

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)

Department of the Treasury Internal Revenue Service

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

A For the 2006 calendar year, or tax year beginning 06/01, 2006, and ending 05/31/2007

B Check if applicable: Address change, Name change, Initial return, Final return, Amended return, Application pending. C Name of organization THE PENNSYLVANIA HIGHER EDUCATION FOUND INC. D Employer identification number 25-1891805 E Telephone number (717) 720-3961 F Accounting method: Cash, Accrual

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

H and I are not applicable to section 527 organizations.

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

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

H(c) Are all affiliates included? (If "No," attach a list. See instructions.) Yes No

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

G Website: WWW.HIGHEREDFOUNDATION.ORG/HOME.SHTML

J Organization type (check only one) 501(c)(3) 4947(a)(1) or 527

K Check here if the organization is not a 509(a)(3) supporting organization and its gross receipts are normally not more than \$25,000. A return is not required, but if the organization chooses to file a return, be sure to file a complete return.

I Group Exemption Number

M Check if the organization is not required to attach Sch. B (Form 990, 990-EZ, or 990-PF).

L Gross receipts: Add lines 6b, 8b, 9b, and 10b to line 12 91,445,256.

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

Table with columns for Revenue, Expenses, and Net Assets. Rows include Contributions, program service revenue, membership dues, interest on savings, dividends, gross rents, sales of assets, special events, gross sales of inventory, other revenue, total revenue, program services, management and general, fundraising, payments to affiliates, total expenses, and net assets at beginning and end of year.

For Privacy Act and Paperwork Reduction Act Notice, see the separate instructions.

**Part II Statement of Functional Expenses**

All organizations must complete column (A). Columns (B), (C), and (D) are required for section 501(c)(3) and (4) organizations and section 4947(a)(1) nonexempt charitable trusts but optional for others. (See the instructions.)

Do not include amounts reported on line 6b, 8b, 9b, 10b, or 16 of Part I.	(A) Total	(B) Program services	(C) Management and general	(D) Fundraising
<b>22a</b> Grants paid from donor advised funds (attach schedule) (cash \$ <u>62,500.</u> noncash \$ _____) If this amount includes foreign grants, check here <input type="checkbox"/>	22a 62,500.	62,500.	STMT 8	
<b>22b</b> Other grants and allocations (attach schedule) (cash \$ <u>16,002,292.</u> noncash \$ <u>NONE</u> ) If this amount includes foreign grants, check here <input type="checkbox"/>	22b 16,002,292.	16,002,292.	STMT 9	
<b>23</b> Specific assistance to individuals (attach schedule)	23			
<b>24</b> Benefits paid to or for members (attach schedule)	24			
<b>25a</b> Compensation of current officers, directors, key employees, etc. listed in Part V-A (attach schedule)	25a 150,000.	60,000.	30,000.	60,000.
<b>b</b> Compensation of former officers, directors, key employees, etc. listed in Part V-B (attach schedule)	25b			
<b>c</b> Compensation and other distributions, not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B) (attach schedule)	25c			
<b>26</b> Salaries and wages of employees not included on lines 25a, b, and c	26			
<b>27</b> Pension plan contributions not included on lines 25a, b, and c	27 14,912.	5,965.	2,982.	5,965.
<b>28</b> Employee benefits not included on lines 25a - 27	28 6,549.	2,619.	1,310.	2,620.
<b>29</b> Payroll taxes	29 8,450.	3,380.	1,690.	3,380.
<b>30</b> Professional fundraising fees	30 68,400.			68,400.
<b>31</b> Accounting fees	31 36,000.		36,000.	
<b>32</b> Legal fees	32			
<b>33</b> Supplies	33 2,653.	1,061.	531.	1,061.
<b>34</b> Telephone	34			
<b>35</b> Postage and shipping	35 39.	16.	8.	15.
<b>36</b> Occupancy	36			
<b>37</b> Equipment rental and maintenance	37			
<b>38</b> Printing and publications	38			
<b>39</b> Travel	39 5,455.	2,182.	1,091.	2,182.
<b>40</b> Conferences, conventions, and meetings	40 1,799.	719.	360.	720.
<b>41</b> Interest	41			
<b>42</b> Depreciation, depletion, etc. (attach schedule)	42 23,652.	9,461.	4,730.	9,461.
<b>43</b> Other expenses not covered above (itemize):	43			
<b>a</b> BANK FEES	43a 160,828.		160,828.	
<b>b</b> ADVERTISING	43b 803,593.	803,593.		
<b>c</b> INSURANCE	43c 6,008.	2,403.	1,202.	2,403.
<b>d</b> IT SERVICES	43d 1,397.	559.	279.	559.
<b>e</b> PAYROLL SERVICES	43e 1,113.	445.	223.	445.
<b>f</b> MEMBERSHIP DUES	43f 188.	75.	38.	75.
<b>g</b>	43g			
<b>44</b> Total functional expenses. Add lines 22a through 43g. (Organizations completing columns (B)-(D), carry these totals to lines 13-15).	44 17,355,828.	16,957,270.	241,272.	157,286.

**Joint Costs.** Check  if you are following SOP 98-2.

Are any joint costs from a combined educational campaign and fundraising solicitation reported in (B) Program services?  Yes  No  
 If "Yes," enter (i) the aggregate amount of these joint costs \$ \_\_\_\_\_; (ii) the amount allocated to Program services \$ \_\_\_\_\_;  
 (iii) the amount allocated to Management and general \$ \_\_\_\_\_; and (iv) the amount allocated to Fundraising \$ \_\_\_\_\_

**Part III Statement of Program Service Accomplishments** (See the instructions.)

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

<p>What is the organization's primary exempt purpose? <b>SEE STATEMENT 10</b></p> <p>All organizations must describe their exempt purpose achievements in a clear and concise manner. State the number of clients served, publications issued, etc. Discuss achievements that are not measurable. (Section 501(c)(3) and (4) organizations and 4947(a)(1) nonexempt charitable trusts must also enter the amount of grants and allocations to others.)</p>	<p><b>Program Service Expenses</b> (Required for 501(c)(3) and (4) orgs., and 4947(a)(1) trusts; but optional for others.)</p>
<p><b>a</b> <b>SEE STATEMENT 11</b></p> <p>----- ----- ----- ----- -----</p> <p>(Grants and allocations \$ <b>16,064,792.</b> ) If this amount includes foreign grants, check here <input type="checkbox"/></p>	<p><b>16,957,270.</b></p>
<p><b>b</b></p> <p>----- ----- ----- ----- -----</p> <p>(Grants and allocations \$ ) If this amount includes foreign grants, check here <input type="checkbox"/></p>	
<p><b>c</b></p> <p>----- ----- ----- ----- -----</p> <p>(Grants and allocations \$ ) If this amount includes foreign grants, check here <input type="checkbox"/></p>	
<p><b>d</b></p> <p>----- ----- ----- ----- -----</p> <p>(Grants and allocations \$ ) If this amount includes foreign grants, check here <input type="checkbox"/></p>	
<p><b>e</b> Other program services (attach schedule) (Grants and allocations \$ ) If this amount includes foreign grants, check here <input type="checkbox"/></p>	
<p><b>f Total of Program Service Expenses</b> (should equal line 44, column (B), Program services) . . . . . <b>▶</b></p>	<p><b>16,957,270.</b></p>

