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Return of Organization Exempt From Income Tax

2005

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 2005 calendar year, or tax year beginning, 2005, and ending

B Check if applicable

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

Please use IRS label or print or type See specific instructions.

C Name of organization

NATIONAL ACTION NETWORK, INC.

Number and street (or P O box if mail is not delivered to street addr) Room/suite

106 WEST 145TH STREET

City, town or country

NEW YORK

State ZIP code + 4

NY 10039

D Employer Identification Number

11-3269182

E Telephone number

(212) 690-3070

F Accounting method:

- Cash
[X] Accrual
Other (specify)

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

H and I are not applicable to section 527 organizations

H (a) Is this a group return for affiliates? Yes No [X]

H (b) If 'Yes,' enter number of affiliates

H (c) Are all affiliates included? Yes No

(If 'No,' attach a list See instructions)

H (d) Is this a separate return filed by an organization covered by a group ruling? Yes No [X]

I Group Exemption Number

M Check [X] 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)

- [X] 501(c) 4 (insert no)
4947(a)(1) or
527

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

L Gross receipts: Add lines 6b, 8b, 9b, and 10b to line 12. 1,166,346.

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

1 Contributions, gifts, grants, and similar amounts received:

a Direct public support 1 a 1,166,346.

b Indirect public support 1 b

c Government contributions (grants) 1 c

d Total (add lines 1a through 1c) (cash \$ noncash \$) 1 d 1,166,346.

2 Program service revenue including government fees and charges (from Part VII, line 93)

3 Membership dues and assessments 3

4 Interest on savings and temporary cash investments 4

5 Dividends and interest from securities 5

6 a Gross rents 6 a

b Less: rental expenses 6 b

c Net rental income or (loss) (subtract line 6b from 6a) 6 c

7 Other investment income (describe) 7

8 a Gross amount from sales of assets other than inventory (A) Securities (B) Other 8 a

b Less: cost or other basis and sales expenses 8 b

c Gain or (loss) (attach schedule) 8 c

d Net gain or (loss) (combine line 8c, columns (A) and (B)) 8 d

9 Special events and activities (attach schedule). If any amount is from gaming, check here

a Gross revenue (not including \$ of contributions reported on line 1a) 9 a

b Less: direct expenses other than fundraising expenses 9 b

c Net income or (loss) from special events (subtract line 9b from line 9a) 9 c

10 a Gross sales of inventory, less returns and allowances 10 a

b Less: cost of goods sold 10 b

c Gross profit or (loss) from sales of inventory (attach schedule) (subtract line 10b from 10a) 10 c

