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2010

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Form 990

Department of the Treasury
Internal Revenue Service

Return of Organization Exempt From Income Tax

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

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

A For the 2010 calendar year, or tax year beginning 10-01-2010 and ending 09-30-2011

B Check if applicable

C Name of organization
NATIONAL LEAGUE OF CITIESD Employer identification number
53-0226780

E Address change

F Name change

G Initial return

H Terminated

I Amended return

J Application pending

K Doing Business As

L Number and street (or P O box if mail is not delivered to street address)
1301 PENNSYLVANIA AVE NW NO 550

M Room/suite

N City or town, state or country, and ZIP + 4
WASHINGTON, DC 200041763

O Gross receipts \$ 41,294,991

P Name and address of principal officer
DONALD J BORUT
1301 PENNSYLVANIA AVE NW NO 550
WASHINGTON, DC 200041763Q H(a) Is this a group return for affiliates? Yes NoR H(b) Are all affiliates included? Yes No
If "No," attach a list (see instructions)

S H(c) Group exemption number ►

T I Tax-exempt status 501(c)(3) 501(c) (4) ► (insert no) 4947(a)(1) or 527

J Website: ► WWW.NLC.ORG

K Form of organization Corporation Trust Association Other ►

L Year of formation 1924

M State of legal domicile IL

Part I Summary

1 Briefly describe the organization's mission or most significant activities

MEMBERSHIP ORGANIZATION FORMED TO FURNISH INFORMATION AND SERVICES TO ASSIST MUNICIPALITIES,
ELECTED OFFICIALS AND THE RESPECTIVE LEAGUES OF MUNICIPALITIES

2 Check this box ► if the organization discontinued its operations or disposed of more than 25% of its net assets

3 Number of voting members of the governing body (Part VI, line 1a)

46

4 Number of independent voting members of the governing body (Part VI, line 1b)

46

5 Total number of individuals employed in calendar year 2010 (Part V, line 2a)

125

6 Total number of volunteers (estimate if necessary)

0

7a Total unrelated business revenue from Part VIII, column (C), line 12

1,076,357

b Net unrelated business taxable income from Form 990-T, line 34

907,128

| | Prior Year | Current Year |
|---|------------|--------------|
| 8 Contributions and grants (Part VIII, line 1h) | 0 | 0 |
| 9 Program service revenue (Part VIII, line 2g) | 13,995,810 | 13,811,089 |
| 10 Investment income (Part VIII, column (A), lines 3, 4, and 7d) | 1,397,912 | 2,491,964 |
| 11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e) | 675,598 | 665,648 |
| 12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12) | 16,069,320 | 16,968,701 |

| | Prior Year | Current Year |
|--|------------|--------------|
| 13 Grants and similar amounts paid (Part IX, column (A), lines 1-3) | 0 | 0 |
| 14 Benefits paid to or for members (Part IX, column (A), line 4) | 0 | 0 |
| 15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10) | 9,811,064 | 10,080,863 |
| 16a Professional fundraising fees (Part IX, column (A), line 11e) | 0 | 0 |
| b Total fundraising expenses (Part IX, column (D), line 25) ►0 | | |
| 17 Other expenses (Part IX, column (A), lines 11a-11d, 11f-24f) | 6,254,712 | 6,910,234 |
| 18 Total expenses Add lines 13-17 (must equal Part IX, column (A), line 25) | 16,065,776 | 16,991,097 |
| 19 Revenue less expenses Subtract line 18 from line 12 | 3,544 | -22,396 |

| | Beginning of Current Year | End of Year |
|--|---------------------------|-------------|
| 20 Total assets (Part X, line 16) | 28,238,807 | 27,132,540 |
| 21 Total liabilities (Part X, line 26) | 6,024,183 | 6,100,995 |
| 22 Net assets or fund balances Subtract line 21 from line 20 | 22,214,624 | 21,031,545 |

Part II Signature Block

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.

| | | |
|-----------|---|--------------------|
| Sign Here | ***** Signature of officer CARLSEN GRIFFITH CHIEF FINANCIAL OFFICER Type or print name and title | 2012-08-10 Date |
| | | |

| | | | | | |
|------------------------------|--|--|------|---|---------------------------|
| Paid Preparer Use Only | Print/Type preparer's name WILLIAM E TURCO CPA | Preparer's signature WILLIAM E TURCO CPA | Date | Check if self-employed <input type="checkbox"/> | PTIN |
| | Firm's name ► MCGLADREY LLP | | | | Firm's EIN ► |
| | Firm's address ► 9737 WASHINGTONIAN BLVD 400 GAITHERSBURG, MD 208787340 | | | | Phone no ► (301) 296-3600 |

May the IRS discuss this return with the preparer shown above? (see instructions) Yes No

Part III Statement of Program Service Accomplishments

Check if Schedule O contains a response to any question in this Part III.

1 Briefly describe the organization's mission

THE LARGEST AND OLDEST ORGANIZATION REPRESENTING AND PROMOTING CITIES AS CENTERS OF OPPORTUNITY
GOVERNANCE AND LEADERSHIP

2 Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ? Yes No

If "Yes," describe these new services on Schedule C

3 Did the organization cease conducting, or make significant changes in how it conducts, any programs or services?

If "Yes," describe these changes on Schedule O

4 Describe the exempt purpose achievements for each of the organization's three largest program services by expenses
Section 501(c)(3) and 501(c)(4) organizations and section 4947(a)(1) trusts are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported

4a (Code) (Expenses \$ 12,848,035 including grants of \$) (Revenue \$ 13,017,277)

MEMBERSHIP SERVICES - VARIOUS CONSULTATION SERVICES FOR MEMBER STATES AND LEAGUES, SPONSORING SEMINARS, REPORTS TO MEMBERS BASED ON RESEARCH PERFORMED BY NLC

4b (Code) (Expenses \$ including grants of \$) (Revenue \$

4c (Code) (Expenses \$ including grants of \$) (Revenue \$

4d Other program services (Describe in Schedule Q.)

4e Total program service expenses \$ 12,848,035

Part IV Checklist of Required Schedules

1 Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? If "Yes," complete Schedule A

2 Is the organization required to complete Schedule B, Schedule of Contributors (see instruction)?

3 Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? If "Yes," complete Schedule C, Part I

4 **Section 501(c)(3) organizations.** Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? If "Yes," complete Schedule C, Part II

5 Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? If "Yes," complete Schedule C, Part III

6 Did the organization maintain any donor advised funds or any similar funds or accounts where donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? If "Yes," complete Schedule D, Part I

7 Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas or historic structures? If "Yes," complete Schedule D, Part II

8 Did the organization maintain collections of works of art, historical treasures, or other similar assets? If "Yes," complete Schedule D, Part III

9 Did the organization report an amount in Part X, line 21, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? If "Yes," complete Schedule D, Part IV

10 Did the organization, directly or through a related organization, hold assets in term, permanent, or quasi-endowments? If "Yes," complete Schedule D, Part V

11 If the organization's answer to any of the following questions is 'Yes,' then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable

a Did the organization report an amount for land, buildings, and equipment in Part X, line 10? If "Yes," complete Schedule D, Part VI

b Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VII

c Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VIII

d Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part IX

e Did the organization report an amount for other liabilities in Part X, line 25? If "Yes," complete Schedule D, Part X

f Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? If "Yes," complete Schedule D, Part XI

12a Did the organization obtain separate, independent audited financial statements for the tax year? If "Yes," complete Schedule D, Parts XI, XII, and XIII

b Was the organization included in consolidated, independent audited financial statements for the tax year? If "Yes," and if the organization answered 'No' to line 12a, then completing Schedule D, Parts XI, XII, and XIII is optional

13 Is the organization a school described in section 170(b)(1)(A)(ii)? If "Yes," complete Schedule E

14a Did the organization maintain an office, employees, or agents outside of the United States?

b Did the organization have aggregate revenues or expenses of more than \$10,000 from grantmaking, fundraising, business, and program service activities outside the United States? If "Yes," complete Schedule F, Parts I and IV

15 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of grants or assistance to any organization or entity located outside the U.S.? If "Yes," complete Schedule F, Parts II and IV

16 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of aggregate grants or assistance to individuals located outside the U.S.? If "Yes," complete Schedule F, Parts III and IV

17 Did the organization report a total of more than \$15,000 of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? If "Yes," complete Schedule G, Part I (see instructions)

18 Did the organization report more than \$15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? If "Yes," complete Schedule G, Part II

19 Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? If "Yes," complete Schedule G, Part III

20a Did the organization operate one or more hospitals? If "Yes," complete Schedule H

b If "Yes" to line 20a, did the organization attach its audited financial statement to this return? **Note.** Some Form 990 filers that operate one or more hospitals must attach audited financial statements (see instructions)

| | Yes | No |
|-----|-----|----|
| 1 | | No |
| 2 | | No |
| 3 | | No |
| 4 | | |
| 5 | Yes | |
| 6 | | No |
| 7 | | No |
| 8 | | No |
| 9 | | No |
| 10 | | No |
| 11a | Yes | |
| 11b | Yes | |
| 11c | | No |
| 11d | | No |
| 11e | Yes | |
| 11f | Yes | |
| 12a | | No |
| 12b | Yes | |
| 13 | | No |
| 14a | | No |
| 14b | | No |
| 15 | | No |
| 16 | | No |
| 17 | | No |
| 18 | | No |
| 19 | | No |
| 20a | | No |
| 20b | | |

Part IV Checklist of Required Schedules (continued)

| | | | | |
|-----|---|-----|-----|------|
| 21 | Did the organization report more than \$5,000 of grants and other assistance to governments and organizations in the United States on Part IX, column (A), line 1? If "Yes," complete Schedule I, Parts I and II | 21 | | No |
| 22 | Did the organization report more than \$5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? If "Yes," complete Schedule I, Parts I and III | 22 | | No |
| 23 | Did the organization answer "Yes" to Part VII, Section A, questions 3, 4, or 5, about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? If "Yes," complete Schedule J | 23 | Yes | |
| 24a | Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, that was issued after December 31, 2002? If "Yes," answer lines 24b-24d and complete Schedule K. If "No," go to line 25 | 24a | | No |
| b | Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception? | 24b | | |
| c | Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds? | 24c | | |
| d | Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year? | 24d | | |
| 25a | Section 501(c)(3) and 501(c)(4) organizations. Did the organization engage in an excess benefit transaction with a disqualified person during the year? If "Yes," complete Schedule L, Part I | 25a | | No |
| b | Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? If "Yes," complete Schedule L, Part I | 25b | | No |
| 26 | Was a loan to or by a current or former officer, director, trustee, key employee, highly compensated employee, or disqualified person outstanding as of the end of the organization's tax year? If "Yes," complete Schedule L, Part II | 26 | | No |
| 27 | Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor, or a grant selection committee member, or to a person related to such an individual? If "Yes," complete Schedule L, Part III | 27 | | No |
| 28 | Was the organization a party to a business transaction with one of the following parties? (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions) | 28a | | No |
| a | A current or former officer, director, trustee, or key employee? If "Yes," complete Schedule L, Part IV | 28b | | No |
| b | A family member of a current or former officer, director, trustee, or key employee? If "Yes," complete Schedule L, Part IV | 28c | | No |
| c | An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? If "Yes," complete Schedule L, Part IV | 29 | | No |
| 30 | Did the organization receive more than \$25,000 in non-cash contributions? If "Yes," complete Schedule M | 30 | | No |
| 31 | Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? If "Yes," complete Schedule M | 31 | | No |
| 32 | Did the organization liquidate, terminate, or dissolve and cease operations? If "Yes," complete Schedule N, Part I | 32 | | No |
| 33 | Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? If "Yes," complete Schedule N, Part II | 33 | | No |
| 34 | Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301 7701-2 and 301 7701-3? If "Yes," complete Schedule R, Part I | 34 | Yes | |
| 35 | Was the organization related to any tax-exempt or taxable entity? If "Yes," complete Schedule R, Parts II, III, IV, and V, line 1 | 35 | Yes | |
| a | Is any related organization a controlled entity within the meaning of section 512(b)(13)? | | | |
| | Did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? If "Yes," complete Schedule R, Part V, line 2 | | Yes | ✓ No |
| 36 | Section 501(c)(3) organizations. Did the organization make any transfers to an exempt non-charitable related organization? If "Yes," complete Schedule R, Part V, line 2 | 36 | | |
| 37 | Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? If "Yes," complete Schedule R, Part VI | 37 | | No |
| 38 | Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11 and 19? Note. All Form 990 filers are required to complete Schedule O | 38 | Yes | |

