June 15, 2016

The Honorable John A. Koskinen
Commissioner
Internal Revenue Service
1111 Constitution Ave., N.W.
Washington, DC 20224

By electronic mail (IRS.Commissioner@IRS.gov) and First Class mail

Re: Complaint against Oklahomans for a Conservative Future, Inc./Heartland Principles, Inc.

Dear Commissioner Koskinen:

Citizens for Responsibility and Ethics in Washington (“CREW”) respectfully requests the Internal Revenue Service (“IRS”) investigate whether Oklahomans for a Conservative Future, Inc. (“OCF”) (also known as Heartland Principles, Inc.), a non-profit organization exempt from taxation pursuant to section 501(c)(4) of the Internal Revenue Code (“Code”), is operated primarily to influence political campaigns in violation of the Code.¹

OCF admitted on its 2014 tax return that it spent more than $1.4 million on political activity that year, nearly all of it in the Oklahoma Republican Senate primary. OCF’s reported spending alone accounted for more than 67% of the group’s total spending in 2014. Using a more accurate measure of OCF’s political expenditures, campaign-related spending accounted for more than 71% of the group’s overall spending. As a result, politics appears to be OCF’s primary activity.

Oklahomans for a Conservative Future, Inc.’s Political Activity

OCF is a non-profit corporation established in February 2014 in Oklahoma.² The group subsequently changed its name to Heartland Principles, Inc.³

As a section 501(c)(4) tax-exempt organization, OCF is required to file annual Form 990 tax returns. Tax-exempt organizations engaged in any “direct or indirect political campaign activities on behalf of or in opposition to candidates for public office” also must file a Schedule C with their tax returns, which requires disclosure of the amount spent on “political expenditures.”⁴ “Political expenditures” include all “political campaign activities” – defined as

¹ CREW submits this letter in lieu of Form 13909; a copy is being sent to the Dallas office.
² Heartland Principles, Inc./Oklahomans for a Conservative Future, Inc. 2014 Form 990, at 1 (excerpts attached as Exhibit A).
³ Id. See also https://www.sos.ok.gov/corp/corpInformation.aspx?id=2112445808.
⁴ Form 990, Part IV, Question 3; 2014 Instructions for Form 990, at 12; 2014 Instructions for Schedule C, at 1, 3.
"[a]ll activities that support or oppose candidates for elective federal, state, or local public office."

According to OCF’s 2014 Form 990 tax return, the group spent $1,435,512 on political activity in 2014. Those funds were spent on “direct independent expenditures in connection with [a] U.S. Senate primary election,” OCF reported to the IRS. At least $1,296,466 of OCF’s reported political spending was used to support former Oklahoma House Speaker T.W. Shannon in the 2014 Oklahoma Republican Senate primary campaign and to oppose then-Rep. James Lankford in that campaign.

The $1,435,512 OCF admitted spending on political activity does not appear to include all of OCF’s political spending. OCF claims it spent approximately $694,000 on program services that advance social welfare in 2014, but that figure appears to include all $118,034 the group spent on fundraising and management expenses. At a minimum, those expenses should be proportionally allocated between political and social welfare spending, which results in at least another $79,564 spent on political activity. OCF’s 2014 political expenditures, therefore, total at least $1,515,076.

A news report further raised questions about whether any of the purported non-political spending actually was used to advance social welfare. Describing OCF’s 2014 tax return as a “contender for a Pulitzer in the category of ‘fictional form 990s,’” the former director of the IRS’s Exempt Organizations Division noted the agency will not accept “assumptions that everything not tied explicitly to the referenced Senate race is automatically a good (c)(4) expenditure.” In its investigation the IRS should require OCF to demonstrate that the spending it claims was used to advance social welfare actually did.

OCF spent a total of $2,129,575 in 2014, according to its tax return.