11 Other revenue (from Part VII, line 103) 11

12 Total revenue (add lines 1d, 2, 3, 4, 5, 6c, 7, 8d, 9c, 10c, and 11) 12 1,166,346.

13 Program services (from line 44, column (B)) 13 1,124,214.

14 Management and general (from line 44, column (C)) 14 374,739.

15 Fundraising (from line 44, column (D)) 15 0.

16 Payments to affiliates (attach schedule) 16

17 Total expenses (add lines 16 and 44, column (A)) 17 1,498,953.

18 Excess or (deficit) for the year (subtract line 17 from line 12) 18 -332,607.

19 Net assets or fund balances at beginning of year (from line 73, column (A)) 19 -1,243,656.

20 Other changes in net assets or fund balances (attach explanation) 20

21 Net assets or fund balances at end of year (combine lines 18, 19, and 20) 21 -1,576,263.

INTERNAL REVENUE SERVICE WASHINGTON, DC 20548 NOV 02 2007 RECEIVED 15502

SCANNED JAN 02 2008

EXPENSES ASSETS

Handwritten initials and numbers

**Part III 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 \$ _____) If this amount includes foreign grants, check here <input type="checkbox"/>	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	72,036.	54,027.	18,009.	0.
26 Other salaries and wages	26	384,123.	288,092.	96,031.	0.
27 Pension plan contributions	27				
28 Other employee benefits	28				
29 Payroll taxes	29	39,384.	29,538.	9,846.	0.
30 Professional fundraising fees	30				
31 Accounting fees	31	25,000.	18,750.	6,250.	0.
32 Legal fees	32	60,000.	45,000.	15,000.	0.
33 Supplies	33				
34 Telephone	34	5,813.	4,360.	1,453.	0.
35 Postage and shipping	35				
36 Occupancy	36	50,000.	37,500.	12,500.	0.
37 Equipment rental and maintenance	37				
38 Printing and publications	38	2,677.	2,008.	669.	0.
39 Travel	39	41,636.	31,226.	10,410.	0.
40 Conferences, conventions, and meetings	40	2,377.	1,783.	594.	0.
41 Interest	41				
42 Depreciation, depletion, etc (attach schedule)	42				
43 Other expenses not covered above (itemize):					
a PROGRAM EXPENSE	43a	126,171.	94,628.	31,543.	0.
b CONSULTING FEES	43b	569,744.	427,308.	142,436.	0.
c AUTOMOBILE EXPENSE	43c	8,727.	6,545.	2,182.	0.
d FINES, INTEREST & PENALTIES	43d	96,969.	72,727.	24,242.	0.
e CHARITABLE CONTRIBUTION	43e	2,440.	1,830.	610.	0.
f BANK SERVICE CHARGES	43f	8,124.	6,093.	2,031.	0.
g See Other Expenses Stmt	43g	3,732.	2,799.	933.	0.
44 Total functional expenses. Add lines 22 through 43 (Organizations completing columns (B) - (D), carry these totals to lines 13 - 15)	44	1,498,953.	1,124,214.	374,739.	0.

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 \$ \_\_\_\_\_

BAA

Part III Statement of Program Service Accomplishments

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

What is the organization's primary exempt purpose? Organization is a Christian Activist Organization

All organizations must describe their exempt purpose achievements in a clear and concise manner. State the number of clients served, publications issued, etc. Discuss achievements that are not measurable. (Section 501(c)(3) and (4) organizations and 4947(a)(1) nonexempt charitable trusts must also enter the amount of grants and allocations to others.)

Program Service Expenses (Required for 501(c)(3) and (4) organizations and 4947(a)(1) trusts, but optional for others)

a 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

(Grants and allocations \$ 0 ) If this amount includes foreign grants, check here .

1,124,214.

b

(Grants and allocations \$ ) If this amount includes foreign grants, check here .

c

(Grants and allocations \$ ) If this amount includes foreign grants, check here .

d

(Grants and allocations \$ ) If this amount includes foreign grants, check here .

e Other program services. (Grants and allocations \$ ) If this amount includes foreign grants, check here .

f Total of Program Service Expenses (should equal line 44, column (B), Program services) 1,124,214.

**Part IV Balance Sheets** (See Instructions)

**Note:** Where required, attached schedules and amounts within the description column should be for end-of-year amounts only.

		(A) Beginning of year		(B) End of year
ASSETS	45 Cash — non-interest-bearing . . . . .	21,762.	45	2,770.
	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) . . . . .		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 <b>Total assets</b> (must equal line 74). Add lines 45 through 58 . . . . .	21,762.	59	2,770.	
LIABILITIES	60 Accounts payable and accrued expenses . . . . .	10,200.	60	25,200.
	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 ► <u>See Line 65 Stmt</u> ) . . . . .	1,255,218.	65	1,553,833.	
66 <b>Total liabilities.</b> Add lines 60 through 65 . . . . .	1,265,418.	66	1,579,033.	
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 . . . . .	-1,243,656.	67	-1,576,263.
	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 <b>Total net assets or fund balances</b> (add lines 67 through 69 or lines 70 through 72; column (A) must equal line 19, column (B) must equal line 21) . . . . .	-1,243,656.	73	-1,576,263.
	74 <b>Total liabilities and net assets/fund balances.</b> Add lines 66 and 73 . . . . .	21,762.	74	2,770.