Part V Statements Regarding Other IRS Filings and Tax Compliance

Check if Schedule O contains a response to any question in this Part V

| | | Yes | No |
|---|--|-----|-----|
| 1a | Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable | 1a | 134 |
| 1b | Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable | 1b | 0 |
| c | Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners? | 1c | Yes |
| 2a | Enter the number of employees reported on Form W-3, <i>Transmittal of Wage and Tax Statements</i> filed for the calendar year ending with or within the year covered by this return | 2a | 125 |
| b | If at least one is reported on line 2a, did the organization file all required federal employment tax returns? | 2b | Yes |
| <p>Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)</p> | | | |
| 3a | Did the organization have unrelated business gross income of \$1,000 or more during the year? | 3a | Yes |
| b | If "Yes," has it filed a Form 990-T for this year? If "No," provide an explanation in Schedule O | 3b | Yes |
| 4a | 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)? | 4a | No |
| b | If "Yes," enter the name of the foreign country ► See instructions for filing requirements for Form TD F 90-22 1, Report of Foreign Bank and Financial Accounts | | |
| 5a | Was the organization a party to a prohibited tax shelter transaction at any time during the tax year? | 5a | No |
| b | Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction? | 5b | No |
| c | If "Yes" to line 5a or 5b, did the organization file Form 8886-T? | 5c | |
| 6a | Does the organization have annual gross receipts that are normally greater than \$100,000, and did the organization solicit any contributions that were not tax deductible? | 6a | No |
| b | If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible? | 6b | |
| 7 | Organizations that may receive deductible contributions under section 170(c). | 7a | |
| a | Did the organization receive a payment in excess of \$75 made partly as a contribution and partly for goods and services provided to the payor? | 7b | |
| b | If "Yes," did the organization notify the donor of the value of the goods or services provided? | 7c | |
| c | Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282? | 7d | |
| d | If "Yes," indicate the number of Forms 8282 filed during the year | 7e | |
| e | Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract? | 7f | |
| f | Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? | 7g | |
| g | If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required? | 7h | |
| h | If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C? | 8 | |
| 8 | Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations. Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year? | 9a | |
| 9 | Sponsoring organizations maintaining donor advised funds. | 9b | |
| a | Did the organization make any taxable distributions under section 4966? | | |
| b | Did the organization make a distribution to a donor, donor advisor, or related person? | | |
| 10 | Section 501(c)(7) organizations. Enter | 10a | |
| a | Initiation fees and capital contributions included on Part VIII, line 12 | 10b | |
| b | Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities | | |
| 11 | Section 501(c)(12) organizations. Enter | 11a | |
| a | Gross income from members or shareholders | 11b | |
| b | Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them) | | |
| 12a | Section 4947(a)(1) non-exempt charitable trusts. Is the organization filing Form 990 in lieu of Form 1041? | 12a | |
| b | If "Yes," enter the amount of tax-exempt interest received or accrued during the year | 12b | |
| 13 | Section 501(c)(29) qualified nonprofit health insurance issuers. | 13a | |
| a | Is the organization licensed to issue qualified health plans in more than one state? | | |
| <p>Note. See the instructions for additional information the organization must report on Schedule O</p> | | | |
| b | Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans | 13b | |
| c | Enter the amount of reserves on hand | 13c | |
| 14a | Did the organization receive any payments for indoor tanning services during the tax year? | 14a | No |
| b | If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O | 14b | |

Part VI Governance, Management, and Disclosure For each "Yes" response to lines 2 through 7b below, and for a "No" response to lines 8a, 8b, or 10b below, describe the circumstances, processes, or changes in Schedule O. See instructions.

Check if Schedule O contains a response to any question in this Part VI

Section A. Governing Body and Management

1a Enter the number of voting members of the governing body at the end of the tax year

1b Enter the number of voting members included in line 1a, above, who are independent

2 Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?

3 Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person?

4 Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?

5 Did the organization become aware during the year of a significant diversion of the organization's assets?

6 Does the organization have members or stockholders?

7a Does the organization have members, stockholders, or other persons who may elect one or more members of the governing body?

b Are any decisions of the governing body subject to approval by members, stockholders, or other persons?

8 Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following

a The governing body?

b Each committee with authority to act on behalf of the governing body?

9 Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O

| | Yes | No |
|----|-----|----|
| 1a | 46 | |
| 1b | 46 | |
| 2 | | No |
| 3 | | No |
| 4 | | No |
| 5 | | No |
| 6 | Yes | |
| 7a | Yes | |
| 7b | | No |
| 8a | Yes | |
| 8b | Yes | |
| 9 | | No |

Section B. Policies (This Section B requests information about policies not required by the Internal Revenue Code.)

10a Does the organization have local chapters, branches, or affiliates?

b If "Yes," does the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with those of the organization?

11a Has the organization provided a copy of this Form 990 to all members of its governing body before filing the form?

b Describe in Schedule O the process, if any, used by the organization to review this Form 990

12a Does the organization have a written conflict of interest policy? If "No," go to line 13

b Are officers, directors or trustees, and key employees required to disclose annually interests that could give rise to conflicts?

c Does the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this is done

13 Does the organization have a written whistleblower policy?

14 Does the organization have a written document retention and destruction policy?

15 Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision?

a The organization's CEO, Executive Director, or top management official

b Other officers or key employees of the organization

If "Yes" to line 15a or 15b, describe the process in Schedule O (See instructions)

16a Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year?

b If "Yes," has the organization adopted a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and taken steps to safeguard the organization's exempt status with respect to such arrangements?

| | Yes | No |
|-----|-----|----|
| 10a | | No |
| 10b | | |
| 11a | Yes | |
| 12a | Yes | |
| 12b | | No |
| 12c | | No |
| 13 | Yes | |
| 14 | Yes | |
| 15a | Yes | |
| 15b | | No |
| 16a | | No |
| 16b | | |

Section C. Disclosure

17 List the States with which a copy of this Form 990 is required to be filed ► DC

18 Section 6104 requires an organization to make its Form 1023 (or 1024 if applicable), 990, and 990-T (501(c) (3)s only) available for public inspection. Indicate how you make these available. Check all that apply

Own website Another's website Upon request

19 Describe in Schedule O whether (and if so, how), the organization makes its governing documents, conflict of interest policy, and financial statements available to the public. See Additional Data Table

20 State the name, physical address, and telephone number of the person who possesses the books and records of the organization ►

CARLSEN GRIFFITH CPA
1301 PENNSYLVANIA AVE NW NO 550
WASHINGTON, DC 200041763
(202) 626-3064

Part VII Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors

Check if Schedule O contains a response to any question in this Part VI

Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

1a Complete this table for all persons required to be listed. Report compensation for the calendar year ending with or within the organization's tax year.

- List all of the organization's **current** officers, directors, trustees (whether individuals or organizations), regardless of amount of compensation, and **current** key employees Enter -0- in columns (D), (E), and (F) if no compensation was paid
- List all of the organization's **current** key employees, if any See instructions for definition of "key employee "
- List the organization's five **current** highest compensated employees (other than an officer, director, trustee or key employee) who received reportable compensation (Box 5 of Form W-2 and/or Box 7 of Form 1099-MISC) of more than \$100,000 from the organization and any related organizations
- List all of the organization's **former** officers, key employees, and highest compensated employees who received more than \$100,000 of reportable compensation from the organization and any related organizations

- List all of the organization's **former directors or trustees** that received, in the capacity as a former director or trustee of the organization, more than \$10,000 of reportable compensation from the organization and any related organizations

List persons in the following order: individual trustees or directors, institutional trustees, officers, key employees, highest compensated employees, and former such persons.

Check this box if neither the organization nor any related organization compensated any current officer, director, or trustee.

Check this box if neither the organization nor any related organization compensated any current officer, director, or trustee.

(A) $\frac{1}{2} \pi r^2$ (B) πr^2 (C) $\frac{1}{2} \pi r^2$ (D) πr^2 (E) $\frac{1}{2} \pi r^2$

Part VII Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees (continued)

2 Total number of individuals (including but not limited to those listed above) who received more than \$100,000 in reportable compensation from the organization **►8**

| | Yes | No |
|---|-----|-----|
| 3 Did the organization list any former officer, director or trustee, key employee, or highest compensated employee on line 1a? <i>If "Yes," complete Schedule J for such individual</i> | 3 | No |
| 4 For any individual listed on line 1a, is the sum of reportable compensation and other compensation from the organization and related organizations greater than \$150,000? <i>If "Yes," complete Schedule J for such individual</i> | 4 | Yes |
| 5 Did any person listed on line 1a receive or accrue compensation from any unrelated organization or individual for services rendered to the organization? <i>If "Yes," complete Schedule J for such person</i> | 5 | No |

Section B. Independent Contractors

1 Complete this table for your five highest compensated independent contractors that received more than \$100,000 of compensation from the organization

| (A) | Name and business address | (B) | Description of services | (C) | Compensation |
|---|---------------------------|-----|-------------------------|-----|--------------|
| ESPINOZA CONSTRUCTION | | | | | 189,080 |
| 7728 LITTLE RIVER TURNPIKE | | | | | |
| ANNANDALE, VA 22003 | | | | | |
| GANNETT OFFSET | | | | | 188,813 |
| 6883 COMMERCIAL DRIVE | | | | | |
| SPRINGFIELD, VA 22159 | | | | | |
| BALDWIN GRAPHICS | | | | | 167,125 |
| 1301 PENNSYLVANIA AVE NW | | | | | |
| WASHINGTON, DC 20004 | | | | | |
| WASHINGTON SPEAKERS BUREAU | | | | | 141,141 |
| 1663 PRINCE STREET | | | | | |
| ALEXANDRIA, VA 22314 | | | | | |
| DLA PIPER LLP | | | | | 139,433 |
| 500 8TH STREET NW | | | | | |
| WASHINGTON, DC 20004 | | | | | |
| 2. Total number of independent contractors (including but not limited to those listed above) who received more than | | | | | |

2 Total number of independent contractors (including but not limited to those listed above) who received more than \$100,000 in compensation from the organization ►5