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

		(A) Beginning of year		(B) End of year	
<b>Note:</b> Where required, attached schedules and amounts within the description column should be for end-of-year amounts only.					
<b>Assets</b>	45	Cash - non-interest-bearing . . . . .	25,230.	45	155,323.
	46	Savings and temporary cash investments . . . . .	108,716.	46	84,912.
	47a	Accounts receivable . . . . .	47a 18,100.		
	b	Less: allowance for doubtful accounts . . . . .	47b NONE	47c	18,100.
	48a	Pledges receivable . . . . .	48a 6,200,000.		
	b	Less: allowance for doubtful accounts . . . . .	48b 238,192.	4,733,248.	48c 5,961,808.
	49	Grants receivable . . . . .		49	
	50a	Receivables from current and former officers, directors, trustees, and key employees (attach schedule) . . . . .		50a	
	b	Receivables from other disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B) (attach schedule) . . . . .		50b	
	51a	Other notes and loans receivable (attach schedule) . . . . .	51a		
	b	Less: allowance for doubtful accounts . . . . .	51b	51c	
	52	Inventories for sale or use . . . . .		52	
	53	Prepaid expenses and deferred charges . . . . .	13,963.	53	14,036.
	54a	Investments - publicly-traded securities <input checked="" type="checkbox"/> STMT 12 <input type="checkbox"/> Cost <input checked="" type="checkbox"/> FMV	17,280,294.	54a	13,176,210.
	b	Investments - other securities (attach schedule) <input type="checkbox"/> Cost <input checked="" type="checkbox"/> FMV	22,326,479.	54b	29,684,705.
55a	Investments - land, buildings, and equipment: basis <input checked="" type="checkbox"/> STMT 13				
b	Less: accumulated depreciation (attach schedule) . . . . .	55b	55c		
56	Investments - other (attach schedule) . . . . .		56		
57a	Land, buildings, and equipment: basis . . . . .	57a 162,227.			
b	Less: accumulated depreciation (attach schedule) . . . . .	57b 95,336.	90,543.	57c 66,891.	
58	Other assets, including program-related investments (describe <input type="checkbox"/> _____ )		58		
59	<b>Total assets</b> (must equal line 74). Add lines 45 through 58 . . . . .	44,578,473.	59	49,161,985.	
<b>Liabilities</b>	60	Accounts payable and accrued expenses . . . . .	395,059.	60	320,297.
	61	Grants payable . . . . .	200,897.	61	2,687,264.
	62	Deferred revenue . . . . .		62	
	63	Loans from officers, directors, trustees, and key employees (attach schedule) . . . . .		63	
	64a	Tax-exempt bond liabilities (attach schedule) . . . . .		64a	
	b	Mortgages and other notes payable (attach schedule) . . . . .		64b	
	65	Other liabilities (describe <input type="checkbox"/> _____ <input checked="" type="checkbox"/> STMT 14 )	583,334.	65	196,090.
	66	<b>Total liabilities.</b> Add lines 60 through 65 . . . . .	1,179,290.	66	3,203,651.
<b>Net Assets or Fund Balances</b>	<b>Organizations that follow SFAS 117, check here <input checked="" type="checkbox"/> and complete lines 67 through 69 and lines 73 and 74.</b>				
	67	Unrestricted . . . . .	140,755.	67	266,327.
	68	Temporarily restricted . . . . .	43,258,428.	68	45,692,007.
	69	Permanently restricted . . . . .		69	
	<b>Organizations that do not follow SFAS 117, check here <input type="checkbox"/> and complete lines 70 through 74.</b>				
	70	Capital stock, trust principal, or current funds . . . . .		70	
	71	Paid-in or capital surplus, or land, building, and equipment fund . . . . .		71	
	72	Retained earnings, endowment, accumulated income, or other funds . . . . .		72	
	73	<b>Total net assets or fund balances</b> (add lines 67 through 69 or lines 70 through 72. (Column (A) <b>must</b> equal line 19 and column (B) <b>must</b> equal line 21) . . . . .	43,399,183.	73	45,958,334.
	74	<b>Total liabilities and net assets/fund balances.</b> Add lines 66 and 73 . . . . .	44,578,473.	74	49,161,985.





Part VI Other Information (continued)

Table with columns for question ID, question text, and Yes/No columns. Rows include questions 82a through 91b regarding organizational activities, dues, lobbying, and foreign accounts.

**Part VI Other Information (continued)**

c At any time during the calendar year, did the organization maintain an office outside of the United States?  Yes  No  
 If "Yes," enter the name of the foreign country \_\_\_\_\_

92 Section 4947(a)(1) nonexempt charitable trusts filing Form 990 in lieu of Form 1041 - Check here   
 and enter the amount of tax-exempt interest received or accrued during the tax year  92  N/A

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

**Note:** Enter gross amounts unless otherwise indicated.

	Unrelated business income		Excluded by section 512, 513, or 514		(E) Related or exempt function income
	(A) Business code	(B) Amount	(C) Exclusion code	(D) Amount	
93 Program service revenue:					
a _____					
b _____					
c _____					
d _____					
e _____					
f Medicare/Medicaid payments . . . . .					
g Fees and contracts from government agencies . . . . .					
94 Membership dues and assessments . . . . .					
95 Interest on savings and temporary cash investments . . . . .			14	1,222.	
96 Dividends and interest from securities . . . . .			14	1,355,531.	
97 Net rental income or (loss) from real estate:					
a debt-financed property . . . . .					
b not debt-financed property . . . . .					
98 Net rental income or (loss) from personal property . . . . .					
99 Other investment income . . . . .					
100 Gain or (loss) from sales of assets other than inventory . . . . .			18	2,039,710.	
101 Net income or (loss) from special events . . . . .					
102 Gross profit or (loss) from sales of inventory . . . . .					
103 Other revenue: a _____					
b _____					
c _____					
d _____					
e _____					
104 Subtotal (add columns (B), (D), and (E)) . . . . .				3,396,463.	
105 Total (add line 104, columns (B), (D), and (E)) . . . . .					3,396,463.

