067,660	35,551
Purchases	1,237,952	-	1,237,952	-
Settlements	(1,463,853)	(379,099)	(1,084,754)	-
Ending balance of assets	$ 10,830,633	$ 1,195,304	$ 9,341,088	$ 294,241

	2013			
Description	Total	Multi-Strategy	Private Equity	Guaranteed Income Fund
Beginning balance of assets	$ 9,566,662	$ 2,004,370	$ 7,343,921	$ 218,371
Realized and unrealized gains, net	1,241,517	122,534	1,078,664	40,319
Purchases	652,058	-	652,058	-
Settlements	(1,552,232)	(597,819)	(954,413)	-
Ending balance of assets	$ 9,908,005	$ 1,529,085	$ 8,120,230	$ 258,690

Note 4. Fair Value of Financial Instruments (Continued)

The following table provides additional disclosures on the Foundation's Level 2 and 3 alternative investment assets at December 31, 2014 and 2013:

	Fair Value at 2014	Fair Value at 2013	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Multi-strategy[a]	$ 97,902,496	$ 97,101,713	N/A	Daily	1 day
Global Equity Opportunistic [b]	20,338,116	16,937,627	N/A	Quarterly	30 days
Fixed Income[c]	10,895,645	10,154,664	N/A	Daily	1 day
Private Equity[d]	9,341,088	8,120,230	5,082,780	N/A[e]	N/A[e]
Event-driven[f]	3,599,658	3,450,597	N/A	Quarterly to Semi-annual	60 days
Total	$ 142,077,003	$ 135,764,831			

(a) Multi-strategy managers employ a combination of any of the above mentioned strategies and may shift amongst those strategies at any time as conditions permit. 2% of the investment balance in this category is in the process of being liquidated. As such, the redemption frequency or notice period shown relate to those multi-strategy investments not currrently planned for liquidation.

(b) Global Equity Opportunistic refers to investments in equity securities across worldwide markets, not restricted to specific regions or market capitalization.

(c) Fixed Income managers use a multi-strategy approach and invest in a broad range of sectors and ratings. These managers seek to manage risk in an overall portfolio and seek returns for the investor.

(d) Private Equity represents securities in operating companies that are not publicly traded on an exchange. This could be achieved through private equity investment funds, direct co-investments in individual portfolio companies, secondary private equity offerings or direct and indirect investments in privately and publicly issued debt securities and privately issued equity securities of companies that are currently experiencing financial and/or operational distress.

(e) Private Equity partnerships permit redemption only amongst partners. As such, there is no redemption frequency or notice period officially outlined in the investment agreement.

(f) Event-driven strategies are investments in opportunities created by significant transaction events, such as spin-offs, mergers and acquisitions, and reorganizations. These strategies include Risk Arbitrage, Distressed Situations Investing, Special Situations, and Opportunistic Investing.

Note 5. Property and Equipment

Property and equipment and accumulated depreciation consist of the following at December 31, 2014 and 2013:

	2014	2013
Land, building, and improvements	$ 78,643,260	$ 80,149,978
Contruction in progress	2,302,614	-
Office furniture and equipment	12,223,594	12,182,547
	93,169,468	92,332,525
Less accumulated depreciation	(32,594,814)	(30,128,498)
Property and equipment, net	$ 60,574,654	$ 62,204,027

Depreciation expense for the years ended December 31, 2014 and 2013, totaled $3,632,838 and $3,315,797, respectively.

Note 6. Notes Payable

Notes payable as of December 31, 2014 and 2013, are as follows:

	2014	2013
Note payable	$ 6,766,054	$ 6,923,779
Note payable	6,294,672	6,433,237
Note payable	4,892,655	5,100,117
Interest rate swap liability	624,302	114,856
Interest rate swap liability	629,267	-
	19,206,950	18,571,989
Less current portion	(518,065)	(503,752)
Notes payable, long-term	$ 18,688,885	$ 18,068,237

During the year ended December 31, 2013, the Foundation refinanced all outstanding notes with a financial institution. The total loan amount refinanced was $18,686,560. At December 31, 2014 and 2013, the outstanding liability was $17,953,381 and $18,457,133, respectively. Interest expense for the years ended December 31, 2014 and 2013, was $540,495 and $477,385, respectively.

Note 6. Notes Payable (Continued)

The Heritage Foundation obtained a note with a financial institution. The total loan amount was $5,186,560. At December 31, 2014 and 2013, the outstanding liability totaled $4,892,655 and $5,100,117, respectively. The principal balance is payable in 59 consecutive monthly installments. The unpaid principal balance of the note, plus accrued and unpaid interest, is due on June 12, 2018. The note is unsecured and requires that the Foundation maintain a debt service coverage ratio (as defined by the lending institution) of at least 1.20 to 1 and unrestricted liquidity of at least $45,000,000, defined as Level 1 and Level 2 investments. The interest rate on this loan is LIBOR + 1.23%.