Part VIII Statement of Revenue

| | | | (A) Total revenue | (B) Related or exempt function revenue | (C) Unrelated business revenue | (D) Revenue excluded from tax under sections 512, 513, or 514 |
|--|--|---------------|----------------------|---|---|--|
| | | | | | | |
| Contributions, gifts, grants and other similar amounts | 1a Federated campaigns | 1a | | | | |
| | b Membership dues | 1b | | | | |
| | c Fundraising events | 1c | | | | |
| | d Related organizations | 1d | | | | |
| | e Government grants (contributions) | 1e | | | | |
| | f All other contributions, gifts, grants, and similar amounts not included above | 1f | | | | |
| | g Noncash contributions included in lines 1a-1f \$ | | | | | |
| h Total. Add lines 1a-1f | | | | | | |
| Program Service Revenue | 2a MEMBERSHIP DUES | | Business Code | | | |
| | | | 900099 | 6,712,343 | 6,712,343 | |
| | b SERVICE FEES | | 900099 | 2,681,621 | 2,681,621 | |
| | c CONFERENCES & MEETINGS | | 900099 | 1,935,803 | 1,299,853 | 635,950 |
| | d SEMINARS | | 900099 | 1,327,532 | 1,327,532 | |
| | e CORPORATE PARTNERSHIPS | | 900099 | 968,651 | 968,651 | |
| | f All other program service revenue | | | 185,139 | 27,277 | 157,862 |
| g Total. Add lines 2a-2f | | | 13,811,089 | | | |
| 3 Investment income (including dividends, interest and other similar amounts) | | | | | | |
| | | | 1,483,963 | | 676,582 | 807,381 |
| 4 Income from investment of tax-exempt bond proceeds | | | | | | |
| 5 Royalties | | | 45,338 | | | 45,338 |
| 6a Gross Rents | (I) Real | (II) Personal | | | | |
| | 1,709,692 | | | | | |
| b Less rental expenses | 1,282,680 | | | | | |
| c Rental income or (loss) | 427,012 | | | | | |
| d Net rental income or (loss) | | | 427,012 | | 241,913 | 185,099 |
| 7a Gross amount from sales of assets other than inventory | (I) Securities | (II) Other | | | | |
| | 24,051,611 | | | | | |
| b Less cost or other basis and sales expenses | 23,043,610 | | | | | |
| c Gain or (loss) | 1,008,001 | | | | | |
| d Net gain or (loss) | | | 1,008,001 | | | 1,008,001 |
| 8a Gross income from fundraising events (not including \$ _____ of contributions reported on line 1c) See Part IV, line 18 | | | | | | |
| a | | | | | | |
| b Less direct expenses | b | | | | | |
| c Net income or (loss) from fundraising events | | | | | | |
| 9a Gross income from gaming activities See Part IV, line 19 | a | | | | | |
| b Less direct expenses | b | | | | | |
| c Net income or (loss) from gaming activities | | | | | | |
| 10a Gross sales of inventory, less returns and allowances | | | | | | |
| a | | | | | | |
| b Less cost of goods sold | b | | | | | |
| c Net income or (loss) from sales of inventory | | | | | | |
| Miscellaneous Revenue | | Business Code | | | | |
| 11a REIMBURSED REVENUES | | 900099 | 193,298 | | | 193,298 |
| b | | | | | | |
| c | | | | | | |
| d All other revenue | | | | | | |
| e Total. Add lines 11a-11d | | | 193,298 | | | |
| 12 Total revenue. See Instructions | | | 16,968,701 | 13,017,277 | 1,076,357 | 2,875,067 |

Part IX Statement of Functional Expenses

Section 501(c)(3) and 501(c)(4) organizations must complete all columns.

All other organizations must complete column (A) but are not required to complete columns (B), (C), and (D).

| Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII. | (A) Total expenses | (B) Program service expenses | (C) Management and general expenses | (D) Fundraising expenses |
|--|-----------------------|---------------------------------|--|-----------------------------|
| 1 Grants and other assistance to governments and organizations in the U S See Part IV, line 21 | | | | |
| 2 Grants and other assistance to individuals in the U S See Part IV, line 22 | | | | |
| 3 Grants and other assistance to governments, organizations, and individuals outside the U S See Part IV, lines 15 and 16 | | | | |
| 4 Benefits paid to or for members | | | | |
| 5 Compensation of current officers, directors, trustees, and key employees | 740,982 | 603,370 | 137,612 | |
| 6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B) | | | | |
| 7 Other salaries and wages | 6,515,140 | 5,311,478 | 1,203,662 | |
| 8 Pension plan contributions (include section 401(k) and section 403(b) employer contributions) | 545,800 | 440,313 | 105,487 | |
| 9 Other employee benefits | 1,755,745 | 1,416,411 | 339,334 | |
| 10 Payroll taxes | 523,196 | 422,078 | 101,118 | |
| a Fees for services (non-employees) | | | | |
| Management | | | | |
| b Legal | 157,673 | 53,749 | 103,924 | |
| c Accounting | 48,775 | 16,627 | 32,148 | |
| d Lobbying | | | | |
| e Professional fundraising services See Part IV, line 17 | | | | |
| f Investment management fees | 107,306 | 107,306 | | |
| g Other | 823,386 | 686,136 | 137,250 | |
| 12 Advertising and promotion | 42,237 | 42,237 | | |
| 13 Office expenses | 608,970 | 337,570 | 271,400 | |
| 14 Information technology | 218,799 | 98,448 | 120,351 | |
| 15 Royalties | | | | |
| 16 Occupancy | 1,431,829 | 453,709 | 978,120 | |
| 17 Travel | 644,671 | 416,874 | 227,797 | |
| 18 Payments of travel or entertainment expenses for any federal, state, or local public officials | | | | |
| 19 Conferences, conventions, and meetings | 1,507,572 | 1,484,197 | 23,375 | |
| 20 Interest | | | | |
| 21 Payments to affiliates | | | | |
| 22 Depreciation, depletion, and amortization | 201,244 | 64,297 | 136,947 | |
| 23 Insurance | 83,207 | 34,134 | 49,073 | |
| 24 Other expenses Itemize expenses not covered above (List miscellaneous expenses in line 24f If line 24f amount exceeds 10% of line 25, column (A) amount, list line 24f expenses on Schedule O) | | | | |
| a TAXES | 313,180 | 100,061 | 213,119 | |
| b BAD DEBT EXPENSE | 547,904 | 175,055 | 372,849 | |
| c LEASEHOLD EXPENSES | 237,834 | 187,189 | 50,645 | |
| d DUES AND SUBSCRIPTIONS | 182,692 | 126,489 | 56,203 | |
| e PROGRAM DEVELOPMENT RES | 59,042 | 59,042 | | |
| f All other expenses | -306,087 | 211,265 | -517,352 | |
| 25 Total functional expenses. Add lines 1 through 24f | 16,991,097 | 12,848,035 | 4,143,062 | 0 |
| 26 Joint costs. Check here <input checked="" type="checkbox"/> if following SOP 98-2 (ASC 958-720) Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation | | | | |

Part X Balance Sheet

| | | (A) Beginning of year | (B) End of year |
|-----------------------------|---|---------------------------------|---------------------------|
| Assets | 1 Cash—non-interest-bearing | 2,978 | 1 2,916 |
| | 2 Savings and temporary cash investments | 840,618 | 2 563,777 |
| | 3 Pledges and grants receivable, net | 3 | |
| | 4 Accounts receivable, net | 1,044,698 | 4 1,306,034 |
| | 5 Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L | | |
| | 6 Receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers, and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions) Schedule L | | |
| | 7 Notes and loans receivable, net | 6 | 7 |
| | 8 Inventories for sale or use | 8 | |
| | 9 Prepaid expenses and deferred charges | 341,871 | 9 322,976 |
| | 10a Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D | 9,777,428 | |
| | b Less accumulated depreciation | 10b | 9,058,411 |
| | | 849,785 | 10c 719,017 |
| | 11 Investments—publicly traded securities | 18,655,605 | 11 7,975,178 |
| | 12 Investments—other securities See Part IV, line 11 | 3,860,803 | 12 14,968,599 |
| | 13 Investments—program-related See Part IV, line 11 | | 13 |
| | 14 Intangible assets | | 14 |
| | 15 Other assets See Part IV, line 11 | 2,642,449 | 15 1,274,043 |
| | 16 Total assets. Add lines 1 through 15 (must equal line 34) | 28,238,807 | 16 27,132,540 |
| Liabilities | 17 Accounts payable and accrued expenses | 277,639 | 17 223,357 |
| | 18 Grants payable | | 18 |
| | 19 Deferred revenue | 5,519,793 | 19 4,972,631 |
| | 20 Tax-exempt bond liabilities | | 20 |
| | 21 Escrow or custodial account liability Complete Part IV of Schedule D | | 21 |
| | 22 Payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons Complete Part II of Schedule L | | 22 |
| | 23 Secured mortgages and notes payable to unrelated third parties | | 23 |
| | 24 Unsecured notes and loans payable to unrelated third parties | | 24 |
| | 25 Other liabilities Complete Part X of Schedule D | 226,751 | 25 905,007 |
| | 26 Total liabilities. Add lines 17 through 25 | 6,024,183 | 26 6,100,995 |
| Net Assets or Fund Balances | Organizations that follow SFAS 117, check here <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34. | | |
| | 27 Unrestricted net assets | 22,214,624 | 27 21,031,545 |
| | 28 Temporarily restricted net assets | | 28 |
| | 29 Permanently restricted net assets | | 29 |
| | Organizations that do not follow SFAS 117, check here <input type="checkbox"/> and complete lines 30 through 34. | | |
| | 30 Capital stock or trust principal, or current funds | | 30 |
| | 31 Paid-in or capital surplus, or land, building or equipment fund | | 31 |
| | 32 Retained earnings, endowment, accumulated income, or other funds | | 32 |
| | 33 Total net assets or fund balances | 22,214,624 | 33 21,031,545 |
| | 34 Total liabilities and net assets/fund balances | 28,238,807 | 34 27,132,540 |

Part XI Reconciliation of Net AssetsCheck if Schedule O contains a response to any question in this Part XI

| | | | |
|---|---|---|------------|
| 1 | Total revenue (must equal Part VIII, column (A), line 12) | 1 | 16,968,701 |
| 2 | Total expenses (must equal Part IX, column (A), line 25) | 2 | 16,991,097 |
| 3 | Revenue less expenses Subtract line 2 from line 1 | 3 | -22,396 |
| 4 | Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A)) | 4 | 22,214,624 |
| 5 | Other changes in net assets or fund balances (explain in Schedule O) | 5 | -1,160,683 |
| 6 | Net assets or fund balances at end of year Combine lines 3, 4, and 5 (must equal Part X, line 33, column (B)) | 6 | 21,031,545 |

Part XII Financial Statements and ReportingCheck if Schedule O contains a response to any question in this Part XII

| | | Yes | No |
|----|--|-----|-----|
| 1 | Accounting method used to prepare the Form 990 <input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual <input type="checkbox"/> Other _____ If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O | | |
| 2a | Were the organization's financial statements compiled or reviewed by an independent accountant? . . . | 2a | No |
| 2b | Were the organization's financial statements audited by an independent accountant? . . . | 2b | Yes |
| 2c | If "Yes," to 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant? If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O . . . | 2c | Yes |
| 2d | If "Yes" to line 2a or 2b, check a box below to indicate whether the financial statements for the year were issued on a separate basis, consolidated basis, or both <input type="checkbox"/> Separate basis <input checked="" type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separated basis | | |
| 3a | As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133? . . . | 3a | No |
| 3b | If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits . . . | 3b | |

