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Return of Organization Exempt from Income Tax

2004

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation)

Open to Public Inspection

Department of the Treasury Internal Revenue Service

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

A For the 2004 calendar year, or tax year beginning 2004, and ending

B Check if applicable

- Address change
Name change
Initial return
Final return
Amended return
Application pending

C Name of organization: NATIONAL ACTION NETWORK, INC.
Number and street: 106 WEST 145TH STREET
City, town or country: NEW YORK
State: NY ZIP code + 4: 10039

D Employer identification number: 11-3269182
E Telephone number: (212) 690-3070
F Accounting method: Accrual

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

H (a) Is this a group return for affiliates? No
H (b) If 'Yes,' enter number of affiliates
H (c) Are all affiliates included? No
H (d) Is this a separate return filed by an organization covered by a group ruling? No
I Group Exemption Number
M Check if the organization is not required to attach Schedule B (Form 990, 990-EZ, or 990-PF).

G Web site: www.NationalActionNetwork.net

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

K Check here if the organization's gross receipts are normally not more than \$25,000. The organization need not file a return with the IRS, but if the organization received a Form 990 Package in the mail, it should file a return without financial data. Some states require a complete return.

L Gross receipts: Add lines 6b, 8b, 9b, and 10b to line 12. 1,097,200.

Part III Revenue, Expenses, and Changes in Net Assets or Fund Balances (See Instructions)

SCANNED JAN 02 2008

RECEIVED

INTERNAL REVENUE SERVICE
NEW YORK, NY 10027
NOV 02 2007
RECEIVED

Table with 21 rows and 4 columns: Description, (A) Securities, (B) Other, and Total. Includes revenue lines 1-12 and expense lines 13-17, ending with net assets of -1,243,656.

Handwritten signature/initials

Part II Statement of Functional Expenses All organizations must complete column (A). Columns (B), (C), and (D) are required for section 501(c)(3) and (4) organizations and section 4947(a)(1) nonexempt charitable trusts but optional for others.

| Do not include amounts reported on line 6b, 8b, 9b, 10b, or 16 of Part I | (A) Total | (B) Program services | (C) Management and general | (D) Fundraising |
|---|-----------|----------------------|----------------------------|-----------------|
| 22 Grants and allocations (att sch) (cash \$ _____ non-cash \$ _____) | 22 | | | |
| 23 Specific assistance to individuals (att sch) | 23 | | | |
| 24 Benefits paid to or for members (att sch) | 24 | | | |
| 25 Compensation of officers, directors, etc | 25 | 93,636. | 70,227. | 23,409. |
| 26 Other salaries and wages | 26 | 389,372. | 292,029. | 97,343. |
| 27 Pension plan contributions | 27 | | | |
| 28 Other employee benefits | 28 | | | |
| 29 Payroll taxes | 29 | 41,438. | 31,079. | 10,359. |
| 30 Professional fundraising fees | 30 | | | |
| 31 Accounting fees | 31 | 10,000. | 7,500. | 2,500. |
| 32 Legal fees | 32 | 6,219. | 4,664. | 1,555. |
| 33 Supplies | 33 | 380. | 285. | 95. |
| 34 Telephone | 34 | 12,862. | 9,647. | 3,215. |
| 35 Postage and shipping | 35 | 1,800. | 1,350. | 450. |
| 36 Occupancy | 36 | 43,400. | 32,550. | 10,850. |
| 37 Equipment rental and maintenance | 37 | | | |
| 38 Printing and publications | 38 | 2,930. | 2,197. | 733. |
| 39 Travel | 39 | 65,102. | 48,827. | 16,275. |
| 40 Conferences, conventions, and meetings | 40 | 1,583. | 1,187. | 396. |
| 41 Interest | 41 | | | |
| 42 Depreciation, depletion, etc (attach schedule) | 42 | | | |
| 43 Other expenses not covered above (itemize): | | | | |
| a PROGRAM EXPENSE | 43a | 174,787. | 131,090. | 43,697. |
| b CONSULTING FEES | 43b | 374,083. | 280,562. | 93,521. |
| c AUTOMOBILE EXPENSE | 43c | 15,187. | 11,390. | 3,797. |
| d FINES, INTEREST & PENALTIES | 43d | 145,416. | 109,062. | 36,354. |
| e See Other Expenses Stmt | 43e | 4,120. | 3,090. | 1,030. |
| 44 Total functional expenses (add lines 22 - 43). Organizations completing columns (B) - (D), carry these totals to lines 13 - 15 | 44 | 1,382,315. | 1,036,736. | 345,579. |