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5 Id. at 1; 2014 Instructions for Form 990, at 64.
6 Heartland Principles, Inc./Oklahomans for a Conservative Future, Inc. 2014 Form 990, Schedule C, Parts I-A and I-C.
7 Id., Schedule C, Part IV.
9 Heartland Principles, Inc./Oklahomans for a Conservative Future, Inc. 2014 Form 990, Part III, Lines 4a, 4b, 4c, Part IX, Columns C, D.
11 Id.
12 Id.
Political Activity Under Section 501(c)(4)

Section 501(c)(4) provides tax-exempt status to organizations “not organized for profit but operated exclusively for the promotion of social welfare.” IRS regulations interpret the statute to mean a section 501(c)(4) organization must be “primarily engaged in promoting in some way the common good and general welfare of the people of the community.” The regulations further provide that “direct or indirect participation or intervention in political campaigns on behalf of or in opposition to any candidate for public office” does not promote social welfare.

The IRS has not further defined the “primary activity” standard, and provides only that all the facts and circumstances are to be taken into account in determining the “primary activity” of a section 501(c)(4) organization. Internal IRS training materials, however, assert section 501(c) organizations (other than section 501(c)(3) charities) “may generally make expenditures for political activities as long as such activities, in conjunction with any other non-qualifying activities, do not constitute the organization’s primary activity (51%).”

When an advertisement explicitly advocates the election or defeat of an individual to public office, the expenditure unquestionably is political campaign activity.

Advertisements and other communications that support or oppose a candidate but stop short of expressly advocating for or against the candidate’s election also can constitute political campaign intervention. In Revenue Ruling 2007-41, the IRS promulgated guidance on the distinction between issue advocacy and political campaign intervention. The IRS takes into consideration all the facts and circumstances of a particular communication and identified the key factors as: (1) whether the statement identifies one or more candidates; (2) whether the statement expresses approval or disapproval for a candidate’s position; (3) whether the statement is delivered close to an election; (4) whether the statement makes reference to voting or an election; (5) whether the issue addressed has been raised as an issue distinguishing candidates for an office; (6) whether the communication is part of an ongoing series of communications by the organization on the issue that are made independent of the timing of any election; and (7)

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15 Treas. Reg. § 1.501(c)(4)-1(a)(2)(i). By allowing section 501(c)(4) organizations to be only “primarily” engaged in social welfare, the regulation misinterprets the plain meaning of the word “exclusively” in the statute. This complaint analyzes OCF’s conduct using the “primarily” standard. Under a correct interpretation of the statute, OCF’s political spending unquestionably would violate its tax-exempt status.
19 Rev. Rul. 2004-06; see also Judith E. Kindell and John Francis Reilly, Election Year Issues, 2002 EO CPE Text, at 349, 388.
Hon. John A. Koskinen
June 15, 2016
Page 4

whether the timing of the communication is related to a non-electoral event such as a scheduled vote on specific legislation by an officeholder running in an election.\textsuperscript{20}

As OCF admitted, the $1,435,512 it spent on “direct independent expenditures in connection with [a] U.S. Senate primary election” in 2014 constituted political activity and accounted for 67.4\% of its total spending that year. Including the proportionally allocated spending on fundraising and management expenses, OCF’s 2014 political expenditures total at least $1,515,076 and accounted for 71.1\% of the group’s overall spending.\textsuperscript{21}

\textbf{Violation}

\textit{26 U.S.C. § 501(c)(4)}

Even under the IRS’s misinterpretation of section 501(c)(4), and certainly under the plain language of the statute, OCF’s political activity in 2014 exceeded the amount permitted. Based on the amount OCF reported spending on political activity, the group spent 67.4\% of its total expenditures on political activity in 2014. Using a more accurate measure of OCF’s political expenditures, that spending accounted for 71.1\% of the group’s overall spending. Accordingly, OCF apparently violated its tax-exempt status under either measure.

\textbf{Conclusion}

Based on the publicly available information, OCF’s activities do not comport with its claimed status as a section 501(c)(4) tax-exempt organization. Therefore, the IRS should investigate OCF and, should it find that OCF has violated its tax-exempt status, take appropriate action, which may include revoking its section 501(c)(4) status, imposing any applicable excise taxes under section 4958 for excess benefit transactions, and treating OCF as a taxable corporation or a section 527 political organization.

\textsuperscript{20} Rev. Rul. 2007-41; see also Rev. Rul. 2004-06.