Additional Data**Software ID:****Software Version:****EIN:** 53-0226780**Name:** NATIONAL LEAGUE OF CITIES**Form 990, Part VII - Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors**

| (A) Name and Title | (B) Average hours per week | (C) Position (check all that apply) | | | | | (D) Reportable compensation from the organization (W- 2/1099-MISC) | (E) Reportable compensation from related organizations (W- 2/1099- MISC) | (F) Estimated amount of other compensation from the organization and related organizations |
|--|---|--|-----------------------|---------|--------------|---------------------------------|--|---|--|
| | | Individual trustee or director | Institutional Trustee | Officer | Key employee | Highest compensated employee | | | |
| HON JAMES MITCHELL JR PRESIDENT | 2 00 | X | | X | | | 0 | 0 | 0 |
| HON TED ELLIS FIRST VICE PRESIDENT | 2 00 | X | | X | | | 0 | 0 | 0 |
| HON MARIE LOPEZ ROGERS SECOND VICE PRESIDENT | 2 00 | X | | X | | | 0 | 0 | 0 |
| HON RONALD O LOVERIDGE IMMEDIATE PAST PRESIDENT | 2 00 | X | | | | | 0 | 0 | 0 |
| HON JOHN DESTEFANO JR PAST PRESIDENT | 2 00 | X | | | | | 0 | 0 | 0 |
| HON JAMES C HUNT PAST PRESIDENT | 2 00 | X | | | | | 0 | 0 | 0 |
| HON BRIAN J O'NEILL PAST PRESIDENT | 2 00 | X | | | | | 0 | 0 | 0 |
| HON ULYSSES Z BONES ADDISON JR DIRECTOR | 2 00 | X | | | | | 0 | 0 | 0 |
| HON DAVID BAKER DIRECTOR | 2 00 | X | | | | | 0 | 0 | 0 |
| HON M MARGARET BATES DIRECTOR | 2 00 | X | | | | | 0 | 0 | 0 |
| HON RALPH E BECKER DIRECTOR | 2 00 | X | | | | | 0 | 0 | 0 |
| MR GEOFFREY C BECKWITH DIRECTOR | 2 00 | X | | | | | 0 | 0 | 0 |
| HON CHARLES A BLANGO DIRECTOR | 2 00 | X | | | | | 0 | 0 | 0 |
| HON CARL BREWER DIRECTOR | 2 00 | X | | | | | 0 | 0 | 0 |
| MR KENNETH H BULLOCK DIRECTOR | 2 00 | X | | | | | 0 | 0 | 0 |
| HON SHERI CAPEHART DIRECTOR | 2 00 | X | | | | | 0 | 0 | 0 |
| HON NANCY CARTER DIRECTOR | 2 00 | X | | | | | 0 | 0 | 0 |
| HON JULIAN CASTRO DIRECTOR | 2 00 | X | | | | | 0 | 0 | 0 |
| HON CHRIS COLEMAN DIRECTOR | 2 00 | X | | | | | 0 | 0 | 0 |
| HON SANDRA COLVIN-ROY DIRECTOR | 2 00 | X | | | | | 0 | 0 | 0 |
| HON JOHN F COOK DIRECTOR | 2 00 | X | | | | | 0 | 0 | 0 |
| MR JOHN A GARNER JR DIRECTOR | 2 00 | X | | | | | 0 | 0 | 0 |
| MR DANIEL GILMARTIN DIRECTOR | 2 00 | X | | | | | 0 | 0 | 0 |
| HON PAUL M GRESHAM DIRECTOR | 2 00 | X | | | | | 0 | 0 | 0 |
| HON RAP HANKINS DIRECTOR | 2 00 | X | | | | | 0 | 0 | 0 |

Form 990, Part VII - Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors

| (A) Name and Title | (B) Average hours per week | (C) Position (check all that apply) | | | | (D) Reportable compensation from the organization (W- 2/1099-MISC) | (E) Reportable compensation from related organizations (W- 2/1099- MISC) | (F) Estimated amount of other compensation from the organization and related organizations |
|---|--|---|-----------------------|--------|---|---|--|---|
| | | Individual trustee or director | Institutional Trustee | Office | Key employee Highest compensated employee | | | |
| HON TERRY HENDERSON DIRECTOR | 2 00 | X | | | | 0 | 0 | 0 |
| HON MELVIN L KIP HOLDEN DIRECTOR | 2 00 | X | | | | 0 | 0 | 0 |
| HON EDNA BRANCH JACKSON DIRECTOR | 2 00 | X | | | | 0 | 0 | 0 |
| HON JACQUELYN E JOHNSON DIRECTOR | 2 00 | X | | | | 0 | 0 | 0 |
| HON DENNIS KAVANAUGH DIRECTOR | 2 00 | X | | | | 0 | 0 | 0 |
| HON MELODEE COLBERT KEAN DIRECTOR | 2 00 | X | | | | 0 | 0 | 0 |
| HON GREG LEMKE DIRECTOR | 2 00 | X | | | | 0 | 0 | 0 |
| MR MICHAEL MCCUALEY DIRECTOR | 2 00 | X | | | | 0 | 0 | 0 |
| HON A KEITH MCDONALD DIRECTOR | 2 00 | X | | | | 0 | 0 | 0 |
| HON MARK MITCHELL DIRECTOR | 2 00 | X | | | | 0 | 0 | 0 |
| HON RON NATINSKY DIRECTOR | 2 00 | X | | | | 0 | 0 | 0 |
| HON LAURA W PADGETT DIRECTOR | 2 00 | X | | | | 0 | 0 | 0 |
| HON BERNARD C PARKS DIRECTOR | 2 00 | X | | | | 0 | 0 | 0 |
| HON GREGORY S PETTIS DIRECTOR | 2 00 | X | | | | 0 | 0 | 0 |
| HON DR CARMINE PRIORE DIRECTOR | 2 00 | X | | | | 0 | 0 | 0 |
| MR DAN ROSS DIRECTOR | 2 00 | X | | | | 0 | 0 | 0 |
| MR MICHAEL MIKE SITTIG DIRECTOR | 2 00 | X | | | | 0 | 0 | 0 |
| HON GENE SCHULTER DIRECTOR | 2 00 | X | | | | 0 | 0 | 0 |
| HON JOHN A SPRING DIRECTOR | 2 00 | X | | | | 0 | 0 | 0 |
| MS CAROLYN STAGER DIRECTOR | 2 00 | X | | | | 0 | 0 | 0 |
| HON HENRY WILSON DIRECTOR | 2 00 | X | | | | 0 | 0 | 0 |
| DONALD BORUT EXECUTIVE DIRECTOR | 37 00 | | X | | | 348,712 | 0 | 41,549 |
| CARLSEN GRIFFITH CHIEF FINANCIAL OFFICER | 37 00 | | X | | | 131,271 | 0 | 22,827 |
| CAROLYN COLEMAN DIR, FEDERAL RELATIONS | 37 00 | | | X | | 176,851 | 0 | 20,599 |
| WILLIAM BARNES DIRECTOR, EMERGING ISSUES | 37 00 | | | | X | 155,308 | 0 | 30,098 |

Form 990, Part VII - Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors

| (A) Name and Title | (B) Average hours per week | (C) Position (check all that apply) | | | | | (D) Reportable compensation from the organization (W- 2/1099-MISC) | (E) Reportable compensation from related organizations (W- 2/1099- MISC) | (F) Estimated amount of other compensation from the organization and related organizations |
|---|--|---|-----------------------|---------|--------------|---------------------------------|---|--|---|
| | | Individual trustee or director | Institutional Trustee | Officer | Key employee | Highest compensated employee | | | |
| AMY ELSBREE DIR, COMM & CORP PROGRAM | 37 00 | | | | X | | 162,574 | 0 | 34,915 |
| ROBERT KEYES DIR OF OPERATIONS | 37 00 | | | | X | | 136,289 | 0 | 23,298 |
| CHRISTOPHER HOENE DIRECTOR RESEARCH & INNOVATION | 37 00 | | | | X | | 129,567 | 0 | 27,804 |
| JANICE PAULINE DIRECTOR CONFERENCE EDU & TRAINING | 34 00 | | | | X | | 129,312 | 0 | 33,243 |

SCHEDULE C

Political Campaign and Lobbying Activities

For Organizations Exempt From Income Tax Under section 501(c) and section 527

► Complete if the organization is described below.

► Attach to Form 990 or Form 990-EZ. ► See separate instructions.

2010

**Open to Public
Inspection**

If the organization answered "Yes," to Form 990, Part IV, Line 3, or Form 990-EZ, Part V, line 46 (Political Campaign Activities), then

- Section 501(c)(3) organizations Complete Parts I-A and B Do not complete Part I-C
- Section 501(c) (other than section 501(c)(3)) organizations Complete Parts I-A and C below Do not complete Part I-B
- Section 527 organizations Complete Part I-A only

If the organization answered "Yes," to Form 990, Part IV, Line 4, or Form 990-EZ, Part VI, line 47 (Lobbying Activities), then

- Section 501(c)(3) organizations that have filed Form 5768 (election under section 501(h)) Complete Part II-A Do not complete Part II-B
- Section 501(c)(3) organizations that have NOT filed Form 5768 (election under section 501(h)) Complete Part II-B Do not complete Part II-A

If the organization answered "Yes," to Form 990, Part IV, Line 5 (Proxy Tax) or Form 990-EZ, Part V, line 35a (Proxy Tax), then

• Section 501(c)(4), (5), or (6) organizations Complete Part III

Name of the organization
NATIONAL LEAGUE OF CITIES

Employer identification number

53-0226780

Part I-A Complete if the organization is exempt under section 501(c) or is a section 527 organization.

1 Provide a description of the organization's direct and indirect political campaign activities in Part IV

2 Political expenditures

3 Volunteer hours

Part I-B Complete if the organization is exempt under section 501(c)(3)

1 Enter the amount of any excise tax incurred by the organization under section 4955 ► \$ _____

2 Enter the amount of any excise tax incurred by organization managers under section 4955 ► \$ _____

3 If the organization incurred a section 4955 tax, did it file Form 4720 for this year? Yes No

4a Was a correction made? Yes No

b If "Yes," describe in Part IV

Part I-C Complete if the organization is exempt under section 501(c) except section 501(c)(3).

1 Enter the amount directly expended by the filing organization for section 527 exempt function activities ► \$ _____

2 Enter the amount of the filing organization's funds contributed to other organizations for section 527 exempt function activities ► \$ _____

3 Total exempt function expenditures Add lines 1 and 2 Enter here and on Form 1120-POL, line 17b ► \$ _____

4 Did the filing organization file **Form 1120-POL** for this year? Yes No

5 Enter the names, addresses and employer identification number (EIN) of all section 527 political organizations to which the filing organization made payments For each organization listed, enter the amount paid from the filing organization's funds Also enter the amount of political contributions received that were promptly and directly delivered to a separate political organization, such as a separate segregated fund or a political action committee (PAC) If additional space is needed, provide information in Part IV

Part II-A Complete if the organization is exempt under section 501(c)(3) and filed Form 5768 (election under section 501(h)).

