The Heritage Foundation

Financial Report
December 31, 2011

Contents

McGladrey

Independent Auditor's Report

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

We have audited the accompanying statements of financial position of The Heritage Foundation (the Foundation) as of December 31, 2011 and 2010, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these 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 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 audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Heritage Foundation as of December 31, 2011 and 2010, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

McGladrey LLP

Vienna, Virginia
August 10, 2012

The Heritage Foundation

Statements Of Financial Position
December 31, 2011 And 2010

Assets	**2011**	2010
Current Assets		
Cash and cash equivalents	**$ 3,494,032**	$ 4,890,432
Contributions receivable	**6,595,565**	11,700,305
Prepayments and other assets	**1,805,652**	1,310,709
Total current assets	**11,895,249**	17,901,446
Long-Term Assets		
Investments	**106,771,663**	117,722,439
Deferred compensation investments	**3,833,588**	3,876,672
Contributions receivable, net	**1,762,535**	5,292,728
Property and equipment, net	**49,402,214**	50,935,812
Cash surrender value of insurance	**444,145**	438,474
Total long-term assets	**162,214,145**	178,266,125
Total assets	**$ 174,109,394**	$ 196,167,571

Liabilities And Net Assets		
Current Liabilities		
Accounts payable and accrued expenses	**$ 9,615,477**	$ 9,172,851
Notes payable	**3,442,622**	193,333
Total current liabilities	**13,058,099**	9,366,184
Long-Term Liabilities		
Notes payable	**1,600,000**	5,179,035
Deferred compensation obligations	**3,833,588**	3,876,672
Split-interest obligations	**12,386,160**	12,926,002
Total long-term liabilities	**17,819,748**	21,981,709
Total liabilities	**30,877,847**	31,347,893
Net Assets		
Unrestricted		
Board designated	**89,153,147**	98,563,887
Undesignated	**44,118,481**	45,124,979
Temporarily restricted – gifts from annuities, trusts and promises to give	**8,559,919**	19,830,812
Permanently restricted	**1,400,000**	1,300,000
	143,231,547	164,819,678
	$ 174,109,394	$ 196,167,571

See Notes To Financial Statements.

The Heritage Foundation

Statements Of Activities
Years Ended December 31, 2011 And 2010

	2011	2010
Changes In Unrestricted Net Assets		
Revenue and support:		
Public support – contributions	**$ 67,194,234**	$ 64,331,515
Publications, subscriptions, and registration fees	**265,606**	474,068
Investment (loss) gain	**(8,357,268)**	12,551,370
Rental and other income	**2,490,549**	2,160,162
Net assets released from restriction – satisfaction of time or program restrictions	**8,023,469**	10,470,322
Total unrestricted revenue and support	**69,616,590**	89,987,437
Expenses:		
Program services:		
Research	**26,560,427**	27,178,334
Media and government relations	**11,797,297**	10,732,845
Educational programs	**24,102,552**	25,293,166
Total program services	**62,460,276**	63,204,345
Supporting services:		
Management and general	**1,975,389**	2,023,588
Fundraising	**15,598,163**	15,150,317
Total supporting services	**17,573,552**	17,173,905
Total expenses	**80,033,828**	80,378,250
Change in unrestricted net assets	**(10,417,238)**	9,609,187
Changes In Temporarily Restricted Net Assets		
Contributions	**2,490,949**	8,902,806
Investment (loss) gain	**(206,207)**	1,881,953
Change in value of split-interest agreements	**(924,400)**	(1,399,408)
Change in value of pledges and irrevocable trusts	**146,824**	892
Pledges rescinded	**(4,754,590)**	-
Net assets released from restrictions	**(8,023,469)**	(10,470,322)
Change in temporarily restricted net assets	**(11,270,893)**	(1,084,079)
Changes In Permanently Restricted Net Assets		
Contributions	**100,000**	100,000
Change in permanently restricted net assets	**100,000**	100,000
Change in net assets	**(21,588,131)**	8,625,108
Net Assets		
Beginning	**164,819,678**	156,194,570
Ending	**$ 143,231,547**	$ 164,819,678

See Notes To Financial Statements.