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

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

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

**Part IX Information Regarding Taxable Subsidiaries and Disregarded Entities (See the instructions.)**

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

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

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

(b) Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?  Yes  No

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

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

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

	<b>Yes</b>	<b>No</b>
		<input checked="" type="checkbox"/>

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

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

	<b>Yes</b>	<b>No</b>
		<input checked="" type="checkbox"/>

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

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

	<b>Yes</b>	<b>No</b>
		<input checked="" type="checkbox"/>

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

**Please Sign Here**

Signature of officer \_\_\_\_\_ Date \_\_\_\_\_  
 Type or print name and title \_\_\_\_\_

**Paid Preparer's Use Only**

Preparer's signature <input type="checkbox"/>	Date	Check if self-employed <input type="checkbox"/>	Preparer's SSN or PTIN (See Gen. Inst. X) <b>P00451522</b>
Firm's name (or yours if self-employed), address, and ZIP + 4 <input type="checkbox"/>	<b>KPMG LLP</b> <b>1660 INTERNATIONAL DRIVE</b> <b>MCLEAN, VA 22102-4848</b>		EIN <input type="checkbox"/> <b>13-5565207</b> Phone no. <input type="checkbox"/> <b>703-286-8000</b>

**SCHEDULE A**  
**(Form 990 or 990-EZ)**

Department of the Treasury  
Internal Revenue Service

**Organization Exempt Under Section 501(c)(3)**

(Except Private Foundation) and Section 501(e), 501(f), 501(k), 501(n),  
or 4947(a)(1) Nonexempt Charitable Trust

**Supplementary Information - (See separate instructions.)**

▶ **MUST be completed by the above organizations and attached to their Form 990 or 990-EZ**

OMB No. 1545-0047

**2006**

Name of the organization **THE PENNSYLVANIA HIGHER EDUCATION FOUNDATION  
INC.**

Employer identification number  
**25-1891805**

**Part I Compensation of the Five Highest Paid Employees Other Than Officers, Directors, and Trustees**  
(See page 2 of the instructions. List each one. If there are none, enter "None.")

(a) Name and address of each employee paid more than \$50,000	(b) Title and average hours per week devoted to position	(c) Compensation	(d) Contributions to employee benefit plans & deferred compensation	(e) Expense account and other allowances
NONE				

Total number of other employees paid over \$50,000 . . . ▶ **NONE**

**Part II-A Compensation of the Five Highest Paid Independent Contractors for Professional Services**  
(See page 2 of the instructions. List each one (whether individuals or firms). If there are none, enter "None.")

(a) Name and address of each independent contractor paid more than \$50,000	(b) Type of service	(c) Compensation
SEE STATEMENT 21		

Total number of others receiving over \$50,000 for professional services . . . . . ▶ **NONE**

**Part II-B Compensation of the Five Highest Paid Independent Contractors for Other Services**  
(List each contractor who performed services other than professional services, whether individuals or firms. If there are none, enter "None." See page 2 of the instructions.)

(a) Name and address of each independent contractor paid more than \$50,000	(b) Type of service	(c) Compensation
NONE		

Total number of other contractors receiving over \$50,000 for other services . . . . . ▶ **NONE**

Part III Statements About Activities (See page 2 of the instructions.)

Yes No

1 During the year, has the organization attempted to influence national, state, or local legislation, including any attempt to influence public opinion on a legislative matter or referendum? If "Yes," enter the total expenses paid or incurred in connection with the lobbying activities \$ (Must equal amounts on line 38, Part VI-A, or line i of Part VI-B.)

1 X

Organizations that made an election under section 501(h) by filing Form 5768 must complete Part VI-A. Other organizations checking "Yes" must complete Part VI-B AND attach a statement giving a detailed description of the lobbying activities.

2 During the year, has the organization, either directly or indirectly, engaged in any of the following acts with any substantial contributors, trustees, directors, officers, creators, key employees, or members of their families, or with any taxable organization with which any such person is affiliated as an officer, director, trustee, majority owner, or principal beneficiary? (If the answer to any question is "Yes," attach a detailed statement explaining the transactions.)

a Sale, exchange, or leasing of property?

2a X

b Lending of money or other extension of credit?

2b X

c Furnishing of goods, services, or facilities? . . . . . STMT . 22

2c X

d Payment of compensation (or payment or reimbursement of expenses if more than \$1,000)? . FORM . 990 , . PART . V - A

2d X

e Transfer of any part of its income or assets?

2e X

3a Did the organization make grants for scholarships, fellowships, student loans, etc.? (If "Yes," attach an explanation of how the organization determines that recipients qualify to receive payments.) . . . . . STMT . 23

3a X

b Did the organization have a section 403(b) annuity plan for its employees?

3b X

c Did the organization receive or hold an easement for conservation purposes, including easements to preserve open space, the environment, historic land areas or historic structures? If "Yes," attach a detailed statement . . . . .

3c X

d Did the organization provide credit counseling, debt management, credit repair, or debt negotiation services? . . . . .

3d X

4a Did the organization maintain any donor advised funds? If "Yes," complete lines 4b through 4g. If "No," complete lines 4f and 4g . . . . .

4a X

b Did the organization make any taxable distributions under section 4966? . . . . .

4b X

c Did the organization make a distribution to a donor, donor advisor, or related person? . . . . .

4c X

d Enter the total number or donor advised funds owned at the end of the tax year . . . . . 1.

e Enter the aggregate value of assets held in all donor advised funds owned at the end of the tax year . . . . . 97,506.

f Enter the total number of separate funds or accounts owned at the end of the tax year (excluding donor advised funds included on line 4d) where donors have the rights to provide advice on the distribution or investment of amounts in such funds or accounts . . . . . 1.

g Enter the aggregate value of assets held in all funds or accounts included on line 4f at the end of the tax year . . . . . 196,090.

**Part IV Reason for Non-Private Foundation Status** (See pages 4 through 7 of the instructions.)

I certify that the organization is not a private foundation because it is: (Please check only **ONE** applicable box.)

- 5  A church, convention of churches, or association of churches. Section 170(b)(1)(A)(i).
- 6  A school. Section 170(b)(1)(A)(ii). (Also complete Part V.)
- 7  A hospital or a cooperative hospital service organization. Section 170(b)(1)(A)(iii).
- 8  A federal, state, or local government or governmental unit. Section 170(b)(1)(A)(v).
- 9  A medical research organization operated in conjunction with a hospital. Section 170(b)(1)(A)(iii). **Enter the hospital's name, city, and state** ► \_\_\_\_\_
- 10  An organization operated for the benefit of a college or university owned or operated by a governmental unit. Section 170(b)(1)(A)(iv). (Also complete the **Support Schedule** in Part IV-A.)
- 11 a  An organization that normally receives a substantial part of its support from a governmental unit or from the general public. Section 170(b)(1)(A)(vi). (Also complete the **Support Schedule** in Part IV-A.)
- 11 b  A community trust. Section 170(b)(1)(A)(vi). (Also complete the **Support Schedule** in Part IV-A.)
- 12  An organization that normally receives: **(1) more than 33 1/3%** of its support from contributions, membership fees, and gross receipts from activities related to its charitable, etc., functions - subject to certain exceptions, and **(2) no more than 33 1/3%** of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the by the organization after June 30, 1975. See section 509(a)(2). (Also complete the **Support Schedule** in Part IV-A.)
- 13  An organization that is not controlled by any disqualified persons (other than foundation managers) and otherwise meets the requirements of section 509(a)(3). Check the box that describes the type of supporting organization:  
 Type I       Type II       Type III - Functionally Integrated       Type III - Other

**Provide the following information about the supported organizations.** (See page 7 of the instructions.)

(a) Name(s) of supported organization(s)	(b) Employer identification number (EIN)	(c) Type of organization (described in lines 5 through 12 above or IRC section)	(d) Is the supported organization listed in the supporting organization's governing documents?		(e) Amount of support
			Yes	No	
<b>Total</b> . . . . .					