A Check if the filing organization belongs to an affiliated group
B Check if the filing organization checked box A and "limited control" provisions apply

Limits on Lobbying Expenditures

(The term "expenditures" means amounts paid or incurred.)

1a Total lobbying expenditures to influence public opinion (grass roots lobbying)**b** Total lobbying expenditures to influence a legislative body (direct lobbying)**c** Total lobbying expenditures (add lines 1a and 1b)**d** Other exempt purpose expenditures**e** Total exempt purpose expenditures (add lines 1c and 1d)**f** Lobbying nontaxable amount Enter the amount from the following table in both columns

| If the amount on line 1e, column (a) or (b) is: | The lobbying nontaxable amount is: |
|---|---|
| Not over \$500,000 | 20% of the amount on line 1e |
| Over \$500,000 but not over \$1,000,000 | \$100,000 plus 15% of the excess over \$500,000 |
| Over \$1,000,000 but not over \$1,500,000 | \$175,000 plus 10% of the excess over \$1,000,000 |
| Over \$1,500,000 but not over \$17,000,000 | \$225,000 plus 5% of the excess over \$1,500,000 |
| Over \$17,000,000 | \$1,000,000 |

g Grassroots nontaxable amount (enter 25% of line 1f)**h** Subtract line 1g from line 1a If zero or less, enter -0-**i** Subtract line 1f from line 1c If zero or less, enter -0-**j** If there is an amount other than zero on either line 1h or line 1i, did the organization file Form 4720 reporting section 4911 tax for this year? Yes No**4-Year Averaging Period Under Section 501(h)**

(Some organizations that made a section 501(h) election do not have to complete all of the five columns below. See the instructions for lines 2a through 2f on page 4.)

Lobbying Expenditures During 4-Year Averaging Period

| Calendar year (or fiscal year beginning in) | (a) 2007 | (b) 2008 | (c) 2009 | (d) 2010 | (e) Total |
|---|----------|----------|----------|----------|-----------|
| 2a Lobbying non-taxable amount | | | | | |
| b Lobbying ceiling amount (150% of line 2a, column(e)) | | | | | |
| c Total lobbying expenditures | | | | | |
| d Grassroots non-taxable amount | | | | | |
| e Grassroots ceiling amount (150% of line 2d, column (e)) | | | | | |
| f Grassroots lobbying expenditures | | | | | |

Part II-B Complete if the organization is exempt under section 501(c)(3) and has NOT filed Form 5768 (election under section 501(h)).

| | (a) | | (b) | |
|---|-----|----|--------|--|
| | Yes | No | Amount | |
| 1 During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of | | | | |
| a Volunteers? | | | | |
| b Paid staff or management (include compensation in expenses reported on lines 1c through 1i)? | | | | |
| c Media advertisements? | | | | |
| d Mailings to members, legislators, or the public? | | | | |
| e Publications, or published or broadcast statements? | | | | |
| f Grants to other organizations for lobbying purposes? | | | | |
| g Direct contact with legislators, their staffs, government officials, or a legislative body? | | | | |
| h Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means? | | | | |
| i Other activities? If "Yes," describe in Part IV | | | | |
| j Total lines 1c through 1i | | | | |
| 2a Did the activities in line 1 cause the organization to be not described in section 501(c)(3)? | | | | |
| b If "Yes," enter the amount of any tax incurred under section 4912 | | | | |
| c If "Yes," enter the amount of any tax incurred by organization managers under section 4912 | | | | |
| d If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year? | | | | |

Part III-A Complete if the organization is exempt under section 501(c)(4), section 501(c)(5), or section 501(c)(6).

| | Yes | No |
|---|-----|-----|
| 1 Were substantially all (90% or more) dues received nondeductible by members? | 1 | Yes |
| 2 Did the organization make only in-house lobbying expenditures of \$2,000 or less? | 2 | No |
| 3 Did the organization agree to carryover lobbying and political expenditures from the prior year? | 3 | No |

Part III-B Complete if the organization is exempt under section 501(c)(4), section 501(c)(5), or section 501(c)(6) if BOTH Part III-A, lines 1 and 2 are answered "No" OR if Part III-A, line 3 is answered "Yes".

| | | |
|---|----|--|
| 1 Dues, assessments and similar amounts from members | 1 | |
| 2 Section 162(e) non-deductible lobbying and political expenditures (do not include amounts of political expenses for which the section 527(f) tax was paid). | 2a | |
| a Current year | 2b | |
| b Carryover from last year | 2c | |
| c Total | 3 | |
| 3 Aggregate amount reported in section 6033(e)(1)(A) notices of nondeductible section 162(e) dues | 4 | |
| 4 If notices were sent and the amount on line 2c exceeds the amount on line 3, what portion of the excess does the organization agree to carryover to the reasonable estimate of nondeductible lobbying and political expenditure next year? | 5 | |
| 5 Taxable amount of lobbying and political expenditures (see instructions) | | |

Part IV Supplemental Information

Complete this part to provide the descriptions required for Part I-A, line 1, Part I-B, line 4, Part I-C, line 5, and Part II-B, line 11. Also, complete this part for any additional information

| Identifier | Return Reference | Explanation |
|------------|------------------|-------------|
| | | |

2010

Open to Public
Inspection**SCHEDULE D**
(Form 990)Department of the Treasury
Internal Revenue Service**Supplemental Financial Statements**

► Complete if the organization answered "Yes," to Form 990,
Part IV, line 6, 7, 8, 9, 10, 11, or 12.
► Attach to Form 990. ► See separate instructions.

Name of the organization
NATIONAL LEAGUE OF CITIES**Employer identification number**

53-0226780

Part I Organizations Maintaining Donor Advised Funds or Other Similar Funds or Accounts. Complete if the organization answered "Yes" to Form 990, Part IV, line 6.

| | (a) Donor advised funds | (b) Funds and other accounts |
|--|-------------------------|------------------------------|
| 1 Total number at end of year | | |
| 2 Aggregate contributions to (during year) | | |
| 3 Aggregate grants from (during year) | | |
| 4 Aggregate value at end of year | | |

5 Did the organization inform all donors and donor advisors in writing that the assets held in donor advised funds are the organization's property, subject to the organization's exclusive legal control? Yes No

6 Did the organization inform all grantees, donors, and donor advisors in writing that grant funds may be used only for charitable purposes and not for the benefit of the donor or donor advisor, or for any other purpose conferring impermissible private benefit? Yes No

Part II Conservation Easements. Complete if the organization answered "Yes" to Form 990, Part IV, line 7.

1 Purpose(s) of conservation easements held by the organization (check all that apply)

Preservation of land for public use (e.g., recreation or pleasure) Preservation of an historically importantly land area

Protection of natural habitat Preservation of a certified historic structure

Preservation of open space

2 Complete lines 2a-2d if the organization held a qualified conservation contribution in the form of a conservation easement on the last day of the tax year

| | Held at the End of the Year |
|----|-----------------------------|
| 2a | |
| 2b | |
| 2c | |
| 2d | |

3 Number of conservation easements modified, transferred, released, extinguished, or terminated by the organization during the taxable year ► _____

4 Number of states where property subject to conservation easement is located ► _____

5 Does the organization have a written policy regarding the periodic monitoring, inspection, handling of violations, and enforcement of the conservation easements it holds? Yes No

6 Staff and volunteer hours devoted to monitoring, inspecting and enforcing conservation easements during the year ► _____

7 Amount of expenses incurred in monitoring, inspecting, and enforcing conservation easements during the year ► \$ _____

8 Does each conservation easement reported on line 2(d) above satisfy the requirements of section 170(h)(4)(B)(i) and 170(h)(4)(B)(ii)? Yes No

9 In Part XIV, describe how the organization reports conservation easements in its revenue and expense statement, and balance sheet, and include, if applicable, the text of the footnote to the organization's financial statements that describes the organization's accounting for conservation easements

Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets.
Complete if the organization answered "Yes" to Form 990, Part IV, line 8.

1a If the organization elected, as permitted under SFAS 116, not to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education or research in furtherance of public service, provide, in Part XIV, the text of the footnote to its financial statements that describes these items

b If the organization elected, as permitted under SFAS 116, to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide the following amounts relating to these items

(i) Revenues included in Form 990, Part VIII, line 1 ► \$ _____

(ii) Assets included in Form 990, Part X ► \$ _____

2 If the organization received or held works of art, historical treasures, or other similar assets for financial gain, provide the following amounts required to be reported under SFAS 116 relating to these items

a Revenues included in Form 990, Part VIII, line 1 ► \$ _____

b Assets included in Form 990, Part X ► \$ _____

Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets (continued)

3 Using the organization's accession and other records, check any of the following that are a significant use of its collection items (check all that apply)

a Public exhibition d Loan or exchange programs
 b Scholarly research e Other
 c Preservation for future generations

4 Provide a description of the organization's collections and explain how they further the organization's exempt purpose in Part XIV

5 During the year, did the organization solicit or receive donations of art, historical treasures or other similar assets to be sold to raise funds rather than to be maintained as part of the organization's collection? Yes No

Part IV Escrow and Custodial Arrangements. Complete if the organization answered "Yes" to Form 990, Part IV, line 9, or reported an amount on Form 990, Part X, line 21.

1a Is the organization an agent, trustee, custodian or other intermediary for contributions or other assets not included on Form 990, Part X? Yes No

b If "Yes," explain the arrangement in Part XIV and complete the following table

| | Amount |
|----|--------|
| 1c | |
| 1d | |
| 1e | |
| 1f | |

2a Did the organization include an amount on Form 990, Part X, line 21? Yes No

b If "Yes," explain the arrangement in Part XIV

Part V Endowment Funds. Complete if the organization answered "Yes" to Form 990, Part IV, line 10.

| | (a) Current Year | (b) Prior Year | (c) Two Years Back | (d) Three Years Back | (e) Four Years Back |
|--|------------------|----------------|--------------------|----------------------|---------------------|
| 1a Beginning of year balance | | | | | |
| b Contributions | | | | | |
| c Investment earnings or losses | | | | | |
| d Grants or scholarships | | | | | |
| e Other expenditures for facilities and programs | | | | | |
| f Administrative expenses | | | | | |
| g End of year balance | | | | | |

2 Provide the estimated percentage of the year end balance held as

a Board designated or quasi-endowment ►
 b Permanent endowment ►
 c Term endowment ►

3a Are there endowment funds not in the possession of the organization that are held and administered for the organization by

| | Yes | No |
|--|-----|----|
| 3a(i) unrelated organizations | | |
| 3a(ii) related organizations | | |
| 3b If "Yes" to 3a(ii), are the related organizations listed as required on Schedule R? | | |

4 Describe in Part XIV the intended uses of the organization's endowment funds

Part VI Investments—Land, Buildings, and Equipment. See Form 990, Part X, line 10.

| | Description of investment | (a) Cost or other basis (investment) | (b) Cost or other basis (other) | (c) Accumulated depreciation | (d) Book value |
|---|---------------------------|--------------------------------------|---------------------------------|------------------------------|----------------|
| 1a Land | | | | | |
| b Buildings | | | | | |
| c Leasehold improvements | | 4,340,065 | 3,991,415 | 348,650 | |
| d Equipment | | | | | |
| e Other | | 5,437,363 | 5,066,996 | 370,367 | |
| Total. Add lines 1a-1e (Column (d) should equal Form 990, Part X, column (B), line 10(c).) | | | | 719,017 | |