The Heritage Foundation

Statements Of Cash Flows
Years Ended December 31, 2011 And 2010

	2011	2010
Cash Flows From Operating Activities		
Change in net assets	**$ (21,588,131)**	$ 8,625,108
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Net unrealized loss (gain) on investments	**12,927,299**	(12,113,196)
Net realized gain on sale of investments	**(3,338,561)**	(1,165,871)
Change in value of split-interest agreements	**924,400**	1,399,408
Discount on contributions receivable	**(361,525)**	(77,185)
Change in value of terminated split-interest agreements	**211,492**	137,127
Depreciation	**3,288,843**	3,102,186
Loss on disposal of assets	**111,230**	162,930
Change in value of interest rate swap	**(126,413)**	(35,706)
Contributed property and equipment	**(82,500)**	(334,732)
Contributions restricted to investment in perpetuity	**(100,000)**	(100,000)
Pledges rescinded	**4,754,590**	-
Change in cash surrender value of life insurance	**(5,671)**	(48,629)
Changes in assets and liabilities:		
(Increase) decrease in:		
Contributions receivable	**4,241,868**	(183,780)
Prepayments and other assets	**(494,943)**	(301,661)
Increase (decrease) in:		
Accounts payable and accrued expenses	**442,626**	791,093
Split-interest obligations	**(1,675,734)**	(95,913)
Net cash used in operating activities	**(871,130)**	(238,821)
Cash Flows From Investing Activities		
Purchases of long-term investments	**(78,281,315)**	(48,327,880)
Sales of long-term investments	**79,643,353**	50,675,504
Purchases of property and equipment	**(1,783,975)**	(6,674,319)
Net cash used in investing activities	**(421,937)**	(4,326,695)
Cash Flows From Financing Activities		
Proceeds from notes payable	**-**	1,600,000
Principal payments on notes payable	**(203,333)**	(193,333)
Contributions restricted to investment in perpetuity	**100,000**	100,000
Net cash (used in) provided by financing activities	**(103,333)**	1,506,667
Net decrease in cash and cash equivalents	**(1,396,400)**	(3,058,849)
Cash And Cash Equivalents:		
Beginning	**4,890,432**	7,949,281
Ending	**$ 3,494,032**	$ 4,890,432
Supplemental Disclosure Of Cash Flow Information		
Interest paid	**$ 208,990**	$ 217,171
Supplemental Schedule Of Noncash Investing Activities		
Contributed property and equipment	**$ 82,500**	$ 334,732
Net increase in cash surrender value of life insurance	**$ 5,671**	$ 48,629

See Notes To Financial Statements.

Note 1. Nature Of Activities And Significant Accounting Policies

Nature of activities: Founded in 1973, The Heritage Foundation (the 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.

A summary of significant accounting policies of the Foundation follows:

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

Basis of presentation: The financial statement presentation follows the recommendation of the Financial Accounting Standards Board Accounting Standards Codification (the Codification). As required by the Non-Profit Entities topic of the Codification, *Financial Statements of Not-for-Profit Organizations,* 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, 2011 and 2010, totaled $89,153,147 and $98,563,887, respectively. The undesignated fund constitutes the Foundation's operating fund and net investment in property, plant, and equipment net of related liabilities.

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 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.

Financial risk: The Foundation maintains its cash in bank deposit accounts and money market funds, 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.

Note 1. Nature Of Activities And Significant Accounting Policies (Continued)

Financial risk (continued): The Foundation invests in a professionally managed portfolio that contains fixed income securities, equity securities, and alternative investments. Such investments are exposed to various systematic 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 financial statements.

Investments: Investments in equity securities with readily determinable fair values and all investments in fixed income securities are reported at fair value with gains and losses included in the 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 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. 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 30 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. Prior to 2011, the Foundation capitalized all property and equipment with a cost of $2,500 or more. Starting with 2011, 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.

Derivative financial instruments: The Foundation has entered into an interest rate swap agreement to manage interest rate exposure on $3,866,666 of an original $10,000,000 note payable. The interest rate swap exchanged the floating rate (one-month LIBOR plus 175 basis points) for a fixed effective rate of 4.09% and matures on May 31, 2012. The fair value of the interest rate swap agreement is the estimated amount that the bank or financial institution would receive or pay to terminate the swap agreement 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, *Accounting for Derivative Instruments and Hedging Activities*. As a not-for-profit organization, the Foundation is not allowed to use cash flow hedging. Therefore, the interest rate swap is recorded in the statements of financial position at fair value. The change in the fair value is reflected in other income in the statements of activities. The fair value of the interest rate swap at December 31, 2011 and 2010, was $(59,289) and $(185,702), respectively, and is included in short-term notes payable in the accompanying statements of financial position.

Note 1. Nature Of Activities And Significant Accounting Policies (Continued)

Valuation of long-lived assets: The Foundation accounts for the valuation of long-lived assets in accordance with the Codification. As required by the Codification topic, *Accounting for the Impairment or Disposal of Long-Lived Assets,* long-lived assets and certain identifiable intangible assets are to be 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 2011 or 2010.