Joint Costs. Check if you are following SOP 98-2.
 Are any joint costs from a combined educational campaign and fundraising solicitation reported in (B) Program services? Yes No
 If 'Yes,' enter (i) the aggregate amount of these joint costs \$ _____, (ii) the amount allocated to Program services \$ _____; (iii) the amount allocated to Management and general \$ _____, and (iv) the amount allocated to Fundraising \$ _____.

Part III Statement of Program Service Accomplishments

| What is the organization's primary exempt purpose? <input type="checkbox"/> Organization is a Christian Activist Organization | Program Service Expenses (Required for 501(c)(3) and (4) organizations and 4947(a)(1) trusts, but optional for others) |
|---|---|
| a <u>Organization works within the spirits and tradition of the Reverend Dr. Martin Luther King Jr. to promote a modern civil rights agenda that includes one standard of just and decency for all people</u> (Grants and allocations \$ 0.) | 1,036,736. |
| b _____ (Grants and allocations \$ _____) | |
| c _____ (Grants and allocations \$ _____) | |
| d _____ (Grants and allocations \$ _____) | |
| e Other program services. (Grants and allocations \$ _____) | |
| f Total of Program Service Expenses (should equal line 44, column (B), Program services) | 1,036,736. |

Part IV Balance Sheets (See Instructions)

| | | (A) Beginning of year | | (B) End of year | |
|--|---|---|--|--------------------|-------------|
| Note: Where required, attached schedules and amounts within the description column should be for end-of-year amounts only | | | | | |
| ASSETS | 45 | Cash — non-interest-bearing | 11,259. | 45 | 21,762. |
| | 46 | Savings and temporary cash investments | | 46 | |
| | 47 a | Accounts receivable | | 47 a | |
| | b | Less: allowance for doubtful accounts | | 47 b | 47 c |
| | 48 a | Pledges receivable | | 48 a | |
| | b | Less allowance for doubtful accounts | | 48 b | 48 c |
| | 49 | Grants receivable | | 49 | |
| | 50 | Receivables from officers, directors, trustees, and key employees (attach schedule) | | 50 | |
| | 51 a | Other notes & loans receivable (attach sch) | | 51 a | |
| | b | Less: allowance for doubtful accounts | | 51 b | 51 c |
| | 52 | Inventories for sale or use | | 52 | |
| | 53 | Prepaid expenses and deferred charges | | 53 | |
| | 54 | Investments — securities (attach schedule) | <input type="checkbox"/> Cost <input type="checkbox"/> FMV | 54 | |
| | 55 a | Investments — land, buildings, & equipment basis | | 55 a | |
| | b | Less: accumulated depreciation (attach schedule) | | 55 b | 55 c |
| 56 | Investments — other (attach schedule) | | 56 | | |
| 57 a | Land, buildings, and equipment basis | | 57 a | | |
| b | Less: accumulated depreciation (attach schedule) | | 57 b | 57 c | |
| 58 | Other assets (describe ► _____) | | 58 | | |
| 59 | Total assets (add lines 45 through 58) (must equal line 74) | 11,259. | 59 | 21,762. | |
| LIABILITIES | 60 | Accounts payable and accrued expenses | 30,500. | 60 | 10,200. |
| | 61 | Grants payable | | 61 | |
| | 62 | Deferred revenue | | 62 | |
| | 63 | Loans from officers, directors, trustees, and key employees (attach schedule) | | 63 | |
| | 64 a | Tax-exempt bond liabilities (attach schedule) | | 64 a | |
| | b | Mortgages and other notes payable (attach schedule) | | 64 b | |
| | 65 | Other liabilities (describe ► See Line 65 Stmt) | 939,300. | 65 | 1,255,218. |
| 66 | Total liabilities (add lines 60 through 65) | 969,800. | 66 | 1,265,418. | |
| NET ASSETS OR FUND BALANCES | Organizations that follow SFAS 117, check here <input checked="" type="checkbox"/> and complete lines 67 through 69 and lines 73 and 74. | | | | |
| | 67 | Unrestricted | -958,541. | 67 | -1,243,656. |
| | 68 | Temporarily restricted | | 68 | |
| | 69 | Permanently restricted | | 69 | |
| | Organizations that do not follow SFAS 117, check here <input type="checkbox"/> and complete lines 70 through 74. | | | | |
| | 70 | Capital stock, trust principal, or current funds | | 70 | |
| | 71 | Paid-in or capital surplus, or land, building, and equipment fund | | 71 | |
| | 72 | Retained earnings, endowment, accumulated income, or other funds | | 72 | |
| | 73 | Total net assets or fund balances (add lines 67 through 69 or lines 70 through 72; column (A) must equal line 19, column (B) must equal line 21) | -958,541. | 73 | -1,243,656. |
| | 74 | Total liabilities and net assets/fund balances (add lines 66 and 73) | 11,259. | 74 | 21,762. |