Part VII Investments—Other Securities. See Form 990, Part X, line 12.

| (a) Description of security or category (including name of security) | (b) Book value | (c) Method of valuation Cost or end-of-year market value |
|--|----------------|---|
| (1) Financial derivatives | | |
| (2) Closely-held equity interests | | |
| (3) Other | | |
| (A) INVESTMENT IN BUILDING PARTNERSHIP | 3,685,693 | C |
| (B) 245,905 786 SHS WESTERN ASSET FDS | 2,911,525 | F |
| (C) 417,095 584 SHS PIMCO FDS TOTAL RTN | 4,375,333 | F |
| (D) 228,377 198 SHS JP MORGAN TR I | 2,582,946 | F |
| (E) 28,188 741 SHS HARBOR FD INTL | 1,413,102 | F |
| | | |
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| | | |
| | | |
| Total. (Column (b) should equal Form 990, Part X, col (B) line 12.) | 14,968,599 | |

Part VIII Investments—Program Related. See Form 990, Part X, line 13.

| (a) Description of investment type | (b) Book value | (c) Method of valuation Cost or end-of-year market value |
|--|----------------|---|
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| Total. (Column (b) should equal Form 990, Part X, col (B) line 13.) | | |

Part IX Other Assets. See Form 990, Part X, line 15.

| (a) Description | (b) Book value |
|--|----------------|
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| Total. (Column (b) should equal Form 990, Part X, col (B) line 15.) | |

Part X Other Liabilities. See Form 990, Part X, line 25.

| (a) Description of Liability | (b) Amount |
|------------------------------|------------|
| Federal Income Taxes | |
| RENT DEPOSITS | 86,341 |
| DEFERRED RENT | 145,879 |
| DEFERRED COMPENSATION | 672,787 |
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Total. (Column (b) should equal Form 990, Part X, col (B) line 25.)

905,007

2. Fin 48 (ASC 740) Footnote In Part XIV, provide the text of the footnote to the organization's financial statements that reports the organization's liability for uncertain tax positions under FIN 48 (ASC740)

Part XI Reconciliation of Change in Net Assets from Form 990 to Financial Statements

| | | | |
|----|---|----|------------|
| 1 | Total revenue (Form 990, Part VIII, column (A), line 12) | 1 | 16,968,701 |
| 2 | Total expenses (Form 990, Part IX, column (A), line 25) | 2 | 16,991,097 |
| 3 | Excess or (deficit) for the year Subtract line 2 from line 1 | 3 | -22,396 |
| 4 | Net unrealized gains (losses) on investments | 4 | -1,061,181 |
| 5 | Donated services and use of facilities | 5 | |
| 6 | Investment expenses | 6 | |
| 7 | Prior period adjustments | 7 | |
| 8 | Other (Describe in Part XIV) | 8 | -99,502 |
| 9 | Total adjustments (net) Add lines 4 - 8 | 9 | -1,160,683 |
| 10 | Excess or (deficit) for the year per financial statements Combine lines 3 and 9 | 10 | -1,183,079 |

Part XII Reconciliation of Revenue per Audited Financial Statements With Revenue per Return

| | | | |
|---|--|----|------------|
| 1 | Total revenue, gains, and other support per audited financial statements | 1 | 19,192,223 |
| 2 | Amounts included on line 1 but not on Form 990, Part VIII, line 12 | | |
| a | Net unrealized gains on investments | 2a | -1,061,181 |
| b | Donated services and use of facilities | 2b | |
| c | Recoveries of prior year grants | 2c | |
| d | Other (Describe in Part XIV) | 2d | 3,291,059 |
| e | Add lines 2a through 2d | 2e | 2,229,878 |
| 3 | Subtract line 2e from line 1 | 3 | 16,962,345 |
| 4 | Amounts included on Form 990, Part VIII, line 12, but not on line 1 | | |
| a | Investment expenses not included on Form 990, Part VIII, line 7b | 4a | |
| b | Other (Describe in Part XIV) | 4b | 6,356 |
| c | Add lines 4a and 4b | 4c | 6,356 |
| 5 | Total Revenue Add lines 3 and 4c. (This should equal Form 990, Part I, line 12) | 5 | 16,968,701 |

Part XIII Reconciliation of Expenses per Audited Financial Statements With Expenses per Return

| | | | |
|---|---|----|------------|
| 1 | Total expenses and losses per audited financial statements | 1 | 20,795,437 |
| 2 | Amounts included on line 1 but not on Form 990, Part IX, line 25 | | |
| a | Donated services and use of facilities | 2a | |
| b | Prior year adjustments | 2b | |
| c | Other losses | 2c | |
| d | Other (Describe in Part XIV) | 2d | 3,804,340 |
| e | Add lines 2a through 2d | 2e | 3,804,340 |
| 3 | Subtract line 2e from line 1 | 3 | 16,991,097 |
| 4 | Amounts included on Form 990, Part IX, line 25, but not on line 1: | | |
| a | Investment expenses not included on Form 990, Part VIII, line 7b | 4a | |
| b | Other (Describe in Part XIV) | 4b | |
| c | Add lines 4a and 4b | 4c | 0 |
| 5 | Total expenses Add lines 3 and 4c. (This should equal Form 990, Part I, line 18) | 5 | 16,991,097 |

Part XIV Supplemental Information

Complete this part to provide the descriptions required for Part II, lines 3, 5, and 9, Part III, lines 1a and 4, Part IV, lines 1b and 2b, Part V, line 4, Part X, Part XI, line 8, Part XII, lines 2d and 4b, and Part XIII, lines 2d and 4b. Also complete this part to provide any additional information

| Identifier | Return Reference | Explanation |
|---|------------------|--|
| DESCRIPTION OF UNCERTAIN TAX POSITIONS UNDER FIN 48 | PART X | NLC AND NLCI ARE EXEMPT FROM FEDERAL INCOME TAXES UNDER THE PROVISION OF SECTIONS 501(C)(4) AND 501(C)(3), RESPECTIVELY, OF THE INTERNAL REVENUE CODE. UNRELATED BUSINESS INCOME THAT IS NOT RELATED TO EXEMPT PURPOSES, LESS APPLICABLE DEDUCTIONS, IS SUBJECT TO FEDERAL AND STATE CORPORATE INCOME TAXES. ADDITIONALLY, NLCI QUALIFIES FOR CHARITABLE CONTRIBUTION DEDUCTIONS AND HAS BEEN CLASSIFIED AS AN ORGANIZATION THAT IS NOT A PRIVATE FOUNDATION. NLC GENERATES UNRELATED BUSINESS TAX INCOME FROM DEBT-FINANCED REAL PROPERTY RENTALS AND PERIODICAL ADVERTISING DURING THE YEARS ENDED SEPTEMBER 30, 2011 AND 2010, NLC PAID FEDERAL INCOME TAXES OF \$288,000 AND \$260,000, RESPECTIVELY, AND DISTRICT OF COLUMBIA TAXES OF \$32,000 AND \$27,272, RESPECTIVELY. NLC IS A FOR PROFIT CORPORATION WHICH IS SUBJECT TO INCOME TAX AND HAD NO NET INCOME FOR THE YEARS ENDED SEPTEMBER 30, 2011 AND 2010. THE LEAGUE COMPLIES WITH 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 LEAGUE 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. THE LEAGUE IS NOT AWARE OF ANY UNCERTAIN TAX POSITIONS AND THEREFORE, NO TAX LIABILITIES HAVE BEEN RECORDED AS OF DECEMBER 31, 2011 AND 2010, OR ANY RELATED INTEREST AND PENALTIES INCLUDED IN THE BALANCE SHEETS OR STATEMENTS OF ACTIVITIES. GENERALLY, THE LEAGUE IS NO LONGER SUBJECT TO INCOME TAX EXAMINATIONS BY THE U.S. FEDERAL, STATE OR LOCAL TAX AUTHORITIES FOR YEARS BEFORE 2008. |
| PART XI, LINE 8 - OTHER ADJUSTMENTS | | BOOK TO TAX DIFFERENCE -99,502 |
| PART XII, LINE 2D - OTHER ADJUSTMENTS | | INCOME OF ORGANIZATIONS CONSOLIDATED ON FINANCIAL STATEMENTS 3,291,059 |
| PART XII, LINE 4B - OTHER ADJUSTMENTS | | RENTAL EXPENSES REPORTED ON LINE 6B - 93,146 BOOK TO TAX DIFFERENCE PARTNERSHIP INCOME 99,502 |
| PART XIII, LINE 2D - OTHER ADJUSTMENTS | | EXPENSES OF ORGANIZATIONS CONSOLIDATED ON FINANCIAL STATEMENTS 3,711,194 RENTAL EXPENSES REPORTED ON LINE 6B 93,146 |

Schedule J
(Form 990)**Compensation Information**

OMB No 1545-0047

2010Department of the Treasury
Internal Revenue Service

For certain Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees
► Complete if the organization answered "Yes" to Form 990, Part IV, question 23.
► Attach to Form 990. ► See separate instructions.

Open to Public Inspection**Name of the organization**
NATIONAL LEAGUE OF CITIES**Employer identification number**

53-0226780

Part I Questions Regarding Compensation

1a Check the appropriate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a. Complete Part III to provide any relevant information regarding these items

| | |
|--|--|
| <input type="checkbox"/> First-class or charter travel | <input type="checkbox"/> Housing allowance or residence for personal use |
| <input type="checkbox"/> Travel for companions | <input type="checkbox"/> Payments for business use of personal residence |
| <input type="checkbox"/> Tax indemnification and gross-up payments | <input type="checkbox"/> Health or social club dues or initiation fees |
| <input type="checkbox"/> Discretionary spending account | <input type="checkbox"/> Personal services (e.g., maid, chauffeur, chef) |

b If any of the boxes in line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all the expenses described above? If "No," complete Part III to explain

2 Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all officers, directors, trustees, and the CEO/Executive Director, regarding the items checked in line 1a?

3 Indicate which, if any, of the following the organization uses to establish the compensation of the organization's CEO/Executive Director. Check all that apply

| | |
|--|---|
| <input checked="" type="checkbox"/> Compensation committee | <input type="checkbox"/> Written employment contract |
| <input type="checkbox"/> Independent compensation consultant | <input checked="" type="checkbox"/> Compensation survey or study |
| <input type="checkbox"/> Form 990 of other organizations | <input checked="" type="checkbox"/> Approval by the board or compensation committee |

4 During the year, did any person listed in Form 990, Part VII, Section A, line 1a with respect to the filing organization or a related organization

a Receive a severance payment or change-of-control payment from the organization or a related organization?

b Participate in, or receive payment from, a supplemental nonqualified retirement plan?

c Participate in, or receive payment from, an equity-based compensation arrangement?

If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III

Only 501(c)(3) and 501(c)(4) organizations only must complete lines 5-9.

5 For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of

a The organization?

b Any related organization?

If "Yes," to line 5a or 5b, describe in Part III

6 For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of

a The organization?

b Any related organization?