Contributions receivable and revenue: The Foundation recognized 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 statements of financial position.

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 statements of activities. An allowance for uncollectible pledges is recorded based on estimated amounts not expected to be collected. At December 31, 2011 and 2010, there was no reserve for uncollectible amounts recorded. Rescinded pledges are recorded as reductions of temporarily restricted net assets in the accompanying statements of activities. Rescinded pledges were $4,832,610 and $0, during the years ended December 31, 2011 and 2010, respectively.

Cash surrender value of insurance: During 1999, the Foundation entered into a split-dollar insurance agreement with the Foundation’s president. The Foundation makes premium payments to fund the life insurance policy. The 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.

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 3% - 6%. Any subsequent changes in the value of the split-interest agreements are recorded as change in value of split-interest agreements in the 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 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 Foundation has been classified by the Internal Revenue Service as a public charity and is not a private foundation. Contributions to the Foundation are deductible for federal income, estate, and gift tax purposes. Income, which is not related to exempt purposes, is subject to tax.

Note 1. Nature Of Activities And Significant Accounting Policies (Continued)

Income tax status (continued): 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 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 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 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 2008.

Allocation of joint costs: The Foundation incurred joint costs of $13,320,077 and $17,048,620 for the years ended December 31, 2011 and 2010, respectively. The Foundation allocated these joint costs among program and fundraising expenses as follows:

	2011	2010
Educational programs expense	**$ 9,990,841**	$ 13,759,665
Fundraising expense	**3,329,236**	3,288,955
	$ 13,320,077	$ 17,048,620

Donated materials: The Foundation receives donations of various property and equipment. If eligible to be recorded, the property is recorded at fair value at the date of donation. Total amount of donated property was $82,500 and $334,732 for the years ended December 31, 2011 and 2010, respectively.

Advertising costs: Advertising costs are expensed when incurred. Total advertising expense was $4,834,427 and $4,876,959 for the years ended December 31, 2011 and 2010, respectively.

Use of estimates: The preparation of 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 financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Note 1. Nature Of Activities And Significant Accounting Policies (Continued)

Subsequent events: The Foundation evaluated subsequent events through August 10, 2012 which is the date the financial statements were available to be issued.

Reclassifications: Certain items in the December 31, 2010 financial statements have been reclassified to conform to the December 31, 2011 financial statement presentation. The reclassifications had no effect on the previously reported change in net assets.

Note 2. Contributions Receivable

The following are unconditional promises to give at December 31, 2011 and 2010:

	2011	2010
Due in less than one year	**$ 6,595,565**	$ 11,700,305
Due in one to five years	**1,833,012**	5,424,836
Due in greater than five years	**-**	299,894
Total to be received	**8,428,577**	17,425,035
Less discounting for multi-year promises to give	**(70,477)**	(432,002)
	$ 8,358,100	$ 16,993,033

Note 3. Investments

See Note 4 for details on the composition of the investment portfolio at December 31, 2011 and 2010, respectively.

The following summarizes investment (loss) income for the years ended December 31, 2011 and 2010:

	2011	2010
Net realized gain	**$ 3,338,561**	$ 1,165,871
Net unrealized (loss) gain	**(12,927,299)**	12,113,196
Interest and dividends	**1,025,263**	1,154,256
	$ (8,563,475)	$ 14,433,323

Note 4. Fair Value Of Financial Instruments

The Foundation follows the Codification, *Fair Value Measurements,* 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.

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.

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 December 31, 2011, 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.

Note 4. Fair Value Of Financial Instruments (Continued)

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, 2011 and 2010, 51% and 44% of capital committed to these funds has been called, respectively.

Pooled separate accounts (PSAs) 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.

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 receivables, cash value of life insurance, and payables 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.

The interest rate swap connected to the Foundation’s term loan financing is classified as a Level 2 instrument because its value is a function of the difference between the interest rate on the Foundation’s note payable and the rate in the swap agreement; hence there are observable market based inputs. The table below presents the balances of assets and liabilities measured at fair value on a recurring basis by hierarchy level.

Note 4. Fair Value Of Financial Instruments (Continued)

The tables below summarize the Foundation's financial assets and liabilities measured at fair value, at December 31, 2011 and 2010.