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

<b>a</b>	Total revenue, gains, and other support per audited financial statements . . . . .		<b>a</b>
<b>b</b>	Amounts included on line <b>a</b> but not on Part I, line 12:		
	1 Net unrealized gains on investments . . . . .	<b>b1</b>	
	2 Donated services and use of facilities . . . . .	<b>b2</b>	
	3 Recoveries of prior year grants . . . . .	<b>b3</b>	
	4 Other (specify): _____	<b>b4</b>	
	Add lines <b>b1</b> through <b>b4</b> . . . . .		<b>b</b>
<b>c</b>	Subtract line <b>b</b> from line <b>a</b> . . . . .		<b>c</b>
<b>d</b>	Amounts included on Part I, line 12, but not on line <b>a</b> :		
	1 Investment expenses not included on Part I, line 6b. . . . .	<b>d1</b>	
	2 Other (specify): _____	<b>d2</b>	
	Add lines <b>d1</b> and <b>d2</b> . . . . .		<b>d</b>
<b>e</b>	<b>Total revenue</b> (Part I, line 12). Add lines <b>c</b> and <b>d</b> . . . . .		<b>e</b>

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

<b>a</b>	Total expenses and losses per audited financial statements . . . . .		<b>a</b>
<b>b</b>	Amounts included on line <b>a</b> but not on Part I, line 17:		
	1 Donated services and use of facilities . . . . .	<b>b1</b>	
	2 Prior year adjustments reported on Part I, line 20 . . . . .	<b>b2</b>	
	3 Losses reported on Part I, line 20 . . . . .	<b>b3</b>	
	4 Other (specify): _____	<b>b4</b>	
	Add lines <b>b1</b> through <b>b4</b> . . . . .		<b>b</b>
<b>c</b>	Subtract line <b>b</b> from line <b>a</b> . . . . .		<b>c</b>
<b>d</b>	Amounts included on Part I, line 17, but not on line <b>a</b> :		
	1 Investment expenses not included on Part I, line 6b. . . . .	<b>d1</b>	
	2 Other (specify): _____	<b>d2</b>	
	Add lines <b>d1</b> and <b>d2</b> . . . . .		<b>d</b>
<b>e</b>	<b>Total expenses</b> (Part I, line 17). Add lines <b>c</b> and <b>d</b> . . . . .		<b>e</b>

**Part V-A Current Officers, Directors, Trustees, and Key Employees** (List each person who was an officer, director, trustee, or key employee at any time during the year even if they were not compensated.) (See the instructions.)

(A) Name and address	(B) Title and average hours per week devoted to position	(C) Compensation (if not paid, enter -0-)	(D) Contributions to employee benefit plans and deferred compensation plans	(E) Expense account and other allowances
AL SHARPTON 106 WEST 145TH STREET NEW YORK, NY 10039	PRESIDENT & CEO 40	72,036.	0.	0.
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Part V-A Current Officers, Directors, Trustees, and Key Employees (continued)

Table with 4 columns: Question (75a-75d), Yes, No. 75a: 30. 75b: X. 75c: X. 75d: X.

Part V-B Former Officers, Directors, Trustees, and Key Employees That Received Compensation or Other Benefits

(If any former officer, director, trustee, or key employee received compensation or other benefits (described below) during the year, list that person below and enter the amount of compensation or other benefits in the appropriate column. See the instructions.)

Table with 5 columns: (A) Name and address, (B) Loans and Advances, (C) Compensation, (D) Contributions to employee benefit plans and deferred compensation plans, (E) Expense account and other allowances.

Part VI Other Information (See the instructions)

Table with 4 columns: Question (76-81b), Yes, No. 76: X. 77: X. 78a: X. 78b: X. 79: X. 80a: X. 81a: [blank]. 81b: X.

BAA

Part VI Other Information (continued)