If "Yes," to line 6a or 6b, describe in Part III

7 For persons listed in Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If "Yes," describe in Part III

8 Were any amounts reported in Form 990, Part VII, paid or accrued pursuant to a contract that was subject to the initial contract exception described in Regs section 53.4958-4(a)(3)? If "Yes," describe in Part III

9 If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53.4958-6(c)?

| | Yes | No |
|-----------|-----|----|
| 1b | | |
| 2 | | |
| 4a | | No |
| 4b | | No |
| 4c | | No |
| 5a | | No |
| 5b | | No |
| 6a | | No |
| 6b | | No |
| 7 | | No |
| 8 | | No |
| 9 | | |

Part II Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees. Use duplicate copies if additional space is needed.

For each individual whose compensation must be reported in Schedule J, report compensation from the organization on row (i) and from related organizations, described in the instructions on row (ii). Do not list any individuals that are not listed on Form 990, Part VII.

Note. The sum of columns (B)(i)-(iii) must equal the applicable column (D) or column (E) amounts on Form 990, Part VII, line 1a

| (A) Name | (B) Breakdown of W-2 and/or 1099-MISC compensation | | | (C) Retirement and other deferred compensation | (D) Nontaxable benefits | (E) Total of columns (B)(i)-(D) | (F) Compensation reported in prior Form 990 or Form 990-EZ |
|-----------------------|--|-------------------------------------|-------------------------------------|--|-------------------------|---------------------------------|--|
| | (i) Base compensation | (ii) Bonus & incentive compensation | (iii) Other reportable compensation | | | | |
| (1) DONALD BORUT | (i) 301,450 (ii) 0 | 0 | 47,262 0 | 26,849 0 | 15,500 0 | 391,061 0 | 0 0 |
| (2) CARLSEN GRIFFITH | (i) 131,085 (ii) 0 | 0 | 186 0 | 13,179 0 | 10,448 0 | 154,898 0 | 0 0 |
| (3) CAROLYN COLEMAN | (i) 176,851 (ii) 0 | 0 | 0 0 | 12,679 0 | 8,720 0 | 198,250 0 | 0 0 |
| (4) WILLIAM BARNES | (i) 155,308 (ii) 0 | 0 | 0 0 | 15,398 0 | 15,500 0 | 186,206 0 | 0 0 |
| (5) AMY ELSBREE | (i) 162,388 (ii) 0 | 0 | 186 0 | 15,788 0 | 19,927 0 | 198,289 0 | 0 0 |
| (6) ROBERT KEYES | (i) 136,289 (ii) 0 | 0 | 0 0 | 8,598 0 | 15,500 0 | 160,387 0 | 0 0 |
| (7) CHRISTOPHER HOENE | (i) 129,567 (ii) 0 | 0 | 0 0 | 13,104 0 | 15,500 0 | 158,171 0 | 0 0 |
| (8) JANICE PAULINE | (i) 129,312 (ii) 0 | 0 | 0 0 | 13,191 0 | 20,852 0 | 163,355 0 | 0 0 |
| (9) | | | | | | | |
| (10) | | | | | | | |
| (11) | | | | | | | |
| (12) | | | | | | | |
| (13) | | | | | | | |
| (14) | | | | | | | |
| (15) | | | | | | | |
| (16) | | | | | | | |

Part III Supplemental Information

Complete this part to provide the information, explanation, or descriptions required for Part I, lines 1a, 1b, 4c, 5a, 5b, 6a, 6b, 7, and 8. Also complete this part for any additional information

| Identifier | Return Reference | Explanation |
|------------|------------------|-------------|
|------------|------------------|-------------|

SCHEDULE O
(Form 990 or 990-EZ)Department of the Treasury
Internal Revenue Service**Supplemental Information to Form 990 or 990-EZ**

Complete to provide information for responses to specific questions on
Form 990 or to provide any additional information.
► Attach to Form 990 or 990-EZ.

2010**Open to Public
Inspection****Name of the organization**
NATIONAL LEAGUE OF CITIES**Employer identification number**

53-0226780

| Identifier | Return Reference | Explanation |
|---|------------------|---|
| FORM 990, PART VI, SECTION A, LINE 6 | | CITIES ARE THE MEMBERS OF THE ORGANIZATION AND LOCALLY ELECTED OFFICIALS - MAYORS AND COUNCIL MEMBERS AND THEIR STAFF ARE THE DIRECT BENEFICIARIES OF THE SERVICES PROVIDED |

| Identifier | Return Reference | Explanation |
|--|------------------|--|
| FORM 990, PART VI, SECTION A, LINE 7A | | <p>THERE SHALL BE A BOARD OF DIRECTORS CONSISTING OF 40 MEMBERS AND THE NATIONAL LEAGUE PRESIDENT, FIRST VICE PRESIDENT, AND SECOND VICE PRESIDENT, PLUS ALL NATIONAL LEAGUE PAST PRESIDENTS IN ELECTIVE OFFICE IN A CITY, WHICH SHALL CONDUCT THE AFFAIRS OF THE NATIONAL LEAGUE WHEN REPRESENTATIVES OF THE MEMBERSHIP ARE NOT ASSEMBLED, INCLUDING, BY A MAJORITY VOTE OF BOARD OF DIRECTORS MEMBERS, DETERMINATION OR MODIFICATION OF NATIONAL MUNICIPAL POLICIES ON NATIONAL LEGISLATION AFFECTING CITIES. THE BOARD OF DIRECTORS MAY REFER TO THE MEMBERSHIP BY LETTER BALLOT ANY MATTER WHICH IS NOT OTHERWISE PROVIDED FOR IN THESE BY LAWS, THE VOTING THEREON TO BE AS PROVIDED IN SECTION 5 OF ARTICLE IV. TWENTY MEMBERS OF THE BOARD OF DIRECTORS SHALL BE ELECTED EACH YEAR TO SERVE FOR A TERM OF TWO YEARS OR UNTIL THEIR SUCCESSORS ARE ELECTED AND QUALIFIED. THE TERM OF OFFICE OF ALL NEWLY-ELECTED BOARD MEMBERS SHALL COMMENCE IMMEDIATELY ON ADJOURNMENT OF THE ANNUAL BUSINESS MEETING. THE PRESIDENT AND FIRST VICE PRESIDENT SHALL BE CHAIRMAN AND VICE CHAIRMAN RESPECTIVELY OF THE BOARD OF DIRECTORS.</p> |

| Identifier | Return Reference | Explanation |
|---------------------------------------|------------------|--|
| FORM 990, PART VI, SECTION B, LINE 11 | | THE FORM 990 IS PREPARED BY THE ORGANIZATION'S INDEPENDANT ACCOUNTING FIRM. ONCE IT IS PREPARED THE FORM 990 IS THEN REVIEWED BY THE ORGANIZATION'S SENIOR STAFF. THE FORM 990 IS THEN PROVIDED TO THE FULL BOARD FOR REVIEW AND REVISION IF NEEDED. |

| Identifier | Return Reference | Explanation |
|------------|--|---|
| | FORM 990, PART VI, SECTION B, LINE 12 | THE CONFLICT OF INTEREST POLICY IS SIGNED BY EACH MEMBER OF THE BOARD OF DIRECTORS. THE BOARD MEMBERS ARE REQUIRED NOT TO ENGAGE IN ANY ACTIVITY THAT IS CONSIDERED TO CONFLICT WITH THE OPERATIONS OF THE ORGANIZATION |

| Identifier | Return Reference | Explanation |
|------------|---|--|
| | FORM 990, PART VI, SECTION B, LINE 15A | FOR THE EXECUTIVE DIRECTOR - A SEARCH COMMITTEE IS ASSEMBLED, AND SALARY DETERMINED BY BENCH MARKETING SURVEY, COMPENSATION REPORTS AND INPUT FROM HR DIRECTOR ALL OTHER STAFF ARE HIRED THROUGH THE HR DEPARTMENT AS GOVERNED BY THE HR POLICY MANUAL |

| Identifier | Return Reference | Explanation |
|------------|--|---|
| | FORM 990, PART VI, SECTION C, LINE 19 | THE ORGANIZATION MAKES ITS GOVERNING DOCUMENTS, CONFLICT OF INTEREST POLICY AND FINANCIAL STATEMENTS AVAILABLE UPON REQUEST |

| Identifier | Return Reference | Explanation |
|--|---------------------------|--|
| CHANGES IN NET ASSETS OR FUND BALANCES | FORM 990, PART XI, LINE 5 | NET UNREALIZED LOSSES ON INVESTMENTS -1,061,181 BOOK TO TAX DIFFERENCE -99,502 TOTAL TO FORM 990, PART XI, LINE 5 -1,160,683 |

| Identifier | Return Reference | Explanation |
|-----------------|--------------------------------------|--|
| AUDIT COMMITTEE | FORM 990, PAGE 12, PART XII, LINE 2C | THE FINANCE COMMITTEE HAS SERVED PREVIOUSLY AS THE COMMITTEE FOR THE OVERSIGHT OF THE AUDIT OF THE FINANCIAL STATEMENTS AND SELECTION OF AN INDEPENDENT ACCOUNTANT. THE AUDIT COMMITTEE WAS ESTABLISHED IN FISCAL YEAR 2011 BUT THE COMMITTEE APPOINTMENTS WERE NOT MADE UNTIL FISCAL YEAR 2012 AFTER THE FISCAL YEAR 2011 AUDIT WAS COMPLETED. THE AUDIT COMMITTEE IS NOW FULLY FUNCTIONING. THE AUDIT COMMITTEE IS NOW RESPONSIBLE FOR THE OVERSIGHT OF THE FINANCIAL STATEMENTS AND SELECTION OF AN INDEPENDENT ACCOUNTANT. |

SCHEDULE R
(Form 990)

Related Organizations and Unrelated Partnerships

OMB No 1545-0047

2010

**Open to Public
Inspection**

Department of the Treasury
Internal Revenue Service

Name of the organization

NATIONAL LEAGUE OF CITIES

Employer identification number

53-0226780

Part I Identification of Disregarded Entities (Complete if the organization answered "Yes" on Form 990, Part IV, line 33.)

Part II Identification of Related Tax-Exempt Organizations (Complete if the organization answered "Yes" on Form 990, Part IV, line 34 because it had one or more related tax-exempt organizations during the tax year.)

Part III Identification of Related Organizations Taxable as a Partnership (Complete if the organization answered "Yes" on Form 990, Part IV, line 34 because it had one or more related organizations treated as a partnership during the tax year.)