	As Of December 31, 2011			
	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				
Common Stock				
Information technology	$ 3,250,135	$ 3,250,135	$ -	$ -
Industrials	1,758,962	1,758,962	-	-
Energy	925,714	925,714	-	-
Health care	844,846	844,846	-	-
Consumer discretionary	784,669	784,669	-	-
Materials	617,048	617,048	-	-
Consumer staples	519,678	519,678	-	-
Financials	210,593	210,593	-	-
Total common stock	8,911,645	8,911,645	-	-
Mutual Funds				
Equity mutual funds				
Multi-strategy	14,529,458	14,529,458	-	-
Index funds	7,496,001	7,496,001	-	-
Commodities funds	1,713,076	1,713,076	-	-
Established international	1,150,037	1,150,037	-	-
Emerging markets	510,162	510,162	-	-
Total equity mutual funds	25,398,734	25,398,734	-	-
Fixed income mutual funds				
Multi-strategy	12,693,922	12,693,922	-	-
Established international	3,774,365	3,774,365	-	-
Index funds	1,039,997	1,039,997	-	-
Total fixed income mutual funds	17,508,284	17,508,284	-	-
Total mutual funds	42,907,018	42,907,018	-	-
Total publicly traded securities	51,818,663	51,818,663	-	-
Alternative Investments				
Global opportunities	13,349,560	-	13,349,560	-
Multi-strategy	11,615,857	-	9,316,539	2,299,318
Event driven	7,408,598	-	7,408,598	-
Private equity	6,259,333	-	-	6,259,333
Traditional equity	5,407,105	-	5,407,105	-
Equity long/short	4,665,403	-	4,665,403	-
Balanced global opportunistic	1,103,658	-	1,103,658	-
Total alternative investments	49,809,514	-	41,250,863	8,558,651
Other Assets				
Pooled separate accounts	1,373,227	-	1,373,227	-
Guaranteed income fund	199,393	-	-	199,393
Total other assets	1,572,620	-	1,373,227	199,393
Total assets at fair value	103,200,797	51,818,663	42,624,090	8,758,044
Cash equivalents	7,404,454	7,404,454	-	-
Total investments	$ 110,605,251	$ 59,223,117	$ 42,624,090	$ 8,758,044
Deferred compensation obligations	$ 3,833,588	$ -	$ 3,833,588	$ -
Interest rate swap liability	59,289	-	59,289	-
Total liabilities	$ 3,892,877	$ -	$ 3,892,877	$ -

Note 4. Fair Value Of Financial Instruments (Continued)

	As Of December 31, 2010			
	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				
Common Stock				
Information technology	$ 2,792,578	$ 2,792,578	$ -	$ -
Industrials	1,206,643	1,206,643	-	-
Energy	1,021,008	1,021,008	-	-
Health care	959,130	959,130	-	-
Consumer discretionary	810,139	810,139	-	-
Materials	429,948	429,948	-	-
Consumer staples	149,522	149,522	-	-
Financials	141,160	141,160	-	-
Total common stock	7,510,128	7,510,128	-	-
Mutual Funds				
Equity mutual funds				
Multi-strategy	16,250,174	16,250,174	-	-
Index funds	8,111,156	8,111,156	-	-
Commodities funds	5,200,036	5,200,036	-	-
Established international	1,758,405	1,758,405	-	-
Emerging markets	656,615	656,615	-	-
Total equity mutual funds	31,976,386	31,976,386	-	-
Fixed income mutual funds				
Multi-strategy	16,981,863	16,981,863	-	-
Established international	4,517,319	4,517,319	-	-
Index funds	1,082,191	1,082,191	-	-
Total fixed income mutual funds	22,581,373	22,581,373	-	-
Total mutual funds	54,557,759	54,557,759	-	-
Total publicly traded securities	62,067,887	62,067,887	-	-
Alternative Investments				
Global opportunities	18,724,083	-	18,724,083	-
Event driven	13,004,613	-	6,430,643	6,573,970
Multi-strategy	8,897,398	-	5,614,332	3,283,066
Traditional equity	5,003,601	-	5,003,601	-
Equity long/short	4,834,971	-	4,834,971	-
Private equity	4,374,458	-	-	4,374,458
Balanced global opportunistic	1,785,236	-	1,785,236	-
Total alternative investments	56,624,360	-	42,392,866	14,231,494
Other Assets				
Pooled separate accounts	1,218,970	-	1,218,970	-
Guaranteed income fund	181,325	-	-	181,325
Total other assets	1,400,295	-	1,218,970	181,325
Total assets at fair value	120,092,542	62,067,887	43,611,836	14,412,819
Cash equivalents	1,506,569	1,506,569	-	-
Total investments	$ 121,599,111	$ 63,574,456	$ 43,611,836	$ 14,412,819
Deferred compensation obligations	$ 3,876,672	$ -	$ 3,876,672	$ -
Interest rate swap liability	185,702	-	185,702	-
Total liabilities	$ 4,062,374	$ -	$ 4,062,374	$ -

Note 4. Fair Value Of Financial Instruments (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.

