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Return of Organization Exempt From Income Tax

2006

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

Form 990 header section including: A For the 2006 calendar year, or tax year beginning, 2006, and ending; B Check if applicable; C Name of organization: NATIONAL ACTION NETWORK, INC.; D Employer Identification Number: 11-3269182; E Telephone number: (212) 690-3070; F Accounting method: Accrual; G Web site: www.NationalActionNetwork.net; J Organization type: 501(c) 4; K Check here; L Gross receipts: 1,050,740.

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

Table with 21 rows detailing revenue and expenses. Row 12: Total revenue 1,050,740. Row 17: Total expenses 1,528,965. Row 18: Excess or (deficit) for the year -478,225. Row 21: Net assets or fund balances at end of year -2,054,488.

SCANNED JAN 02 2008

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

LONG

**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
<b>22a</b> Grants paid from donor advised funds (attach sch) (cash \$ _____ non-cash \$ _____) If this amount includes foreign grants, check here <input type="checkbox"/>	<b>22a</b>			
<b>22b</b> Other grants and allocations (att sch) (cash \$ _____ non-cash \$ _____) If this amount includes foreign grants, check here <input type="checkbox"/>	<b>22b</b>			
<b>23</b> Specific assistance to individuals (attach schedule)	<b>23</b>			
<b>24</b> Benefits paid to or for members (attach schedule)	<b>24</b>			
<b>25a</b> Compensation of current officers, directors, key employees, etc listed in Part V-A (attach sch) See L-25a Stmt	<b>25a</b> 4,860.	3,645.	1,215.	0.
<b>b</b> Compensation of former officers, directors, key employees, etc listed in Part V-B (attach sch)	<b>25b</b>			
<b>c</b> Compensation and other distributions, not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B) (attach schedule)	<b>25c</b>			
<b>26</b> Salaries and wages of employees not included on lines 25a, b, and c	<b>26</b> 527,633.	395,725.	131,908.	0.
<b>27</b> Pension plan contributions not included on lines 25a, b, and c	<b>27</b>			
<b>28</b> Employee benefits not included on lines 25a - 27	<b>28</b>			
<b>29</b> Payroll taxes	<b>29</b> 40,736.	30,552.	10,184.	0.
<b>30</b> Professional fundraising fees	<b>30</b>			
<b>31</b> Accounting fees	<b>31</b> 31,274.	23,456.	7,818.	0.
<b>32</b> Legal fees	<b>32</b> 60,000.	45,000.	15,000.	0.
<b>33</b> Supplies	<b>33</b>			
<b>34</b> Telephone	<b>34</b> 383.	287.	96.	0.
<b>35</b> Postage and shipping	<b>35</b> 577.	433.	144.	0.
<b>36</b> Occupancy	<b>36</b> 49,500.	37,125.	12,375.	0.
<b>37</b> Equipment rental and maintenance	<b>37</b>			
<b>38</b> Printing and publications	<b>38</b> 6,954.	5,216.	1,738.	0.
<b>39</b> Travel	<b>39</b> 4,476.	3,357.	1,119.	0.
<b>40</b> Conferences, conventions, and meetings	<b>40</b>			
<b>41</b> Interest	<b>41</b>			
<b>42</b> Depreciation, depletion, etc (attach schedule)	<b>42</b>			
<b>43</b> Other expenses not covered above (itemize)				
<b>a</b> PROGRAM EXPENSE	<b>43a</b> 153,982.	115,489.	38,493.	0.
<b>b</b> CONSULTING FEES	<b>43b</b> 530,574.	397,931.	132,643.	0.
<b>c</b> AUTOMOBILE EXPENSE	<b>43c</b> 143.	107.	36.	0.
<b>d</b> FINES, INTEREST & PENALTIES	<b>43d</b> 110,000.	82,500.	27,500.	0.
<b>e</b> CHARITABLE CONTRIBUTION	<b>43e</b> 1,000.	750.	250.	0.
<b>f</b> BANK SERVICE CHARGES	<b>43f</b> 4,343.	3,257.	1,086.	0.
<b>g</b> See Other Expenses Stmt	<b>43g</b> 2,530.	1,898.	632.	0.
<b>44</b> Total functional expenses. Add lines 22a through 43g (Organizations completing columns (B) - (D), carry these totals to lines 13 - 15)	<b>44</b> 1,528,965.	1,146,728.	382,237.	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 \$ \_\_\_\_\_