\textsuperscript{21} Faced with the undisputed fact that it spent far more on political activity in 2014 than section 501(c)(4) permits, OCF attempted to distract the IRS and avoid closer examination by claiming it spent more than $1 million on activities that advance social welfare in 2015. Specifically, OCF asserted on its 2014 Form 990 that it spent $1,059,432 on “issue advocacy and education initiatives consistent with the organization’s primary purpose,” and claimed it spent approximately $1,753,502 on activities consistent with its social welfare purpose in 2014 and 2015 combined. Heartland Principles, Inc./Oklahomans for a Conservative Future, Inc. 2014 Form 990, Schedule O. An organization’s tax-exempt status, however, is measured on an annual basis, so OCF’s claimed 2015 spending is irrelevant to the determination of its status for 2014. OCF also offered no evidence that it spent that amount of money on activities that promote social welfare, and those expenditures have already been called into question. Indeed, the $1,753,502 improperly includes the $79,564 that should be attributed to political activity. Finally, even if OCF’s specious representation that it spent $1,059,432 on “issue advocacy and education initiatives” are correct, and assuming that is OCF’s only 2015 spending, its political expenditures in 2014-15 constituted 47.5\% of its total spending, which, in these highly questionable circumstances, warrants an investigation.
Thank you for your prompt attention to this matter.

Sincerely,

[Signature]

Noah Bookbinder  
Executive Director  
Citizens for Responsibility and Ethics in Washington

Encls.

cc: IRS-EO Classification
EXHIBIT A
Return of Organization Exempt From Income Tax

Under section 501(c)(3), 527, or 4947(a)(1) of the Internal Revenue Code (except private foundations).

Check if applicable.

Information about Form 990 and its instructions is at www.irs.gov/form990.

Form 990

2014

Department of the Treasury
Internal Revenue Service

A. For the 2014 calendar year, or tax year beginning FEB 5, 2014 and ending DEC 31, 2014

B. Name of organization:

HEARTLAND PRINCIPLES INC A/K/A OKLAHMANS FOR A CONSERVATIVE FUTURE INC

C. Employer identification number:

46-4732100

D. Telephone number:

202-572-8669

E. Tax-exempt status:

501(c)(3)

F. Name and address of principal officer:

SCOTT FARMAN

915 N ROBINSON AVE, OKLAHOMA CITY, OK 73102

G. Group exemption:

2,209,750.

H. Is this a group return for subordinates?:

Yes

I. Website:

WWW.HEARTLANDPRINCIPLES.ORG

J. Form of organization:

Corporation

Page 1

Part I - Summary

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

HEARTLAND PRINCIPLES WAS CREATED TO HELP IDENTIFY AND DEVELOP LONG-TERM PUBLIC POLICY SOLUTIONS THAT...

2. Number of voting members of the governing body (Part VI, line 1a):

3

3. Number of dependent independent voting members of the governing body (Part VI, line 1b):

2

4. Number of individuals employed in calendar year 2014 (Part V, line 2a):

5

5. Total number of volunteers (estimate if necessary): (Part VI, line 1):

6

6. Total number of volunteers (estimate if necessary): (Part VI, line 1):

0

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

0

7b. Net unrelated business taxable income from Part VIII, line 11:

0

8. Contributions and grants (Part VIII, line 1h):

2,209,750.

9. Program service revenue (Part VIII, line 2g):

0

10. Investment income (Part VIII, column (A), lines 3-4, and 7d):

0

11. Other revenue (Part VIII, column (A), lines 5, 6c, 8, 9c, 10c, and 11b):

0

12. Total revenue - add lines 8 through 11 (must equal Part VIII, column (A), line 2):

2,209,750.

13. Grants and similar amounts paid (Part IX, column (A), lines 1-3):

0

14. Benefits paid to or for members (Part IX, column (A), line 4):

0

15. Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10):

0

16a. Professional fundraising fees (Part IX, column (A), line 11e):

54,750.

16b. Total fundraising expenses (Part IX, column (D), line 25):

54,750.

17. Other expenses (Part IX, column (A), lines 11a-11d, 11f-12):

2,074,825.

18. Total expenses. Add lines 13-17 (must equal Part IX, column (A), line 25):

2,129,575.