	December 31, 2011				
Description	**Total**	**Event Driven**	**Multi-Strategy**	**Private Equity**	**Guaranteed Income Fund**
Beginning balance of assets and liabilities	**$ 14,412,819**	**$ 6,573,970**	**$ 3,283,066**	**$ 4,374,458**	**$ 181,325**
Realized and unrealized (losses) gains	**(1,472,293)**	**(1,746,650)**	**47,775**	**208,514**	**18,068**
Purchases	**2,255,989**	**-**	**124,219**	**2,131,770**	**-**
Settlements	**(6,438,471)**	**(4,827,320)**	**(1,155,742)**	**(455,409)**	**-**
Ending balance of assets and liabilities	**$ 8,758,044**	**$ -**	**$ 2,299,318**	**$ 6,259,333**	**$ 199,393**

	December 31, 2010				
Description	Total	Event Driven	Multi-Strategy	Private Equity	Guaranteed Income Fund
Beginning balance of assets and liabilities	$ 11,603,896	$ 5,612,936	$ 3,592,768	$ 2,398,192	**$** -
Realized and unrealized gains	1,794,864	961,034	353,758	480,072	-
Purchases	1,684,370	-	13,010	1,671,360	-
Settlements	(851,636)	-	(676,470)	(175,166)	-
Transfers into Level 3	181,325	-	-	-	181,325
Ending balance of assets and liabilities	$ 14,412,819	$ 6,573,970	$ 3,283,066	$ 4,374,458	$ 181,325

The following table provides additional disclosures on the Foundation's Level 2 and 3 alternative investment assets at December 31, 2011 and 2010:

Strategy Category	**Fair Value At December 31, 2011**	Fair Value At December 31, 2010	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Global Equity Opportunistic[(a)]	**$ 13,349,560**	$ 18,724,083	N/A	Quarterly	30 days
Multi-strategy[(b)]	**11,615,857**	8,897,398	N/A	Quarterly	65 days
Event-driven[(c)]	**7,408,598**	13,004,613	N/A	Quarterly to Semi-annual	60 days
Private Equity [(d)]	**6,259,333**	4,374,458	(d)	N/A[(d)]	N/A
Traditional Equity [(e)]	**5,407,105**	5,003,601	N/A	Daily	30 days
Equity Long/Short [(f)]	**4,665,403**	4,834,971	N/A	Quarterly	45 days
Balanced Global Opportunistic [(g)]	**1,103,658**	1,785,236	N/A	Semi-annual	60 days
	$ 49,809,514	$ 56,624,360			

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

(b) Multi-strategy managers employ a combination of any of the other strategies mentioned and may shift amongst those strategies at any time as conditions permit. 45% of the investment balance in this category is in the process of being liquidated. As such, the redemption frequency or notice period shown relates to those multi-strategy investments not currently planned for liquidation.

Note 4. Fair Value Of Financial Instruments (Continued)

(c) 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.

(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. At December 31, 2011 and 2010, the unfunded commitments were $6,184,806 and $5,645,693, respectively. Private Equity partnerships permit redemption only amongst partners. As such, there is no redemption frequency or notice period officially outlined in the investment agreement.

(e) Traditional Equity investing involves long only positions in publicly traded equity securities of predominantly U.S. domiciled companies.

(f) Long/Short Equity managers seek capital appreciation by taking positions in equities and generally involve fundamental analysis in the investment decision process. Managers in this category tend to benefit through effective stock picking and manage market exposure by shifting allocations between long and short investments, depending on market conditions and outlook. Long/Short Equity strategies may comprise investments in one or multiple countries, including emerging markets and one or multiple sectors within those markets.

(g) Balanced Global Opportunistic refers to a range of investments in domestic and international equities, and fixed income. These managers seek to achieve the proper balance between those markets based on region-specific economic conditions and forecasts, combined with fundamental analysis.

Note 5. Property And Equipment

Property and equipment and accumulated depreciation consist of the following at December 31, 2011 and 2010:

	2011	2010
Land, building, and improvements	**$ 63,194,776**	$ 62,254,678
Office furniture and equipment	**10,916,936**	11,748,309
	74,111,712	74,002,987
Less accumulated depreciation	**(24,709,498)**	(23,067,175)
Property and equipment, net	**$ 49,402,214**	$ 50,935,812

Depreciation expense for the years ended December 31, 2011 and 2010, totaled $3,288,843 and $3,102,186, respectively.