Form 990 is available for public inspection and, for some people, serves as the primary or sole source of information about a particular organization. How the public perceives an organization in such cases may be determined by the information presented on its return. Therefore, please make sure the return is complete and accurate and fully describes, in Part III, the organization's programs and accomplishments.

BAA

| Part IV-A Reconciliation of Revenue per Audited Financial Statements with Revenue per Return (See instructions.) | | | Part IV-B Reconciliation of Expenses per Audited Financial Statements with Expenses per Return | | |
|--|----------|--|--|----------|--|
| a Total revenue, gains, and other support per audited financial statements ▶ | a | | a Total expenses and losses per audited financial statements ▶ | a | |
| b Amounts included on line a but not on line 12, Form 990: | | | b Amounts included on line a but not on line 17, Form 990: | | |
| (1) Net unrealized gains on investments . . . \$ | | | (1) Donated services and use of facilities \$ | | |
| (2) Donated services and use of facilities . . . \$ | | | (2) Prior year adjustments reported on line 20, Form 990 . . \$ | | |
| (3) Recoveries of prior year grants \$ | | | (3) Losses reported on line 20, Form 990 . . \$ | | |
| (4) Other (specify): | | | (4) Other (specify): | | |
| ----- \$ | | | ----- \$ | | |
| Add amounts on lines (1) through (4) . . . ▶ | b | | Add amounts on lines (1) through (4) . . . ▶ | b | |
| c Line a minus line b ▶ | c | | c Line a minus line b ▶ | c | |
| d Amounts included on line 12, Form 990 but not on line a: | | | d Amounts included on line 17, Form 990 but not on line a: | | |
| (1) Investment expenses not included on line 6b, Form 990 . . . \$ | | | (1) Investment expenses not included on line 6b, Form 990 . . . \$ | | |
| (2) Other (specify): | | | (2) Other (specify): | | |
| ----- \$ | | | ----- \$ | | |
| Add amounts on lines (1) and (2) . . ▶ | d | | Add amounts on lines (1) and (2) . . ▶ | d | |
| e Total revenue per line 12, Form 990 (line c plus line d) ▶ | e | | e Total expenses per line 17, Form 990 (line c plus line d) ▶ | e | |

Part V: List of Officers, Directors, Trustees, and Key Employees (List each one even if not compensated, see instructions.)