3rd Street Properties, LLC obtained a note with a financial institution. The total loan amount was $6,500,000. At December 31, 2014 and 2013, the outstanding liability totaled $6,294,672 and $6,433,237, respective. The principal balance is payable in 119 consecutive monthly installments. The unpaid principal balance of the note, plus accrued and unpaid interest, is due on June 12, 2023. The note is unsecured and requires that the Foundation maintain a debt service coverage ratio (as defined by the lending institution) of at least 1.20 to 1 and unrestricted liquidity of at least $45,000,000, defined as Level 1 and Level 2 investments. The interest rate on this loan is LIBOR + 1.37% however a forward starting interest rate swap was initiated effective in 2015, with a term matching the note at an effective rate of 4.94% per annum. The value of the interest rate swap liability was $624,302 and $114,856 as of December 31, 2014 and 2013, respectively.

Massachusetts Avenue Properties, LLC obtained a note with a financial institution. The total loan amount was $7,000,000. At December 31, 2014 and 2013, the outstanding liability totaled $6,766,054 and $6,923,779, respectively. The principal balance is payable in 179 consecutive monthly installments. The unpaid principal balance of the note, plus accrued and unpaid interest, is due on June 12, 2028. The note is unsecured and requires that the Foundation maintain a debt service coverage ratio (as defined by the lending institution) of at least 1.20 to 1 and unrestricted liquidity of at least $45,000,000, defined as Level 1 and Level 2 investments. The interest rate on this loan is LIBOR + 1.38% however an interest rate swap was initiated with term matching the note with an effective interest rate of 4.54%. The value of the interest rate swap liability was $629,267 and $0 as of December 31, 2014 and 2013, respectively.

As of December 31, 2014, minimum future principal payments under these notes are as follows:

Year Ending December 31,	
2015	$ 518,065
2016	533,072
2017	548,805
2018	4,610,817
2019	375,130
Thereafter	11,367,492
	$ 17,953,381

Note 7. Line of Credit

During 2013, the Foundation obtained a revolving bank line of credit of $10,000,000 from a financial institution. The revolving line of credit bears interest at LIBOR plus 115 basis points. It is unsecured and requires that the Foundation maintain a debt service coverage ratio of at least 1.20 to 1 and unrestricted liquidity of at least $45,000,000, defined as Level 1 and Level 2 investments. The line of credit matures on June 12, 2015, and there was no outstanding balance at December 31, 2014 and 2013.

Note 8. Employee Benefits

Discretionary Contribution Plan: The Foundation provides a non-contributory discretionary contribution plan to all employees with at least one year of service who have attained the age of 21 and who worked at least 1,000 hours during the year. Expenditures for the plan were approximately $1,734,000 and $1,902,000 for the years ended December 31, 2014 and 2013, respectively. Employees vest at 25% per year of service beginning after two years and are fully vested after five years. The Foundation also provides employees the opportunity to defer current compensation under a 403(b) plan. The Foundation makes no contributions to this plan.

Deferred Compensation Plan: The Foundation provides employees the opportunity to defer current compensation under a 457(b) plan. Although the Foundation makes no contributions to these plans, the plan assets and related obligations to employees are includable on the Foundation's consolidated statements of financial position.

The total market value of all deferred compensation investments and the related deferred compensation obligations to employees was $2,343,695 and $2,338,716 at December 31, 2014 and 2013, respectively.

Note 9. Restricted Net Assets

The Foundation follows the Codification subtopic, *Reporting endowment funds*. The Codification addresses accounting issues related to guidelines in the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA), which was adopted by the National Conferences of Commissioners on Uniform State Laws in July 2006. The Foundation has interpreted UPMIFA as requiring the preservation of the fair value of original donor-restricted endowment gifts as of the date of the gift absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of donor-restricted endowment funds not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The purposes of the Foundation and donor-restricted endowment fund.
- The duration and preservation of the fund.
- General economic conditions.
- The possible effect of inflation and deflation.
- The expected total return from income and the appreciation of investments.
- Other available financial resources.
- Investment policies.

The Foundation has adopted investment and spending policies for permanently restricted cash contributions that attempt to provide a predictable stream of funding to programs while maintaining purchasing power. The annual investment withdrawal is calculated at 5% of the three-year quarterly average of the investment market values at September 30. All earnings from these funds are reflected as temporarily restricted net assets until appropriated for program expenditures.