		Yes	No
82 a	Did the organization receive donated services or the use of materials, equipment, or facilities at no charge or at substantially less than fair rental value?	X	
	b If 'Yes,' you may indicate the value of these items here. Do not include this amount as revenue in Part I or as an expense in Part II. (See instructions in Part III.)		
83 a	Did the organization comply with the public inspection requirements for returns and exemption applications?	X	
83 b	Did the organization comply with the disclosure requirements relating to quid pro quo contributions?		X
84 a	Did the organization solicit any contributions or gifts that were not tax deductible?	X	
	b If 'Yes,' did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	X	
85	501(c)(4), (5), or (6) organizations. a Were substantially all dues nondeductible by members?	X	
	b Did the organization make only in-house lobbying expenditures of \$2,000 or less?	X	
If 'Yes' was answered to either 85a or 85b, do not complete 85c through 85h below unless the organization received a waiver for proxy tax owed for the prior year.			
	c Dues, assessments, and similar amounts from members		N/A
	d Section 162(e) lobbying and political expenditures		N/A
	e Aggregate nondeductible amount of section 6033(e)(1)(A) dues notices		N/A
	f Taxable amount of lobbying and political expenditures (line 85d less 85e)		N/A
85 g	Does the organization elect to pay the section 6033(e) tax on the amount on line 85f?		
	h If section 6033(e)(1)(A) dues notices were sent, does the organization agree to add the amount on line 85f to its reasonable estimate of dues allocable to nondeductible lobbying and political expenditures for the following tax year?		
86	501(c)(7) organizations. Enter: a Initiation fees and capital contributions included on line 12		N/A
	b Gross receipts, included on line 12, for public use of club facilities		N/A
87	501(c)(12) organizations. Enter: a Gross income from members or shareholders		N/A
	b Gross income from other sources. (Do not net amounts due or paid to other sources against amounts due or received from them.)		N/A
88	At any time during the year, did the organization own a 50% or greater interest in a taxable corporation or partnership, or an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? If 'Yes,' complete Part IX		X
89 a	501(c)(3) organizations. Enter: Amount of tax imposed on the organization during the year under: section 4911 <u>N/A</u> ; section 4912 <u>N/A</u> ; section 4955 <u>N/A</u>		
	b 501(c)(3) and 501(c)(4) organizations. Did the organization engage in any section 4958 excess benefit transaction during the year or did it become aware of an excess benefit transaction from a prior year? If 'Yes,' attach a statement explaining each transaction.		X
	c Enter: Amount of tax imposed on the organization managers or disqualified persons during the year under sections 4912, 4955, and 4958		0.
	d Enter: Amount of tax on line 89c, above, reimbursed by the organization		
90 a	List the states with which a copy of this return is filed <u>NY</u>		
90 b	Number of employees employed in the pay period that includes March 12, 2005 (See instructions.)		8
91 a	The books are in care of <u>NATIONAL ACTION NETWORK</u> Telephone number <u>(212) 690-3070</u> Located at <u>106 WEST 145TH STREET</u> ZIP + 4 <u>10039</u>		
	b At any time during the calendar year, did the organization have an interest in or a signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account)? If 'Yes,' enter the name of the foreign country.		
	See the instructions for exceptions and filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Statements		
	c At any time during the calendar year, did the organization maintain an office outside of the United States? If 'Yes,' enter the name of the foreign country.		
92	Section 4947(a)(1) nonexempt charitable trusts filing Form 990 in lieu of Form 1041 - Check here <input type="checkbox"/> and enter the amount of tax-exempt interest received or accrued during the tax year <u>92</u>		



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

Note: Enter gross amounts unless otherwise indicated.

	Unrelated business income		Excluded by section 512, 513, or 514		(E) Related or exempt function income
	(A) Business code	(B) Amount	(C) 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 the instructions.)

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

**Part IX Information Regarding Taxable Subsidiaries and Disregarded Entities** (See the 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
	%			
	%			
	%			
	%			

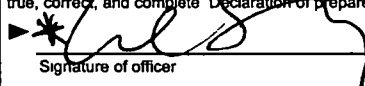
**Part X Information Regarding Transfers Associated with Personal Benefit Contracts** (See the instructions.)

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

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

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:  Date: \_\_\_\_\_

Type or print name and title: \_\_\_\_\_

**Paid Preparer's Use Only**

Preparer's signature: \_\_\_\_\_ Date: 10/20/07

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
GIFTS	2,400.	1,800.	600.	0.
UTILITIES	1,200.	900.	300.	0.
OFFICE EXPENSES	132.	99.	33.	0.
<b>Total</b>	<u>3,732.</u>	<u>2,799.</u>	<u>933.</u>	<u>0.</u>

Form 990, Page 4, Part IV, Line 65

**Other Liabilities Statement**

Line 65 - Other Liabilities:	Beginning of Year	End of Year
Payroll taxes and related interest and penalties	1,255,218.	1,553,833.
<b>Total</b>	<u>1,255,218.</u>	<u>1,553,833.</u>