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? <input type="checkbox"/> 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.)
<p>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></p> <p>-----</p> <p>(Grants and allocations \$ 0. ) If this amount includes foreign grants, check here <input type="checkbox"/></p>	1,146,728.
<p>b -----</p> <p>-----</p> <p>(Grants and allocations \$ ) If this amount includes foreign grants, check here <input type="checkbox"/></p>	
<p>c -----</p> <p>-----</p> <p>(Grants and allocations \$ ) If this amount includes foreign grants, check here <input type="checkbox"/></p>	
<p>d -----</p> <p>-----</p> <p>(Grants and allocations \$ ) If this amount includes foreign grants, check here <input type="checkbox"/></p>	
<p>e Other program services</p> <p>(Grants and allocations \$ ) If this amount includes foreign grants, check here <input type="checkbox"/></p>	
<p>f Total of Program Service Expenses (should equal line 44, column (B), Program services) <input type="checkbox"/></p>	1,146,728.

BAA

**Part IV Balance Sheets** (See the instructions.)

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

		(A) Beginning of year		(B) End of year	
ASSETS	45 Cash – non-interest-bearing	2,770.	45	0.	
	46 Savings and temporary cash investments		46		
	47a Accounts receivable		47a		
	b Less allowance for doubtful accounts		47b	47c	
	48a Pledges receivable		48a		
	b Less allowance for doubtful accounts		48b	48c	
	49 Grants receivable		49		
	50a Receivables from current and former officers, directors, trustees, and key employees (attach schedule)		50a		
	b Receivables from other disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B) (attach schedule)		50b		
	51a Other notes and loans receivable (attach schedule)		51a		
	b Less allowance for doubtful accounts		51b	51c	
	52 Inventories for sale or use		52		
	53 Prepaid expenses and deferred charges		53		
	54a Investments – publicly-traded securities	<input type="checkbox"/> Cost <input type="checkbox"/> FMV		54a	
	b Investments – other securities (attach sch)	<input type="checkbox"/> Cost <input type="checkbox"/> FMV		54b	
	55a Investments – land, buildings, & equipment basis		55a		
	b Less accumulated depreciation (attach schedule)		55b	55c	
	56 Investments – other (attach schedule)		56		
	57a Land, buildings, and equipment: basis		57a		
b Less accumulated depreciation (attach schedule)		57b	57c		
58 Other assets, including program-related investments (describe ▶ _____ )			58		
59 <b>Total assets</b> (must equal line 74) Add lines 45 through 58		2,770.	59	0.	
LIABILITIES	60 Accounts payable and accrued expenses	25,200.	60	20,700.	
	61 Grants payable		61		
	62 Deferred revenue		62		
	63 Loans from officers, directors, trustees, and key employees (attach schedule)		63		
	64a Tax-exempt bond liabilities (attach schedule)		64a		
	b Mortgages and other notes payable (attach schedule)		64b	79,588.	
	65 Other liabilities (describe ▶ <u>See Line 65 Stmt</u> _____ )	1,553,833.	65	1,954,200.	
	66 <b>Total liabilities.</b> Add lines 60 through 65	1,579,033.	66	2,054,488.	
NET ASSETS OR FUND BALANCES	<b>Organizations that follow SFAS 117, check here</b> <input checked="" type="checkbox"/> and complete lines 67 through 69 and lines 73 and 74				
	67 Unrestricted	-1,576,263.	67	-2,054,488.	
	68 Temporarily restricted		68		
	69 Permanently restricted		69		
	<b>Organizations that do not follow SFAS 117, check here</b> <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 and column (B) must equal line 21)	-1,576,263.	73	-2,054,488.	
	74 <b>Total liabilities and net assets/fund balances.</b> Add lines 66 and 73	2,770.	74	0.	