Note 9. Restricted Net Assets (Continued)

Temporarily restricted net assets at December 31, 2014 and 2013, consist of the following:

	2014	2013
Contributions restricted by purpose	$ 29,635,690	$ 26,619,811
Contributions restricted by passage of time	13,867,533	13,428,646
	$ 43,503,223	$ 40,048,457

During the year ended December 31, 2013, the Foundation received a gift totaling $25,855,000 to be used for the support of The Kathryn and Shelby Cullom Davis Institute for International Studies.

Permanently restricted net assets represent funds that are subject to donor-imposed restrictions requiring the corpus to be held in perpetuity. At December 31, 2014 and 2013, permanently restricted net assets consist of the following:

	2014	2013
William E. Simon Fellow Endowment	$ 1,000,000	$ 1,000,000
Miller Family Fdn. Intern Endowment	1,000,000	1,000,000
William Grewcock Intern Endowment	1,000,000	1,000,000
John Bruning Intern Endowment	200,000	200,000
Westerman Intern Endowment	100,000	100,000
John R. & Margrite Davis Intern Endowment	100,000	100,000
	$ 3,400,000	$ 3,400,000

Note 9. Restricted Net Assets (Continued)

The Foundation's endowments consist entirely of donor restricted funds and the following is the endowment fund activity for the years ended December 31, 2014 and 2013:

	December 31, 2014			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Beginning of year	$ -	$ 26,619,811	$ 2,800,000	$ 29,419,811
Investment return, net	-	268,463	-	268,463
Amounts appropriated for expenditure	-	(41,300)	-	(41,300)
Contributions	-	-	100,000	100,000
End of year	$ -	$ 26,846,974	$ 2,900,000	$ 29,746,974

	December 31, 2013			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Beginning of year	$ -	$ 502,761	$ 2,700,000	$ 3,202,761
Investment loss, net	-	342,050	-	342,050
Amounts appropriated for expenditure	-	(80,000)	-	(80,000)
Contributions	-	25,855,000	100,000	25,955,000
End of year	$ -	$ 26,619,811	$ 2,800,000	$ 29,419,811

At December 31, 2014 and 2013, the balance in the Foundation's permanently restricted endowment varies from the balance in the Foundation's permanently restricted net assets by $500,000 and $600,000, respectively, due to an outstanding contribution receivable.

Note 10. Operating Leases

The Foundation leases equipment and office space under noncancelable operating lease agreements. Future minimum lease payments under noncancelable operating leases with initial or remaining terms in excess of one year at December 31, 2014, are as follows:

2015	$ 130,525
2016	47,580
2017	37,991
	$ 216,096

Expense incurred under these leases for the years ended December 31, 2014 and 2013, totaled $185,549 and $182,446, respectively.

Note 11. Related Party Transactions

The Foundation leases office space and provides administrative services to two related entities whose Boards of Directors are independent of the Foundation's Board of Trustees. The lease for office space is renewed annually. Lease revenue from related entities totaled $144,187 and $140,791 for 2014 and 2013, respectively. Contracts for administrative services are on an annual basis and begin on January 1. Administrative service contract income totaled $1,221,263 and $866,244 in 2014 and 2013, respectively. During the year ended December 31, 2014, the Foundation contracted with one of the related entities for services to be provided to the Foundation. Total expenses incurred by the Foundation related to this contract totaled $375,000 during the year ended December 31, 2014.