Note 6. Notes Payable

Notes payable as of December 31, 2011 and 2010, are as follows:

	2011	2010
Note payable – 2002	**$ 3,383,333**	$ 3,576,666
Note payable – 2010	**1,600,000**	1,600,000
Interest rate swap liability (Note 1)	**59,289**	185,702
Note payable – 2005	**-**	10,000
	5,042,622	5,372,368
Less current portion	**(3,442,622)**	(193,333)
Notes payable, long-term	**$ 1,600,000**	$ 5,179,035

Note Payable (Renovations) – In 2002, the Foundation obtained a $10 million note which was used to finance construction, building improvements and refinance existing debt. During 2005, $4,950,000 of the note was paid off. Any unpaid principal balance of the new note, plus accrued and unpaid interest, is due on May 31, 2012. A swap agreement was initiated with a term matching the note, with an effective interest rate of 4.09% per annum (Note 1). The note is secured by certain assets held in the Foundation's investment portfolio, and requires that the Foundation maintain a debt service coverage ratio (as defined by the lending institution) of at least 1.35 to 1 and a ratio of unrestricted liquidity to funded debt of at least 5 to 1.

Note Payable – In 2010, the Foundation obtained an interest-only term loan in the amount of $1.6 million used for renovations. The unpaid principal balance of the note, plus accrued and unpaid interest, is due on May 26, 2015. The note bears variable interest at one month LIBOR plus 1.25%. The note requires the Foundation to maintain a debt service coverage ratio (as defined by the lending institution) of at least 1.35 to 1 and a ratio of unrestricted liquidity to funded debt of at least 5 to 1.

Subsequent to December 31, 2011, the Foundation refinanced all existing debt into a $5 million note. The principal balance is payable in 84 consecutive monthly installments. The unpaid principal balance of the new note, plus accrued and unpaid interest, is due on February 27, 2019. A new interest rate swap agreement was initiated with a term matching the new note and with an effective interest rate of 2.95% per annum. The note requires that the Foundation maintain a debt service coverage ratio (as defined by the lending institution) of at least 1.35 to 1 and a ratio of unrestricted liquidity to funded debt of at least 5 to 1.

Minimum future principal payments under this note are as follows:

Years Ending December 31,	
2012	$ 247,024
2013	250,000
2014	250,000
2015	250,000
2016	250,000
Thereafter	3,752,976
	$ 5,000,000

Note 7. 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 $1,757,000 and $1,659,000 for the years ended December 31, 2011 and 2010, respectively. Employees vest at 25% per year of service beginning after two years and are fully vested after five years.

Deferred Compensation Plan – The Foundation provides employees the opportunity to defer current compensation under both 403(b) and a 457(b) plan. Although the Foundation makes no contributions to these plans, the 457(b) plan assets and related liability to employees of $1,572,615 and $1,400,295 at December 31, 2011 and 2010, respectively, are includable on the Foundation's statements of financial position within deferred compensation investments and obligations, respectively.

The total market value of all deferred compensation investments and the related deferred compensation obligations to employees was $3,833,588 and $3,876,672 at December 31, 2011 and 2010, respectively.

Note 8. Restricted Net Assets

The Foundation follows the Codification on Endowments of Not-for-Profit Organizations: *Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures for All Endowment Fund*. 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 cash gifts donated to permanent endowment and (b) the discounted value of future gifts promised to permanent endowment, net of allowance for uncollectible pledges. 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 8. Restricted Net Assets (Continued)

Temporarily restricted net assets at December 31, 2011 and 2010, consist of the following:

	2011	2010
Contributions restricted by purpose	$ 661,401	$ 831,254
Contributions restricted by passage of time	7,898,518	18,999,558
	$ 8,559,919	$ 19,830,812

Permanently restricted net assets represent funds that are subject to donor-imposed restrictions requiring the corpus to be held in perpetuity. At December 31, 2011 and 2010, permanently restricted net assets consist of the following:

	2011	2010
William E. Simon Fellow Endowment	$ 1,000,000	$ 1,000,000
Westerman Intern Endowment	100,000	100,000
John R. & Margrite Davis Intern Endowment	100,000	100,000
Miller Family Fdn. Intern Endowment	200,000	100,000
	$ 1,400,000	$ 1,300,000

The Foundation's endowments consist entirely of donor restricted funds and the following is the endowment fund activity for the years ended December 31, 2011 and 2010:

	December 31, 2011			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Beginning of year	$ -	$ 581,253	$ 1,300,000	$ 1,881,253
Investment loss	-	(150,715)	-	(150,715)
Amounts appropriated for expenditure	-	(81,137)	-	(81,137)
Contributions	-	-	100,000	100,000
End of year	$ -	$ 349,401	$ 1,400,000	$ 1,749,401

	December 31, 2010			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Beginning of year	$ -	$ 496,612	$ 1,200,000	$ 1,696,612
Investment return	-	219,488	-	219,488
Amounts appropriated for expenditure	-	(134,847)	-	(134,847)
Transfers	-	-	100,000	100,000
End of year	$ -	$ 581,253	$ 1,300,000	$ 1,881,253

Note 9. Operating Leases

The Foundation leases equipment 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, 2011, are as follows:

Years Ending December 31,		
2012	$	92,229
2013		57,529
	$	149,758

Expense incurred under these leases for the years ended December 31, 2011 and 2010, totaled $206,133 and $189,505, respectively.

Note 10. Related Party Transactions

The Foundation entered into contracts to lease office space and provide administrative services to a related entity whose Board of Directors are independent of the Foundation's Board of Trustees. The office space lease is for a five-year period ending June 30, 2015. Rental income related to the office space totaled $120,267 and $26,145 for 2011 and 2010, respectively. A contract for administrative services with the related party began June 1, 2010, and the service contract income under the agreement totaled $585,088 and $245,525 in 2011 and 2010, respectively. The Foundation also provided goods and incidental services at fair market value totaling $70,436 and $26,037 for 2011 and 2010, respectively. In 2011 and 2010, the Foundation entered into a grant agreement with the related party to grant $400,000 per year, to be used exclusively for program and administrative expenses, not to include lobbying activities. These grants are included in the statements of activities for 2011 and 2010, as a component of programs and grants.

McGladrey

Independent Auditor's Report On The Supplementary Information

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

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information is presented for purposes of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.

McGladrey LLP

Vienna, Virginia
August 10, 2012

The Heritage Foundation

Schedule Of Functional Expenses
Year Ended December 31, 2011

	Program Services				Supporting Services			
	Research	Media And Government Relations	Educational Programs	Total	Management And General	Fundraising	Total	Total Expenses
Salaries	$ 13,284,436	$ 5,592,091	$ 3,899,287	$ 22,775,814	$ 1,053,398	$ 3,013,441	$ 4,066,839	$ 26,842,653
Scholars and consultants	1,440,534	564,986	3,789,333	5,794,853	49,792	3,607,727	3,657,519	9,452,372
Printing and mailing	103,422	110,283	4,665,445	4,879,150	4,182	2,798,346	2,802,528	7,681,678
Conferences	2,441,554	1,704,611	1,734,628	5,880,793	62,046	352,915	414,961	6,295,754
Postage and freight	64,281	82,560	3,784,589	3,931,430	5,399	2,170,165	2,175,564	6,106,994
Fringe benefits	2,938,259	1,191,774	923,672	5,053,705	229,903	732,611	962,514	6,016,219
Advertising	2,332,420	219,323	1,521,100	4,072,843	370	761,214	761,584	4,834,427
Depreciation	1,042,386	499,811	1,006,051	2,548,248	84,982	655,613	740,595	3,288,843
Occupancy charges	942,224	451,455	594,695	1,988,374	76,844	121	76,965	2,065,339
On-line service fees	167,031	132,611	627,149	926,791	9,683	59,134	68,817	995,608
Taxes and licenses	73,976	23,165	410,839	507,980	97,215	249,523	346,738	854,718
Professional fees	185,947	76,923	221,984	484,854	92,538	5,848	98,386	583,240
Travel and subsistence	34,476	17,503	30,008	81,987	2,153	490,354	492,507	574,494
Staff training	204,455	100,171	145,298	449,924	71,781	35,748	107,529	557,453
Other programs and grants	64,579	413,144	41,789	519,512	3,596	2,275	5,871	525,383
Telephone	222,874	96,087	87,458	406,419	13,650	52,546	66,196	472,615
Supplies	204,705	62,632	73,969	341,306	10,718	86,615	97,333	438,639
Subscriptions	124,258	162,051	66,434	352,743	8,160	9,515	17,675	370,418
Photography, copying, and recording	59,879	83,660	91,867	235,406	3,387	50,012	53,399	288,805
Honoraria and writer's fees	117,162	3,300	36,220	156,682	-	128,500	128,500	285,182
Interest expense	66,239	31,761	63,930	161,930	5,400	41,661	47,061	208,991
Leased equipment	65,333	31,326	63,056	159,715	5,326	41,092	46,418	206,133
Insurance	85,132	40,820	53,774	179,726	17,035	4,238	21,273	200,999
Rent	82,422	39,802	57,960	180,184	7,005	6,487	13,492	193,676
Temporary assistance	100,080	18,181	24,979	143,240	2,894	44,771	47,665	190,905
Data processing	15,886	7,617	10,174	33,677	52,035	91,315	143,350	177,027
Maintenance	47,516	27,208	44,010	118,734	3,829	28,540	32,369	151,103
Books	32,324	5,162	27,134	64,620	973	69,990	70,963	135,583
Miscellaneous	16,637	7,279	5,720	29,636	1,095	7,846	8,941	38,577
Total expenses	$ 26,560,427	$ 11,797,297	$ 24,102,552	$ 62,460,276	$ 1,975,389	$ 15,598,163	$ 17,573,552	$ 80,033,828