| (A) Name and address | (B) Title and average hours per week devoted to position | (C) Compensation (if not paid, enter -0-) | (D) Contributions to employee benefit plans and deferred compensation | (E) Expense account and other allowances |
|--|--|---|---|--|
| AL SHARPTON 106 WEST 145TH STREET NEW YORK, NY 10039 | PRESIDENT & CEO 40 | 93,636. | 0. | 0. |
| ----- | | | | |
| ----- | | | | |
| ----- | | | | |
| ----- | | | | |
| ----- | | | | |
| ----- | | | | |
| ----- | | | | |
| ----- | | | | |
| ----- | | | | |

75 Did any officer, director, trustee, or key employee receive aggregate compensation of more than \$100,000 from your organization and all related organizations, of which more than \$10,000 was provided by the related organizations? ▶ Yes No

If 'Yes,' attach schedule - see instructions.

Part VI Other Information (See instructions.)

76 Did the organization engage in any activity not previously reported to the IRS? If 'Yes,' attach a detailed description of each activity
77 Were any changes made in the organizing or governing documents but not reported to the IRS?
78a Did the organization have unrelated business gross income of \$1,000 or more during the year covered by this return?
78b If 'Yes,' has it filed a tax return on Form 990-T for this year?
79 Was there a liquidation, dissolution, termination, or substantial contraction during the year? If 'Yes,' attach a statement
80a Is the organization related (other than by association with a statewide or nationwide organization) through common membership, governing bodies, trustees, officers, etc. to any other exempt or nonexempt organization?
80b If 'Yes,' enter the name of the organization
81a Enter direct and indirect political expenditures. See line 81 instructions
81b Did the organization file Form 1120-POL for this year?
82a Did the organization receive donated services or the use of materials, equipment, or facilities at no charge or at substantially less than fair rental value?
82b If 'Yes,' you may indicate the value of these items here. Do not include this amount as revenue in Part I or as an expense in Part II. (See instructions in Part III.)
83a Did the organization comply with the public inspection requirements for returns and exemption applications?
83b Did the organization comply with the disclosure requirements relating to quid pro quo contributions?
84a Did the organization solicit any contributions or gifts that were not tax deductible?
84b If 'Yes,' did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?
85 501(c)(4), (5), or (6) organizations. a Were substantially all dues nondeductible by members?
85b Did the organization make only in-house lobbying expenditures of \$2,000 or less?
85c Dues, assessments, and similar amounts from members
85d Section 162(e) lobbying and political expenditures
85e Aggregate nondeductible amount of section 6033(e)(1)(A) dues notices.
85f Taxable amount of lobbying and political expenditures (line 85d less 85e).
85g Does the organization elect to pay the section 6033(e) tax on the amount on line 85f?
85h If section 6033(e)(1)(A) dues notices were sent, does the organization agree to add the amount on line 85f to its reasonable estimate of dues allocable to nondeductible lobbying and political expenditures for the following tax year?
86 501(c)(7) organizations. Enter: a Initiation fees and capital contributions included on line 12
86b Gross receipts, included on line 12, for public use of club facilities
87 501(c)(12) organizations. Enter: a Gross income from members or shareholders.
87b Gross income from other sources. (Do not net amounts due or paid to other sources against amounts due or received from them.)
88 At any time during the year, did the organization own a 50% or greater interest in a taxable corporation or partnership, or an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? If 'Yes,' complete Part IX
89a 501(c)(3) organizations. Enter: Amount of tax imposed on the organization during the year under section 4911
89b 501(c)(3) and 501(c)(4) organizations. Did the organization engage in any section 4958 excess benefit transaction during the year or did it become aware of an excess benefit transaction from a prior year? If 'Yes,' attach a statement explaining each transaction.
c Enter: Amount of tax imposed on the organization managers or disqualified persons during the year under sections 4912, 4955, and 4958
d Enter: Amount of tax on line 89c, above, reimbursed by the organization
90a List the states with which a copy of this return is filed
90b Number of employees employed in the pay period that includes March 12, 2004 (See instructions.)
91 The books are in care of
92 Section 4947(a)(1) nonexempt charitable trusts filing Form 990 in lieu of Form 1041 - Check here and enter the amount of tax-exempt interest received or accrued during the tax year