**Part IV-A Reconciliation of Revenue per Audited Financial Statements with Revenue per Return** (See the 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	4,860.	0.	0.
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**Part VI Other Information** (continued)

	Yes	No
91 c		

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

and enter the amount of tax-exempt interest received or accrued during the tax year

92

**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 1e, 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)
	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
	0			
	0			
	0			
	0			

**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)

**Part XI** Information Regarding Transfers To and From Controlled Entities. Complete only if the organization is a controlling organization as defined in section 512(b)(13).

**106** Did the reporting organization **make** any transfers to a controlled entity as defined in section 512(b)(13) of the Code? If 'Yes,' complete the schedule below for each controlled entity

Yes	No
	X

	(A) Name, address, of each controlled entity	(B) Employer Identification Number	(C) Description of transfer	(D) Amount of transfer
a	-----			
b	-----			
c	-----			
<b>Totals</b>				

**107** Did the reporting organization **receive** any transfers from a controlled entity as defined in section 512(b)(13) of the Code? If 'Yes,' complete the schedule below for each controlled entity

Yes	No
	X

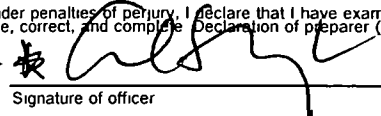
	(A) Name, address, of each controlled entity	(B) Employer Identification Number	(C) Description of transfer	(D) Amount of transfer
a	-----			
b	-----			
c	-----			
<b>Totals</b>				

**108** Did the organization have a binding written contract in effect on August 17, 2006, covering the interest, rents, royalties, and annuities described in question 107 above?

Yes	No
	N/A

**Please Sign Here**

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

Signature of officer:  Date: \_\_\_\_\_

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

**Paid Preparer's Use Only**

Preparer's signature	Date	Check if self-employed	Preparer's SSN or PTIN (See General Instruction W)
	10/29/07	<input type="checkbox"/>	
Firm's name (or yours if self-employed), address, and ZIP + 4	EIN	Phone no	
KBL, LLP 67 Wall St. FL 22 New York NY 10005		(212) 785-9700	

Name as Shown on Return  
**NATIONAL ACTION NETWORK, INC.**

Employer Identification No  
**11-3269182**

**Compensation**

Name	(A) Total	(B) Program services	(C) Management and general	(D) Fundraising
AL SHARPTON	4,860.	3,645.	1,215.	0.
Total Compensation Received	4,860.	3,645.	1,215.	0.

**Contributions to Employee Benefit Plans & Deferred Compensation Plans**

Name	(A) Total	(B) Program services	(C) Management and general	(D) Fundraising
Total Contributions to Employee Benefit Plans & Deferred Compensation Plans				

**Expense Account and Other Allowances**

Name	(A) Total	(B) Program services	(C) Management and general	(D) Fundraising
Total Expense Account and Other Allowances				
Total to Part II, Line 25a ▶	4,860.	3,645.	1,215.	0.

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
<u>OFFICE EXPENSES</u>	370.	278.	92.	0.
<u>PAYROLL PROCESSING FEES</u>	2,160.	1,620.	540.	0.
<b>Total</b>	<u>2,530.</u>	<u>1,898.</u>	<u>632.</u>	<u>0.</u>

Form 990, Page 4, Part IV, Line 65

**Other Liabilities Statement**

<b>Line 65 - Other Liabilities:</b>	Beginning of Year	End of Year
<u>Payroll taxes and related interest and penalties</u>	1,553,833.	1,879,278.
<u>Cash Overdraft</u>		74,922.
<b>Total</b>	<u>1,553,833.</u>	<u>1,954,200.</u>