The Heritage Foundation and Affiliates

Consolidated Schedule of Functional Expenses
Year Ended December 31, 2014

	Program Services				Supporting Services			
	Research	Media and Government Relations	Educational Programs	Total	Management and General	Fundraising	Total	Total Expenses
Salaries	$ 14,687,013	$ 3,994,351	$ 6,062,247	$ 24,743,611	$ 670,668	$ 4,744,518	$ 5,415,186	$ 30,158,797
Consultants and Independent Contractors	983,630	926,954	5,008,899	6,919,483	100,639	3,434,139	3,534,778	10,454,261
Fringe Benefits	3,466,332	967,968	1,572,478	6,006,778	130,618	1,319,380	1,449,998	7,456,776
Printing and Copying	130,076	81,860	3,706,179	3,918,115	3,189	1,871,985	1,875,174	5,793,289
Postage and Shipping	35,374	53,980	4,886,639	4,975,993	2,863	2,022,161	2,025,024	7,001,017
Conferences and Meetings	895,819	876,472	694,315	2,466,606	54,110	391,524	445,634	2,912,240
Depreciation	1,007,574	357,427	1,219,964	2,584,965	295,852	752,021	1,047,873	3,632,838
Advertising	3,412	7,626	1,159,850	1,170,888	970	356,639	357,609	1,528,497
Occupancy	704,323	255,881	888,098	1,848,302	390,865	524,621	915,486	2,763,788
Taxes, Licenses, and Bank Fees	56,836	20,460	779,782	857,078	158,432	424,160	582,592	1,439,670
Information Technology	497,570	179,441	1,570,698	2,247,709	26,741	741,367	768,108	3,015,817
Professional Fees	83,509	29,624	134,780	247,913	38,315	28,872	67,187	315,100
Supplies	64,464	27,001	60,454	151,919	15,710	89,976	105,686	257,605
Travel	692,627	262,663	304,310	1,259,600	42,552	728,020	770,572	2,030,172
Staff Training	136,671	56,471	165,890	359,032	60,534	29,094	89,628	448,660
Dues and Subscriptions	167,806	211,789	49,115	428,710	7,313	63,464	70,777	499,487
Photography and Video	18,329	34,437	424,928	477,694	635	77,244	77,879	555,573
Interest Expense	36,098	12,805	43,707	92,610	420,942	26,943	447,885	540,495
Insurance	89,764	31,843	108,685	230,292	59,192	36,059	95,251	325,543
Honoraria and Writer’s Fees	150,379	60,366	111,745	322,490	1,082	15,214	16,296	338,786
Books and Products	91,073	22,967	11,406	125,446	4,221	217,465	221,686	347,132
Miscellaneous	7,788	2,884	6,038	16,710	22,820	23,545	46,365	63,075
Other Programs and Grants	1,000	41,136	161,411	203,547	-	-	-	203,547
Total expenses	$ 24,007,467	$ 8,516,406	$ 29,131,618	$ 61,655,491	$ 2,508,263	$ 17,918,411	$ 20,426,674	$ 82,082,165

The Heritage Foundation and Affiliates

Consolidated Schedule of Functional Expenses
Year Ended December 31, 2013

	Program Services				Supporting Services			
	Research	Media and Government Relations	Educational Programs	Total	Management and General	Fundraising	Total	Total Expenses
Salaries	$ 15,052,967	$ 4,032,227	$ 5,328,450	$ 24,413,644	$ 1,036,437	$ 4,168,829	$ 5,205,266	$ 29,618,910
Consultants and Independent Contractors	1,361,034	684,871	3,654,504	5,700,409	101,919	3,484,571	3,586,490	9,286,899
Fringe Benefits	3,510,138	965,900	1,150,773	5,626,811	200,088	1,040,706	1,240,794	6,867,605
Printing and Copying	138,049	103,299	5,193,229	5,434,577	6,329	2,261,724	2,268,053	7,702,630
Postage and Shipping	90,140	52,233	4,640,418	4,782,791	8,693	2,067,651	2,076,344	6,859,135
Conferences and Meetings	2,437,192	996,237	1,038,937	4,472,366	134,480	300,970	435,450	4,907,816
Depreciation	993,993	311,432	1,022,327	2,327,752	353,611	634,434	988,045	3,315,797
Advertising	2,721	136,701	1,051,485	1,190,907	360	251,955	252,315	1,443,222
Occupancy	810,750	264,603	840,832	1,916,185	549,308	527,344	1,076,652	2,992,837
Taxes, Licenses, and Bank Fees	116,783	15,819	929,261	1,061,863	128,916	394,076	522,992	1,584,855
Information Technology	483,847	166,951	805,466	1,456,264	70,693	345,960	416,653	1,872,917
Professional Fees	94,890	36,429	297,107	428,426	109,699	32,562	142,261	570,687
Supplies	202,969	38,524	83,174	324,667	15,629	117,786	133,415	458,082
Travel	61,865	21,603	41,058	124,526	13,269	562,762	576,031	700,557
Staff Training	141,631	46,965	156,255	344,851	60,577	31,929	92,506	437,357
Dues and Subscriptions	131,343	121,374	108,596	361,313	8,186	25,168	33,354	394,667
Photography and Video	101,336	53,595	157,044	311,975	33,037	36,265	69,302	381,277
Interest Expense	41,527	13,011	42,711	97,249	353,630	26,506	380,136	477,385
Insurance	80,408	25,193	82,700	188,301	21,607	31,867	53,474	241,775
Honoraria and Writer's Fees	89,833	10,150	15,080	115,063	-	-	-	115,063
Books and Products	31,316	3,484	33,301	68,101	2,019	231,602	233,621	301,722
Miscellaneous	15,515	3,528	8,456	27,499	3,105	14,077	17,182	44,681
Other Programs and Grants	-	38,992	96,818	135,810	-	-	-	135,810
Total expenses	$ 25,990,247	$ 8,143,121	$ 26,777,982	$ 60,911,350	$ 3,211,592	$ 16,588,744	$ 19,800,336	$ 80,711,686