- 14  An organization organized and operated to test for public safety. Section 509(a)(4). (See page 7 of the instructions.)

Part IV-A Support Schedule (Complete only if you checked a box on line 10, 11, or 12.) Use cash method of accounting.

Note: You may use the worksheet in the instructions for converting from the accrual to the cash method of accounting.

Table with columns: Calendar year (or fiscal year beginning in), (a) 2005, (b) 2004, (c) 2003, (d) 2002, (e) Total. Rows include: 15 Gifts, grants, and contributions received; 16 Membership fees received; 17 Gross receipts from admissions, merchandise sold or services performed; 18 Gross income from interest, dividends; 19 Net income from unrelated business activities; 20 Tax revenues levied; 21 Value of services or facilities furnished; 22 Other income; 23 Total of lines 15 through 22; 24 Line 23 minus line 17; 25 Enter 1% of line 23; 26 Organizations described on lines 10 or 11; 27 Organizations described on line 12; 28 Unusual Grants.

**Part V Private School Questionnaire** (See page 9 of the instructions.) NOT APPLICABLE  
**(To be completed ONLY by schools that checked the box on line 6 in Part IV)**

		Yes	No
<b>29</b>	Does the organization have a racially nondiscriminatory policy toward students by statement in its charter, bylaws, other governing instrument, or in a resolution of its governing body? . . . . .	<b>29</b>	
<b>30</b>	Does the organization include a statement of its racially nondiscriminatory policy toward students in all its brochures, catalogues, and other written communications with the public dealing with student admissions, programs, and scholarships? . . . . .	<b>30</b>	
<b>31</b>	Has the organization publicized its racially nondiscriminatory policy through newspaper or broadcast media during the period of solicitation for students, or during the registration period if it has no solicitation program, in a way that makes the policy known to all parts of the general community it serves? . . . . . If "Yes," please describe; if "No," please explain. (If you need more space, attach a separate statement.) ----- ----- -----	<b>31</b>	
<b>32</b>	Does the organization maintain the following:		
<b>a</b>	Records indicating the racial composition of the student body, faculty, and administrative staff? . . . . .	<b>32a</b>	
<b>b</b>	Records documenting that scholarships and other financial assistance are awarded on a racially nondiscriminatory basis? . . . . .	<b>32b</b>	
<b>c</b>	Copies of all catalogues, brochures, announcements, and other written communications to the public dealing with student admissions, programs, and scholarships? . . . . .	<b>32c</b>	
<b>d</b>	Copies of all material used by the organization or on its behalf to solicit contributions? . . . . .	<b>32d</b>	
	If you answered "No" to any of the above, please explain. (If you need more space, attach a separate statement.) ----- -----		
<b>33</b>	Does the organization discriminate by race in any way with respect to:		
<b>a</b>	Students' rights or privileges? . . . . .	<b>33a</b>	
<b>b</b>	Admissions policies? . . . . .	<b>33b</b>	
<b>c</b>	Employment of faculty or administrative staff? . . . . .	<b>33c</b>	
<b>d</b>	Scholarships or other financial assistance? . . . . .	<b>33d</b>	
<b>e</b>	Educational policies? . . . . .	<b>33e</b>	
<b>f</b>	Use of facilities? . . . . .	<b>33f</b>	
<b>g</b>	Athletic programs? . . . . .	<b>33g</b>	
<b>h</b>	Other extracurricular activities? . . . . .	<b>33h</b>	
	If you answered "Yes" to any of the above, please explain. (If you need more space, attach a separate statement.) ----- -----		
<b>34 a</b>	Does the organization receive any financial aid or assistance from a governmental agency? . . . . .	<b>34a</b>	
<b>b</b>	Has the organization's right to such aid ever been revoked or suspended? . . . . . If you answered "Yes" to either 34a or b, please explain using an attached statement.	<b>34b</b>	
<b>35</b>	Does the organization certify that it has complied with the applicable requirements of sections 4.01 through 4.05 of Rev. Proc. 75-50, 1975-2 C.B. 587, covering racial nondiscrimination? If "No," attach an explanation . . . . .	<b>35</b>	

Part VI-A Lobbying Expenditures by Electing Public Charities (See page 10 of the instructions.) (To be completed ONLY by an eligible organization that filed Form 5768) NOT APPLICABLE

Check a if the organization belongs to an affiliated group. Check b if you checked "a" and "limited control" provisions apply.

Limits on Lobbying Expenditures

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

Table with 3 columns: Line number, Description, and Amount. Rows include Total lobbying expenditures, Total exempt purpose expenditures, and Lobbying nontaxable amount calculations.

Caution: If there is an amount on either line 43 or line 44, you must file Form 4720.

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 45 through 50 on page 13 of the instructions.)

Table with 6 columns: Calendar year (or fiscal year beginning in), (a) 2006, (b) 2005, (c) 2004, (d) 2003, (e) Total. Rows include Lobbying nontaxable amount, Lobbying ceiling amount, Total lobbying expenditures, Grassroots nontaxable amount, Grassroots ceiling amount, and Grassroots lobbying expenditures.

Part VI-B Lobbying Activity by Nonelecting Public Charities NOT APPLICABLE (For reporting only by organizations that did not complete Part VI-A) (See page 13 of the instructions.)

Table with 3 columns: Description, Yes, No, Amount. Rows include Volunteers, Paid staff or management, Media advertisements, Mailings to members, Publications, Grants to other organizations, Direct contact with legislators, Rallies, and Total lobbying expenditures.



**Schedule B**

(Form 990, 990-EZ, or 990-PF)  
Department of the Treasury  
Internal Revenue Service

**Schedule of Contributors**

Supplementary Information for  
line 1 of Form 990, 990-EZ, and 990-PF (see instructions)

OMB No. 1545-0047

**2006**

Name of organization

THE PENNSYLVANIA HIGHER EDUCATION FOUNDATION  
INC.