The Heritage Foundation

Schedule Of Functional Expenses
Year Ended December 31, 2010

	Program Services				Supporting Services			
	Research	Media And Government Relations	Educational Programs	Total	Management And General	Fundraising	Total	Total Expenses
Salaries	$ 12,883,059	$ 5,244,321	$ 3,286,385	$ 21,413,765	$ 936,764	$ 2,777,646	$ 3,714,410	$ 25,128,175
Printing and mailing	251,681	141,470	6,808,756	7,201,907	5,995	2,811,006	2,817,001	10,018,908
Scholars and consultants	1,524,141	515,473	3,327,554	5,367,168	43,857	3,032,525	3,076,382	8,443,550
Postage and freight	135,090	64,852	5,168,183	5,368,125	5,924	2,393,008	2,398,932	7,767,057
Fringe benefits	3,019,616	1,217,237	901,475	5,138,328	230,293	687,784	918,077	6,056,405
Conferences	2,737,483	1,178,280	1,487,052	5,402,815	60,163	465,824	525,987	5,928,802
Advertising	2,433,712	241,661	1,096,736	3,772,109	198,316	906,534	1,104,850	4,876,959
Depreciation	1,007,024	427,604	994,544	2,429,172	74,126	598,890	673,016	3,102,188
Occupancy charges	911,497	386,854	437,868	1,736,219	67,117	29	67,146	1,803,365
On-line service fees	206,437	117,160	493,115	816,712	8,767	36,937	45,704	862,416
Supplies	282,969	92,267	155,274	530,510	15,731	119,793	135,524	666,034
Travel and subsistence	38,021	16,250	18,700	72,971	4,768	510,442	515,210	588,181
Professional fees	207,937	77,071	180,635	465,643	91,808	4,783	96,591	562,234
Telephone	232,396	102,218	81,025	415,639	12,044	61,673	73,717	489,356
Other programs and grants	39,556	416,777	13,122	469,455	3,915	800	4,715	474,170
Staff training	175,894	68,832	94,531	339,257	52,296	24,018	76,314	415,571
Miscellaneous	23,482	3,632	178,543	205,657	1,179	206,733	207,912	413,569
Honoraria and writer’s fees	243,975	11,845	8,879	264,699	6,600	129,200	135,800	400,499
Taxes and licenses	120,471	19,775	120,671	260,917	111,272	2,275	113,547	374,464
Subscriptions	102,242	132,471	17,958	252,671	7,752	10,024	17,776	270,447
Photography, copying, and recording	42,285	67,005	83,553	192,843	2,674	48,906	51,580	244,423
Interest expense	70,498	29,935	69,624	170,057	5,189	41,926	47,115	217,172
Data processing	29,674	8,856	10,466	48,996	44,000	107,882	151,882	200,878
Temporary assistance	111,340	15,702	34,176	161,218	2,646	41,354	44,000	205,218
Leased equipment	61,517	26,121	60,754	148,392	4,528	36,585	41,113	189,505
Maintenance	58,825	29,802	57,705	146,332	4,344	34,725	39,069	185,401
Insurance	84,725	35,976	40,714	161,415	14,663	3,538	18,201	179,616
Rent	92,205	34,655	39,914	166,774	5,797	6,026	11,823	178,597
Books	50,582	8,743	25,254	84,579	1,060	49,451	50,511	135,090
Total expenses	$ 27,178,334	$ 10,732,845	$ 25,293,166	$ 63,204,345	$ 2,023,588	$ 15,150,317	$ 17,173,905	$ 80,378,250