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

Note: Enter gross amounts unless otherwise indicated.

| | Unrelated business income | | Excluded by section 512, 513, or 514 | | (E) Related or exempt function income |
|--|---------------------------|---------------|--------------------------------------|---------------|---|
| | (A) Business code | (B) Amount | (C) Exclusion code | (D) Amount | |
| 93 Program service revenue: | | | | | |
| a _____ | | | | | |
| b _____ | | | | | |
| c _____ | | | | | |
| d _____ | | | | | |
| e _____ | | | | | |
| f Medicare/Medicaid payments | | | | | |
| g Fees & contracts from government agencies | | | | | |
| 94 Membership dues and assessments | | | | | |
| 95 Interest on savings & temporary cash invmnts | | | | | |
| 96 Dividends & interest from securities | | | | | |
| 97 Net rental income or (loss) from real estate: | | | | | |
| a debt-financed property | | | | | |
| b not debt-financed property | | | | | |
| 98 Net rental income or (loss) from pers prop | | | | | |
| 99 Other investment income | | | | | |
| 100 Gain or (loss) from sales of assets other than inventory | | | | | |
| 101 Net income or (loss) from special events | | | | | |
| 102 Gross profit or (loss) from sales of inventory | | | | | |
| 103 Other revenue: a _____ | | | | | |
| b _____ | | | | | |
| c _____ | | | | | |
| d _____ | | | | | |
| e _____ | | | | | |
| 104 Subtotal (add columns (B), (D), and (E)) | | | | | |
| 105 Total (add line 104, columns (B), (D), and (E)) | | | | | |

Note: Line 105 plus line 1d, Part I, should equal the amount on line 12, Part I.

Part VIII Relationship of Activities to the Accomplishment of Exempt Purposes (See instructions.)

| Line No. | Explain how each activity for which income is reported in column (E) of Part VII contributed importantly to the accomplishment of the organization's exempt purposes (other than by providing funds for such purposes). |
|----------|---|
| ▼ | N/A |
| | |
| | |

Part IX Information Regarding Taxable Subsidiaries and Disregarded Entities (See instructions.) N/A

| (A) Name, address, and EIN of corporation, partnership, or disregarded entity | (B) Percentage of ownership interest | (C) Nature of activities | (D) Total income | (E) End-of-year assets |
|--|---|-----------------------------|---------------------|---------------------------|
| | % | | | |
| | % | | | |
| | % | | | |

Part X Information Regarding Transfers Associated with Personal Benefit Contracts (See instructions.)

- a Did the organization, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract? Yes No
- b Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? Yes No

Note: If 'Yes' to (b), file Form 8870 and Form 4720 (see instructions).

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

Please Sign Here

Signature of officer: [Handwritten Signature] Date: _____

Type or print name and title: _____

Paid Preparer's Use Only

Preparer's signature: [Signature] Date: _____

Check if self-employed:

Preparer's SSN or PTIN (See General Instruction W): _____

Firm's name (or yours if self-employed), address, and ZIP + 4: KBL, LLP
67 WALL ST FL 22
NEW YORK NY 10005

EIN: _____ Phone no: (212) 785-9700

Form 990, Page 2, Part II, Line 43

Other Expenses Stmt

| Other expenses not covered above (itemize): | (A) Total | (B) Program services | (C) Management and general | (D) Fundraising |
|---|---------------|-------------------------|-------------------------------|--------------------|
| MARKETING & PROMOTION | 2,904. | 2,178. | 726. | 0. |
| BANK SERVICE CHARGES | 1,216. | 912. | 304. | 0. |
| Total | <u>4,120.</u> | <u>3,090.</u> | <u>1,030.</u> | <u>0.</u> |

Form 990, Page 3, Part IV, Line 65

Other Liabilities Statement

| Line 65 - Other Liabilities: | Beginning of Year | End of Year |
|--|-------------------|-------------------|
| Payroll taxes and related interest and penalties | 939,300. | 1,255,218. |
| Total | <u>939,300.</u> | <u>1,255,218.</u> |