Employer identification number

25-1891805

Organization type (check one):

Filers of:

Section:

Form 990 or 990-EZ

501(c)(3 ) (enter number) organization

4947(a)(1) nonexempt charitable trust **not** treated as a private foundation

527 political organization

Form 990-PF

501(c)(3) exempt private foundation

4947(a)(1) nonexempt charitable trust treated as a private foundation

501(c)(3) taxable private foundation

Check if your organization is covered by the **General Rule** or a **Special Rule**. (Note: Only a section 501(c)(7), (8), or (10) organization can check boxes for both the General Rule and a Special Rule - see instructions.)

**General Rule -**

For organizations filing Form 990, 990-EZ, or 990-PF that received, during the year, \$5,000 or more (in money or property) from any one contributor. (Complete Parts I and II.)

**Special Rules -**

For a section 501(c)(3) organization filing Form 990, or Form 990-EZ, that met the 33 1/3% support test of the regulations under sections 509(a)(1)/170(b)(1)(A)(vi), and received from any one contributor, during the year, a contribution of the greater of \$5,000 or 2% of the amount on line 1 of these forms. (Complete Parts I and II.)

For a section 501(c)(7), (8), or (10) organization filing Form 990, or Form 990-EZ, that received from any one contributor, during the year, aggregate contributions or bequests of more than \$1,000 for use *exclusively* for religious, charitable, scientific, literary, or educational purposes, or the prevention of cruelty to children or animals. (Complete Parts I, II, and III.)

For a section 501(c)(7), (8), or (10) organization filing Form 990, or Form 990-EZ, that received from any one contributor, during the year, some contributions for use *exclusively* for religious, charitable, etc., purposes, but these contributions did not aggregate to more than \$1,000. (If this box is checked, enter here the total contributions that were received during the year for an *exclusively* religious, charitable, etc., purpose. Do not complete any of the Parts unless the **General Rule** applies to this organization because it received nonexclusively religious, charitable, etc., contributions of \$5,000 or more during the year.) . . . . . ▶ \$ \_\_\_\_\_

**Caution:** Organizations that are not covered by the General Rule and/or the Special Rules do not file Schedule B (Form 990, 990-EZ, or 990-PF), but they **must** check the box in the heading of their Form 990, Form 990-EZ, or on line 2 of their Form 990-PF, to certify that they do not meet the filing requirements of Schedule B (Form 990, 990-EZ, or 990-PF).

For Paperwork Reduction Act Notice, see the Instructions for Form 990, Form 990-EZ, and Form 990-PF.

Schedule B (Form 990, 990-EZ, or 990-PF) (2006)

Name of organization <b>THE PENNSYLVANIA HIGHER EDUCATION FOUNDATION INC.</b>	Employer identification number <b>25-1891805</b>
---	---

**Part I** Contributors (See Specific Instructions.)

(a) No.	(b) Name, address, and ZIP + 4	(c) Aggregate contributions	(d) Type of contribution
1		10,000,000.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
3		300,000.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
4		1,000,000.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
			Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
			Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
			Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)

## FORM 990 - GENERAL EXPLANATION ATTACHMENT

=====

GRANTS AND ALLOCATIONS PAID  
PART II, LINES 22A AND 22B

ABINGTON	\$89,825.00
ALVERNIA	\$58,615.00
BIG 33 SCHOLARSHIP FOUNDATION, INC.	\$117,455.00
BLOOMSBURG	\$156,516.00
BRANDYWINE	\$54,530.00
BUCKS COUNTY	\$168,002.00
BUTLER COUNTY	\$68,615.00
CALIFORNIA U	\$58,615.00
CAREER TECH CTR	\$151,675.00
CARLOW U	\$146,797.00
CEDAR CREST	\$83,615.00
CENTER FOR ARTS	\$70,290.00
CENTRAL PENN	\$52,035.00
CENTRAL SUSQUE	\$99,615.00
CHATHAM COLL	\$86,140.00
CITIZENS SCHOOL	\$48,615.00
CLARION COUNTY	\$71,215.00
CLARION U	\$213,216.00
CLEARFIELD CO	\$55,815.00
COLLEGE MIS	\$154,874.00
CCOFAC	\$441,000.00
CCOFBC	\$79,015.00
CCOFPHILA	\$136,670.00
CONEMAUGH	\$62,615.00
CRAWFORD	\$38,365.00
DESALES	\$179,297.00
DCCC	\$182,530.00
DCTS	\$85,545.00
DISTRICT 1199	\$91,615.00
DREXEL	\$684,800.00
DUQUESNE	\$259,779.00
EAST STRDSBRG	\$51,415.00
EASTERN CENTER	\$77,705.00
EASTERN U	\$52,575.00
EDINBORO	\$129,716.00
EPISCOPAL	\$82,595.00
FAYETTE COUNTY	\$74,065.00
FOUNDATION OF THE NATIONAL STUDENT NURSES	\$8,000.00
FRANKFORD HOSP	\$81,905.00
FRANKLIN COUNTY	\$91,615.00
GANNON UNIV	\$125,559.00
GREATER ALTOONA	\$62,715.00

## FORM 990 - GENERAL EXPLANATION ATTACHMENT (CONT'D)

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=====
GREATER JOHNSTOWN          $100,415.00
GREENE CO                  $36,899.00
GWYNEDD-MERCY             $241,244.00
HACC                       $339,115.00
HANOVER                   $58,750.00
HARCUM                     $112,190.00
HAZLETON                   $70,955.00
HOLY FAMILY                $105,710.00
HUNTINGDON                 $21,140.00
IMMACULATA                 $237,077.00
INDIANA CO TECH           $28,615.00
IUP                        $187,478.00
JAMESON                    $54,615.00
JEFFRSN DUBOIS            $58,251.00
KUTZTOWN                   $22,000.00
LA ROCHE                   $39,280.00
LA SALLE                   $389,184.00
LANCASTER CO               $250,035.00
LANCASTER GEN              $108,615.00
LAWRENCE CO                $70,665.00
LEBANON CO                 $96,215.00
LEHIGH CARBN(LC)          $75,000.00
LC-TAMAQUA                 $12,500.00
LENAPE AVT                 $54,947.00
LEWISTOWN                  $49,615.00
LOCK HAVEN                 $100,615.00
LUZERNE CO                 $210,670.00
MANSFIELD                  $68,356.00
MARYWOOD                   $102,565.00
MERCER COUNTY              $81,720.00
MERCY HOSPITAL             $47,615.00
MERCYHURST NE              $202,215.00
MESSIAH                    $53,305.00
MIFFLIN-JUNIATA           $60,065.00
MILLERSVILLE             $101,887.00
MONTGOMERY                 $194,335.00
MORAVIAN                   $31,615.00
MOUNT ALOYSIUS             $172,115.00
NEUMANN                    $110,385.00
NORTHAMPTON                $187,625.00
NORTHAMPTON MON            $4,570.00
NORTHEASTERN               $47,960.00
NORTHERN                   $50,330.00