Part IV Identification of Related Organizations Taxable as a Corporation or Trust (Complete if the organization answered "Yes" on Form 990, Part IV, line 34 because it had one or more related organizations treated as a corporation or trust during the tax year.)

| (a) Name, address, and EIN of related organization | (b) Primary activity | (c) Legal domicile (state or foreign country) | (d) Direct controlling entity | (e) Type of entity (C corp, S corp, or trust) | (f) Share of total income | (g) Share of end-of-year assets | (h) Percentage ownership |
|---|-------------------------|---|-------------------------------------|--|------------------------------|--|--------------------------------|
| (1) NATIONAL LEAGUE OF CITIES SERVICES INC | | | | | | | |
| 1301 PENNSYLVANIA AVE NW | | | | | | | |
| WASHINGTON, DC20004 | | | | | | | |
| 52-2185034 | PAYROLL SERVICES | DC | N/A | C | | 415,628 | 50 000 % |
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Part V Transactions With Related Organizations (Complete if the organization answered "Yes" on Form 990, Part IV, line 34, 35, 35A, or 36.)**Note.** Complete line 1 if any entity is listed in Parts II, III or IV**1** During the tax year, did the organization engage in any of the following transactions with one or more related organizations listed in Parts II-IV?**a** Receipt of **(i)** interest **(ii)** annuities **(iii)** royalties **(iv)** rent from a controlled entity**b** Gift, grant, or capital contribution to other organization(s)**c** Gift, grant, or capital contribution from other organization(s)**d** Loans or loan guarantees to or for other organization(s)**e** Loans or loan guarantees by other organization(s)**f** Sale of assets to other organization(s)**g** Purchase of assets from other organization(s)**h** Exchange of assets**i** Lease of facilities, equipment, or other assets to other organization(s)**j** Lease of facilities, equipment, or other assets from other organization(s)**k** Performance of services or membership or fundraising solicitations for other organization(s)**l** Performance of services or membership or fundraising solicitations by other organization(s)**m** Sharing of facilities, equipment, mailing lists, or other assets**n** Sharing of paid employees**o** Reimbursement paid to other organization for expenses**p** Reimbursement paid by other organization for expenses**q** Other transfer of cash or property to other organization(s)**r** Other transfer of cash or property from other organization(s)

| | Yes | No |
|-----------|-----|----|
| 1a | | No |
| 1b | | No |
| 1c | | No |
| 1d | | No |
| 1e | | No |
| | | |
| 1f | | No |
| 1g | | No |
| 1h | | No |
| 1i | | No |
| | | |
| 1j | | No |
| 1k | | No |
| 1l | | No |
| 1m | | No |
| 1n | Yes | |
| | | |
| 1o | | No |
| 1p | | No |
| | | |
| 1q | | No |
| 1r | | No |

2 If the answer to any of the above is "Yes," see the instructions for information on who must complete this line, including covered relationships and transaction thresholds

| | (a) Name of other organization | (b) Transaction type(a-r) | (c) Amount involved | (d) Method of determining amount involved |
|---|-----------------------------------|------------------------------|------------------------|--|
| (1) NATIONAL LEAGUE OF CITIES SERVICES INC | | N | 10,080,863 | COST |
| (2) | | | | |
| (3) | | | | |
| (4) | | | | |
| (5) | | | | |
| (6) | | | | |

Part VI Unrelated Organizations Taxable as a Partnership (Complete if the organization answered "Yes" on Form 990, Part IV, line 37.)

Provide the following information for each entity taxed as a partnership through which the organization conducted more than five percent of its activities (measured by total assets or gross revenue) that was not a related organization. See instructions regarding exclusion for certain investment partnerships.

Part VII Supplemental Information

Complete this part to provide additional information for responses to questions on Schedule R (see instructions)

| Identifier | Return Reference | Explanation |
|------------|------------------|-------------|
|------------|------------------|-------------|

Form 4562

Depreciation and Amortization
(Including Information on Listed Property)

OMB No 1545-0172

2010

Department of the Treasury
Internal Revenue Service (99)

► See separate instructions. ► Attach to your tax return.

Attachment
Sequence No 67Name(s) shown on return
NATIONAL LEAGUE OF CITIESBusiness or activity to which this form relates
FORM 990 PAGE 10Identifying number
53-0226780**Part I Election To Expense Certain Property Under Section 179***Note: If you have any listed property, complete Part V before you complete Part I.*

| | | |
|--|---|-----------|
| 1 Maximum amount See the instructions for a higher limit for certain businesses | 1 | 500,000 |
| 2 Total cost of section 179 property placed in service (see instructions) | 2 | |
| 3 Threshold cost of section 179 property before reduction in limitation (see instructions) | 3 | 2,000,000 |
| 4 Reduction in limitation Subtract line 3 from line 2 If zero or less, enter -0- | 4 | |
| 5 Dollar limitation for tax year Subtract line 4 from line 1 If zero or less, enter -0- If married filing separately, see instructions | 5 | |

| 6 | (a) Description of property | (b) Cost (business use only) | (c) Elected cost |
|---|-----------------------------|------------------------------|------------------|
| | | | |
| | | | |
| | | | |

| | | |
|--|----|--|
| 7 Listed property Enter the amount from line 29 | 7 | |
| 8 Total elected cost of section 179 property Add amounts in column (c), lines 6 and 7 | 8 | |
| 9 Tentative deduction Enter the smaller of line 5 or line 8 | 9 | |
| 10 Carryover of disallowed deduction from line 13 of your 2009 Form 4562 | 10 | |
| 11 Business income limitation Enter the smaller of business income (not less than zero) or line 5 (see instructions) | 11 | |
| 12 Section 179 expense deduction Add lines 9 and 10, but do not enter more than line 11 | 12 | |
| 13 Carryover of disallowed deduction to 2011 Add lines 9 and 10, less line 12 ► | 13 | |

*Note: Do not use Part II or Part III below for listed property. Instead, use Part V.***Part II Special Depreciation Allowance and Other Depreciation (Do not include listed property) (See instructions.)**

| | | |
|--|----|---------|
| 14 Special depreciation allowance for qualified property (other than listed property) placed in service during the tax year (see instructions) | 14 | |
| 15 Property subject to section 168(f)(1) election | 15 | |
| 16 Other depreciation (including ACRS) | 16 | 201,245 |

Part III MACRS Depreciation (Do not include listed property.) (See instructions.)**Section A**

| | | |
|--|----|--|
| 17 MACRS deductions for assets placed in service in tax years beginning before 2010 | 17 | |
| 18 If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here ► | | |

Section B—Assets Placed in Service During 2010 Tax Year Using the General Depreciation System

| (a) Classification of property | (b) Month and year placed in service | (c) Basis for depreciation (business/investment use only—see instructions) | (d) Recovery period | (e) Convention | (f) Method | (g) Depreciation deduction |
|--------------------------------|--------------------------------------|--|---------------------|----------------|------------|----------------------------|
| 19a 3-year property | | | | | | |
| b 5-year property | | | | | | |
| c 7-year property | | | | | | |
| d 10-year property | | | | | | |
| e 15-year property | | | | | | |
| f 20-year property | | | | | | |
| g 25-year property | | | 25 yrs | | S/L | |
| h Residential rental property | | | 27 5 yrs | MM | S/L | |
| i Nonresidential real property | | | 27 5 yrs | MM | S/L | |
| | | | 39 yrs | MM | S/L | |
| | | | | MM | S/L | |

Section C—Assets Placed in Service During 2010 Tax Year Using the Alternative Depreciation System

| | | | | | | |
|----------------|--|--|--------|----|-----|--|
| 20a Class life | | | | | S/L | |
| b 12-year | | | 12 yrs | | S/L | |
| c 40-year | | | 40 yrs | MM | S/L | |

Part IV Summary (see instructions)

| | | |
|---|----|---------|
| 21 Listed property Enter amount from line 28 | 21 | |
| 22 Total. Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21 Enter here and on the appropriate lines of your return Partnerships and S corporations—see instructions | 22 | 201,245 |
| 23 For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs | 23 | |

Part V

Listed Property (Include automobiles, certain other vehicles, certain computers, and property used for entertainment, recreation, or amusement.)

Note: For any vehicle for which you are using the standard mileage rate or deducting lease expense, complete **only** 24a, 24b, columns (a) through (c) of Section A, all of Section B, and Section C if applicable.

Section A—Depreciation and Other Information (Caution: See the instructions for limits for passenger automobiles.)

24a Do you have evidence to support the business/investment use claimed? Yes No **24b** If "Yes," is the evidence written? Yes No

| (a) Type of property (list vehicles first) | (b) Date placed in service | (c) Business/investment use percentage | (d) Cost or other basis | (e) Basis for depreciation (business/investment use only) | (f) Recovery period | (g) Method/Convention | (h) Depreciation/deduction | (i) Elected section 179 cost |
|---|-------------------------------|---|----------------------------|--|------------------------|--------------------------|-------------------------------|---------------------------------|
| | | | | | | | | |

25 Special depreciation allowance for qualified listed property placed in service during the tax year and used more than 50% in a qualified business use (see instructions) **25**

| | | | | | | | | |
|--|---|--|--|--|--|--|--|--|
| | % | | | | | | | |
| | % | | | | | | | |
| | % | | | | | | | |

| | | | | | | | | |
|--|---|--|--|-------|--|--|--|--|
| | % | | | S/L - | | | | |
| | % | | | S/L - | | | | |
| | % | | | S/L - | | | | |

28 Add amounts in column (h), lines 25 through 27 Enter here and on line 21, page 1 **28**

29 Add amounts in column (i), line 26 Enter here and on line 7, page 1 **29**

Section B—Information on Use of Vehicles

Complete this section for vehicles used by a sole proprietor, partner, or other "more than 5% owner," or related person

If you provided vehicles to your employees, first answer the questions in Section C to see if you meet an exception to completing this section for those vehicles

| 30 Total business/investment miles driven during the year (do not include commuting miles) | (a) Vehicle 1 | | (b) Vehicle 2 | | (c) Vehicle 3 | | (d) Vehicle 4 | | (e) Vehicle 5 | | (f) Vehicle 6 | |
|---|---------------|----|---------------|----|---------------|----|---------------|----|---------------|----|---------------|----|
| | Yes | No |
| 31 Total commuting miles driven during the year | | | | | | | | | | | | |
| 32 Total other personal (noncommuting) miles driven | | | | | | | | | | | | |
| 33 Total miles driven during the year Add lines 30 through 32 | | | | | | | | | | | | |
| 34 Was the vehicle available for personal use during off-duty hours? | | | | | | | | | | | | |
| 35 Was the vehicle used primarily by a more than 5% owner or related person? | | | | | | | | | | | | |
| 36 Is another vehicle available for personal use? | | | | | | | | | | | | |

Section C—Questions for Employers Who Provide Vehicles for Use by Their Employees

Answer these questions to determine if you meet an exception to completing Section B for vehicles used by employees who are not more than 5% owners or related persons (see instructions)

| | | | | | | | | | | | | | | |
|--|--|--|--|--|--|--|--|--|--|--|--|--|------------|-----------|
| 37 Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees? | | | | | | | | | | | | | Yes | No |
| | | | | | | | | | | | | | | |
| 38 Do you maintain a written policy statement that prohibits personal use of vehicles, except commuting, by your employees? See the instructions for vehicles used by corporate officers, directors, or 1% or more owners | | | | | | | | | | | | | | |
| 39 Do you treat all use of vehicles by employees as personal use? | | | | | | | | | | | | | | |
| 40 Do you provide more than five vehicles to your employees, obtain information from your employees about the use of the vehicles, and retain the information received? | | | | | | | | | | | | | | |
| 41 Do you meet the requirements concerning qualified automobile demonstration use? (See instructions) | | | | | | | | | | | | | | |

Note: If your answer to 37, 38, 39, 40, or 41 is "Yes," do not complete Section B for the covered vehicles

| (a) Description of costs | (b) Date amortization begins | (c) Amortizable amount | (d) Code section | (e) Amortization period or percentage | (f) Amortization for this year |
|-----------------------------|---------------------------------|---------------------------|---------------------|--|-----------------------------------|
| | | | | | |

42 Amortization of costs that begins during your 2010 tax year (see instructions)

43 Amortization of costs that began before your 2010 tax year **43** **159,382**

44 Total. Add amounts in column (f) See the instructions for where to report **44** **159,382**