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## FORM 990 - GENERAL EXPLANATION ATTACHMENT (CONT'D)

```

=====
OHIO VALLEY                $29,615.00
PENN HOSA FOUNDATION, INC. $15,000.00
PENN TECH                  $264,780.00
PENN TECH-NORTH           $39,835.00
PENN STATE                $559,560.00
PENN ST LEHIGH            $48,000.00
PENN ST-SCHUYLKILL        $12,500.00
PENN ST WRTHNGTN          $20,830.00
POTTSVILLE HOSP         $51,115.00
RACC                      $208,167.00
READING HOSP              $150,115.00
ROBERT MORRIS             $50,281.00
ROXBOROUGH                $65,475.00
SAINT FRANCIS             $15,615.00
SAINT JOSEPH'S            $69,615.00
SAINT LUKE'S              $68,615.00
SAINT MARGARET            $130,332.00
SCHUYLKILL                $114,755.00
SEWICKLEY                 $57,615.00
SHARON REG                $41,615.00
SLIPPERY ROCK             $83,716.00
TEMPLE                    $309,573.00
TJU                       $389,630.00
TJU -- GEISINGER         $82,615.00
TRI STATE                  $58,915.00
UNIV PENN                 $908,590.00
UNIV OF PITT              $472,615.00
UNIV PITT-BRADFORD        $57,615.00
UNIV PITT-JHNSTWN         $33,615.00
UNIV PITT-TITUSVILLE    $81,615.00
UNIV SCRANTON             $151,530.00
UPMC SHADYSIDE            $132,717.00
VENANGO TECH              $43,555.00
VILLANOVA                 $480,001.00
WASHINGTON HOSP           $60,615.00
WAYNESBURG                $218,724.00
WEST CHESTER              $219,614.00
WESTERN AREA              $38,935.00
WESTERN PA HOSP           $65,000.00
WESTMORELAND CCC          $193,500.00
WIDENER                   $313,788.00
WILKES                    $133,598.00
WILKES-BARRE             $131,280.00

```

FORM 990 - GENERAL EXPLANATION ATTACHMENT (CONT'D)  
 =====

YORK COLLEGE	\$204,520.00
YORK COUNTY	\$55,792.00
TOTAL	\$16,668,732.00
LESS: AGENCY TRANSACTIONS	\$(583,333.67)
LESS: REVERSAL OF PRIOR YEAR ACCRUAL METHODIST HOSPITAL SCHOOL OF NURSING IS NO LONGER IN BUSINESS	\$(1,000.00)
LESS: RETURN OF UNUSED FUNDS	
UNIVERSITY OF PITTSBURGH	\$(17,216.44)
MANSFIELD UNIVERSITY	\$(28.28)
TEMPLE	\$(1,812.14)
HUNTINGDON	\$(550.00)
TOTAL GRANTS FOR NURSING EDUCATION INITIATIVE	\$16,064,791.47

FORM 990 - GENERAL EXPLANATION ATTACHMENT  
=====

FIXED ASSETS DETAIL  
PART IV, LINE 57

	2007
	-----
OFFICE FURNISHINGS AND EQUIPMENT	\$ 120,186
VEHICLE	41,628
SOFTWARE	413
	-----
ACCUMULATED DEPRECIATION	\$ 162,227 ( 95,336)
	-----
	\$ 66,891
	-----
	-----

DEPRECIATION EXPENSE FOR THE YEAR ENDED MAY 31, 2007 WAS \$23,652.

FORM 990 - GENERAL EXPLANATION ATTACHMENT  
=====

POSITION WITH RESPECT TO DONOR ADVISED FUNDS  
SCHEDULE A, PART III, LINE 4

THE ORGANIZATION TAKES THE POSITION THAT FACULTY LINE CONTRIBUTIONS RECEIVED FROM CAPITAL BLUE CROSS FOR THE PURPOSES OF PROVIDING SCHOLARSHIPS TO GRADUATE NURSING STUDENTS DO NOT MEET THE CRITERIA FOR CLASSIFICATION AS A DONOR ADVISED FUNDS. CAPITAL BLUE CROSS DOES HAVE ADVISORY PRIVILEGES OVER MATCHING CONTRIBUTIONS THAT PHEF MAKES TO OTHER PUBLIC CHARITIES BUT HAS NO AUTHORITY TO MAKE GRANTS.

FORM 990, PART I - OTHER INCREASES IN FUND BALANCES  
=====

DESCRIPTION -----	AMOUNT -----
UNREALIZED GAIN FROM INVESTMENTS	2,661,515.
	-----
TOTAL	2,661,515.
	=====

FORM 990, PART II - GRANTS PAID FROM DONOR ADVISED FUNDS

=====

RECIPIENT NAME AND ADDRESS -----	RELATIONSHIP TO SUBSTANTIAL CONTRIBUTOR AND FOUNDATION STATUS OF RECIPIENT -----	PURPOSE OF GRANT OR CONTRIBUTION -----	AMOUNT -----
GRANTS PAID FROM DONOR ADVISED FUNDS =====			
CHATHAM COLLEGE	509(A)(1)	SCHOLARSHIP SUPPORT	12,500.
CLARION UNIVERSITY	509(A)(1)	SCHOLARSHIP SUPPORT	12,500.
MOUNT ALOYSIUS	509(A)(1)	SCHOLARSHIP SUPPORT	12,500.
BLOOMSBURG UNIVERSITY OF PENNSYLVANIA	509(A)(1)	SCHOLARSHIP SUPPORT	12,500.
MILLERSVILLE UNIVERSITY	509(A)(1)	SCHOLARSHIP SUPPORT THE FOUNDATION PROVIDED MATCHING FUNDS OF \$12,500.	12,500.
TOTAL CONTRIBUTIONS PAID FROM DONOR ADVISED FUNDS			----- 62,500. =====

FORM 990, PART II - OTHER GRANTS AND ALLOCATIONS PAID DURING THE YEAR

=====

RECIPIENT NAME AND ADDRESS	RELATIONSHIP TO SUBSTANTIAL CONTRIBUTOR AND FOUNDATION STATUS OF RECIPIENT	PURPOSE OF GRANT OR CONTRIBUTION	AMOUNT
-----	-----	-----	-----
GRANTS PAID ===== GRANTS AND ALLOCATIONS (SEE STATEMENTS 1 - 4 FOR DETAIL) 1200 NORTH SEVENTH STREET, SUITE 101 HARRISBURG, PA 17102			16,002,292.
		TOTAL CONTRIBUTIONS PAID	16,002,292.
			=====

FORM 990, PART III - ORGANIZATION'S PRIMARY EXEMPT PURPOSE  
=====

THE FOUNDATION'S PURPOSE IS TO IMPROVE OR ENHANCE POST-SECONDARY EDUCATIONAL OPPORTUNITIES FOR PENNSYLVANIA RESIDENTS AND NON-PENNSYLVANIA RESIDENTS WHO ATTEND PENNSYLVANIA EDUCATIONAL INSTITUTIONS.

FORM 990, PART III - PROGRAM SERVICE ACCOMPLISHMENTS  
=====

PROGRAM SERVICE ACCOMPLISHMENT A  
-----

THE FOUNDATION CREATED THE NURSING EDUCATION INITIATIVE TO PROVIDE A NEW SOURCE OF FINANCIAL SUPPORT TO SCHOOLS AND STUDENTS. THE INTENT OF THE PROGRAM IS TO ENCOURAGE ADDITIONAL STUDENTS TO PURSUE NURSING AS AN ACADEMIC AND PROFESSIONAL CHOICE THROUGH THE PROVISION OF FINANCIAL AID.

FOR THE 2007-2008 PROGRAM YEAR, THE FOUNDATION HAS RECEIVED 125 APPLICATIONS AND GRANT PROPOSALS THAT, IF APPROVED BY THE BOARD OF DIRECTORS, WILL RESULT IN GRANTS OF APPROXIMATELY \$12,000,000. THIS AMOUNT MAY INCLUDE DONOR CONTRIBUTIONS TO THE NURSING EDUCATION GRANT PROGRAM AND THE VARIOUS DONOR COMPONENT PROGRAMS WITHIN PENNSYLVANIA NURSING ASSISTANCE PROGRAM. THE FOUNDATION HAS COMMITTED UP TO \$2,250,000 IN MATCHING FUNDS FOR THE 2007-2008 ACADEMIC YEAR TO ENCOURAGE OTHER ORGANIZATIONS AND INDIVIDUALS TO PROVIDE SCHOLARSHIP FUNDS FOR NURSING STUDENTS, AND \$1,000,000 FOR A CAREER AWARENESS CAMPAIGN.

IN JUNE 2005, THE BOARD OF DIRECTORS ADOPTED A RESOLUTION AUTHORIZING AN AMOUNT UP TO \$40,000,000 OVER A FOUR YEAR PERIOD ENDING JUNE 1, 2009 FOR THE NURSING EDUCATION CAPACITY INITIATIVES. THESE AMOUNTS WILL BE USED TO ADDRESS THE COMMONWEALTH'S NURSING SHORTAGE BY PROVIDING FINANCIAL AID WITH A SPECIFIC VIEW TOWARDS INCREASING NURSING SCHOOL CAPACITY AND THE NUMBER OF STUDENTS WHO ARE ABLE TO SEEK A GRADUATE DEGREE PROGRAM IN NURSING AND ARE CONTINGENT UPON THE AVAILABILITY OF FUNDS. THROUGH MAY 31, 2007, THE FOUNDATION PROVIDED \$11,450,044 IN FINANCIAL AID RELATED TO THIS INITIATIVE.

FORM 990, PART IV - INVESTMENTS - PUBLICLY TRADED SECURITIES

=====

DESCRIPTION -----	BEGINNING BOOK VALUE -----	ENDING BOOK VALUE -----	COST OR FMV -----
PUBLICLY TRADED SECURITIES	17,280,294.	13,176,210.	FMV
	-----	-----	
TOTALS	17,280,294.	13,176,210.	
	=====	=====	

FORM 990, PART IV - INVESTMENTS - OTHER SECURITIES

=====

DESCRIPTION	BEGINNING BOOK VALUE	ENDING BOOK VALUE	COST OR FMV
-----	-----	-----	-----
EQUITY MUTUAL FUNDS	9,333,589.	13,759,104.	FMV
FIXED INCOME FUNDS	10,950,921.	11,629,850.	FMV
CASH/MONEY MARKET SECURITIES	2,041,969.	4,295,751.	FMV
TOTALS	22,326,479.	29,684,705.	
	=====	=====	

FORM 990, PART IV - OTHER LIABILITIES

=====

DESCRIPTION	ENDING BOOK VALUE
-----	-----
AGENCY TRANSACTIONS	196,090.
TOTALS	----- 196,090.
	=====

FORM 990, PART V-A - CURRENT OFFICERS, DIRECTORS, AND TRUSTEES

=====

NAME AND ADDRESS -----	TITLE AND TIME DEVOTED TO POSITION -----	COMPENSATION -----	CONTRIBUTIONS TO EMPLOYEE BENEFIT PLANS -----	EXPENSE ACCT AND OTHER ALLOWANCES -----
MICHAEL H HERSHOCK 1200 NORTH SEVENTH STREET SUITE 101 HARRISBURG, PA 17102	PRESIDENT & CEO, VICE CHAIR 40.00	150,000.	14,912.	6,549.
RICHARD E WILLEY 1200 NORTH SEVENTH STREET SUITE 101 HARRISBURG, PA 17102	PHEAA/AES PRESIDENT AND CEO 0.50	NONE	NONE	NONE
TIMOTHY A GUENTHER 1200 NORTH SEVENTH STREET SUITE 101 HARRISBURG, PA 17102	TREASURER 2.50	NONE	NONE	NONE
CAROL A JOHNSON 1200 NORTH SEVENTH STREET SUITE 101 HARRISBURG, PA 17102	SECRETARY 40.00	NONE	NONE	NONE
THE HONORABLE ELINOR Z TAYLOR 1200 NORTH SEVENTH STREET SUITE 101 HARRISBURG, PA 17102	CHAIR 0.50	NONE	NONE	NONE
REPRESENTATIVE WILLIAM F ADOLPH JR 1200 NORTH SEVENTH STREET SUITE 101 HARRISBURG, PA 17102	DIRECTOR 0.50	NONE	NONE	NONE
THE HONORABLE J DOYLE CORMAN	DIRECTOR 0.50	NONE	NONE	NONE

FORM 990, PART V-A - CURRENT OFFICERS, DIRECTORS, AND TRUSTEES

=====

NAME AND ADDRESS	TITLE AND TIME DEVOTED TO POSITION	COMPENSATION	CONTRIBUTIONS TO EMPLOYEE BENEFIT PLANS	EXPENSE ACCT AND OTHER ALLOWANCES
-----	-----	-----	-----	-----
1200 NORTH SEVENTH STREET SUITE 101 HARRISBURG, PA 17102				
THE HONORABLE THOMAS C CORRIGAN 1200 NORTH SEVENTH STREET SUITE 101 HARRISBURG, PA 17102	DIRECTOR 0.50	NONE	NONE	NONE
SENATOR VINCENT J HUGHES 1200 NORTH SEVENTH STREET SUITE 101 HARRISBURG, PA 17102	DIRECTOR 0.50	NONE	NONE	NONE
SENATOR SEAN F LOGAN 1200 NORTH SEVENTH STREET SUITE 101 HARRISBURG, PA 17102	DIRECTOR 0.50	NONE	NONE	NONE
REPRESENTATIVE SANDRA J MAJOR 1200 NORTH SEVENTH STREET SUITE 101 HARRISBURG, PA 17102	DIRECTOR 0.50	NONE	NONE	NONE
THE HONORABLE ROY REINARD 1200 NORTH SEVENTH STREET SUITE 101 HARRISBURG, PA 17102	DIRECTOR 0.50	NONE	NONE	NONE
REPRESENTATIVE JAMES R ROEBUCK JR 1200 NORTH SEVENTH STREET SUITE 101	DIRECTOR 0.50	NONE	NONE	NONE

FORM 990, PART V-A - CURRENT OFFICERS, DIRECTORS, AND TRUSTEES

=====

NAME AND ADDRESS	TITLE AND TIME DEVOTED TO POSITION	COMPENSATION	CONTRIBUTIONS TO EMPLOYEE BENEFIT PLANS	EXPENSE ACCT AND OTHER ALLOWANCES
-----	-----	-----	-----	-----
HARRISBURG, PA 17102				
	GRAND TOTALS	150,000.	14,912.	6,549.
		=====	=====	=====

FORM 990, PART V-A RELATIONSHIP SCHEDULE

=====

RELATIONSHIP SCHEDULE

-----

NAME OF OFFICER, DIRECTOR, ETC:	RICHARD E WILLEY
NAME OF RELATED ENTITY:	PENNSYLVANIA HIGHER EDUCATION ASSISTANCE AGENCY
TITLE OR ROLE:	EMPLOYEE OF PHEAA
RELATIONSHIP:	PHEAA FORMED THE FOUNDATION

NAME OF OFFICER, DIRECTOR, ETC:	TIMOTHY A GUENTHER
NAME OF RELATED ENTITY:	PENNSYLVANIA HIGHER EDUCATION ASSISTANCE AGENCY
TITLE OR ROLE:	EMPLOYEE OF PHEAA
RELATIONSHIP:	PHEAA FORMED THE FOUNDATION

NAME OF OFFICER, DIRECTOR, ETC:	CAROL A JOHNSON
NAME OF RELATED ENTITY:	PENNSYLVANIA HIGHER EDUCATION ASSISTANCE AGENCY
TITLE OR ROLE:	EMPLOYEE OF PHEAA
RELATIONSHIP:	PHEAA FORMED THE FOUNDATION

FORM 990, PART V-A COMPENSATION PROVIDED BY RELATED ORGANIZATION

=====

NAME, ORGANIZATION NAME, RELATIONSHIP	EMPLOYER ID #	COMPENSATION	CONTRIBUTIONS TO EMPLOYEE BENEFIT PLANS	EXPENSE ACCT AND OTHER ALLOWANCES
-----				
RICHARD E WILLEY PA HIGHER ED. ASSISTANCE AGENCY PARENT	23-1693362	437,129.	31,915.	8,065.
TIMOTHY A GUENTHER PA HIGHER ED. ASSISTANCE AGENCY PARENT	23-1693362	294,397.	35,712.	5,184.
CAROL A JOHNSON PA HIGHER ED. ASSISTANCE AGENCY PARENT	23-1693362	148,990.	9,933.	NONE
GRAND TOTALS		880,516.	77,560.	13,249.
=====				

FORM 990, PART VI - NAMES OF RELATED ORGANIZATIONS

=====

RELATED ORGANIZATION NAME: PENNSYLVANIA HIGHER EDUCATION ASSISTANCE AGENCY

EXEMPT: X NONEXEMPT:

RELATED ORGANIZATION NAME: THE HIGHER EDUCATION FOUNDATION, INC.

EXEMPT: X NONEXEMPT:

SCH. A, PART II-A COMPENSATION OF THE 5 HIGHEST PAID FOR PROF. SERV.

=====

ALLEGIANT ASSET MANAGEMENT GROUP	INVESTMENT MNGMT	160,576.
200 PUBLIC SQUARE, 5TH FLOOR		
CLEVELAND, OH 44114		

KINGDOM COMMUNICATIONS LTD	FUNDRAISING	68,400.
1101 PENNSYLVANIA AVENUE, NW, SUITE 600		
WASHINGTON, DC 20004		

	TOTAL COMPENSATION	----- 228,976. =====
--	--------------------	----------------------------

SCHEDULE A, PART III - EXPLANATION FOR LINE 2C  
=====

THE PENNSYLVANIA HIGHER EDUCATION ASSISTANCE AGENCY PROVIDED PROGRAM, MANAGEMENT, ADMINISTRATIVE AND FUNDRAISING SERVICES AT NO CHARGE TO THE PENNSYLVANIA HIGHER EDUCATION FOUNDATION. THE VALUE OF THESE DONATED SERVICES WAS \$2,705,361 FOR THE YEAR ENDED MAY 31, 2007. THE PENNSYLVANIA HIGHER EDUCATION ASSISTANCE AGENCY CREATED THE PENNSYLVANIA HIGHER EDUCATION FOUNDATION AND REMAINS A SUBSTANTIAL CONTRIBUTOR.

SCHEDULE A, PART III - EXPLANATION FOR LINE 3A

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FOR THE 2007-2008 PROGRAM YEAR, THE FOUNDATION HAS RECEIVED 125 APPLICATIONS AND GRANT PROPOSALS THAT, IF APPROVED BY THE BOARD OF DIRECTORS, WILL RESULT IN GRANTS OF APPROXIMATELY \$12,000,000. THIS AMOUNT MAY INCLUDE DONOR CONTRIBUTIONS TO THE NURSING EDUCATION GRANT PROGRAM AND THE VARIOUS DONOR COMPONENT PROGRAMS WITHIN PENNSYLVANIA NURSING ASSISTANCE PROGRAM. THE FOUNDATION HAS COMMITTED UP TO \$2,250,000 IN MATCHING FUNDS FOR THE 2007-2008 ACADEMIC YEAR TO ENCOURAGE OTHER ORGANIZATIONS AND INDIVIDUALS TO PROVIDE SCHOLARSHIP FUNDS FOR NURSING STUDENTS, AND \$1,000,000 FOR A CAREER AWARENESS CAMPAIGN.

IN JUNE 2005, THE BOARD OF DIRECTORS ADOPTED A RESOLUTION AUTHORIZING AN AMOUNT UP TO \$40,000,000 OVER A FOUR YEAR PERIOD ENDING JUNE 1, 2009 FOR THE NURSING EDUCATION CAPACITY INITIATIVES. THESE AMOUNTS WILL BE USED TO ADDRESS THE COMMONWEALTH'S NURSING SHORTAGE BY PROVIDING FINANCIAL AID WITH A SPECIFIC VIEW TOWARDS INCREASING NURSING SCHOOL CAPACITY AND THE NUMBER OF STUDENTS WHO ARE ABLE TO SEEK A GRADUATE DEGREE PROGRAM IN NURSING AND ARE CONTINGENT UPON THE AVAILABILITY OF FUNDS. THROUGH MAY 31, 2007, THE FOUNDATION PROVIDED \$11,450,044 IN FINANCIAL AID RELATED TO THIS INITIATIVE.