19. Loss on sale or disposition of assets (Part IX, line 16):

80,175.

20. Net assets (beginning of current year):

200.

21. Total liabilities (Part X, line 26):

80,375.

22. Net assets (end of year). Subtract line 21 from line 20:

200.

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. A declaration of preparer other than officer is based on all information of which preparer has any knowledge.

Signature of officer:

RYAN OWENS, TREASURER

Type or print name and title:

Date:

11/16/15

Preparer:

DUANE L. TARNACKI

Preparer's signature:

Date:

11/16/15

PREPARED FOR USE ONLY

CLARK HILL PLC

500 WOODWARD AVE., SUITE 3500

DETOUR, MI 48226

Phone no. 313-965-8300

May the IRS discuss this return with the preparer shown above? (see instructions)

Form 990 (2014)

SEE SCHEDULE O FOR ORGANIZATION MISSION STATEMENT CONTINUATION
HEARTLAND PRINCIPLES INC A/K/A OKLAHOMANS FOR A CONSERVATIVE FUTURE INC 46-4732100 Page 2

[Part III] Statement of Program Service Accomplishments

Check if Schedule O contains a response or note to any line in this Part III

1 Briefly describe the organization's mission:

HEARTLAND PRINCIPLES WAS CREATED TO HELP IDENTIFY AND DEVELOP
LONG-TERM PUBLIC POLICY SOLUTIONS THAT WILL FOSTER A BETTER TOMORROW
FOR THE PEOPLE OF OKLAHOMA AND THROUGHOUT THE UNITED STATES BY USING A
COMBINATION OF EDUCATION AND ADVOCACY TO CLEARLY IDENTIFY KEY ISSUES

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 [x] No

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

3 Did the organization cease conducting, or make significant changes in how it conducts, any program services?
[ ] Yes [x] No

If "Yes," describe these changes on Schedule O.

4 Describe the organization's program service accomplishments for each of its three largest program services, as measured by expenses
Section 501(c)(3) and 501(c)(4) organizations 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 $ 444,019, including grants of $________ ) (Revenue $________ )
EDUCATING THE PUBLIC AND PROMOTING CONSERVATIVE PRINCIPLES AND POLICIES
WITHIN THE MEANING OF INTERNAL REVENUE CODE 501(C)(4).

4b (Code ______ ) (Expenses $ 79,113, including grants of $________ ) (Revenue $________ )
GENERAL CONSULTING RELATED TO PUBLIC POLICY ADVOCACY AND INITIATIVES.

4c (Code ______ ) (Expenses $ 52,897, including grants of $________ ) (Revenue $________ )
ADMINISTRATIVE EXPENSES RELATED TO THE ORGANIZATION'S INITIATIVES.

4d Other program services (Describe in Schedule O)
(Expenses $ 1,435,512, including grants of $________ ) (Revenue $________ )

4e Total program service expenses $ 2,011,541.
### 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).**

Check if Schedule O contains a response or note to any line in this Part IX.

<table>
<thead>
<tr>
<th>Description</th>
<th>Column (A) Total Expenses</th>
<th>Column (B) Program Service Expenses</th>
<th>Column (C) Management and General Expenses</th>
<th>Column (D) Fundraising Expenses</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Grants and other assistance to domestic organizations and domestic governments. See Part IV, line 21</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2 Grants and other assistance to domestic individuals. See Part IV, line 22</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3 Grants and other assistance to foreign organizations, foreign governments, and foreign individuals. See Part IV, lines 15 and 16</td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>4 Benefits paid to or for members</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5 Compensation of current officers, directors, trustees, and key employees</td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7 Other salaries and wages</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8 Petition plan accruals and contributions (include section 401(k) and 403(b) employer contributions)</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>9 Other employee benefits</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10 Payroll taxes</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>11 Fees for services (non-employees):</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>a Management</td>
<td>$68,193.</td>
<td>$47,735.</td>
<td>$20,458.</td>
<td></td>
</tr>
<tr>
<td>b Legal</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>c Accounting</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>d Lobbying</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>e Professional fundraising services. See Part IV, line 17</td>
<td>$54,750.</td>
<td></td>
<td></td>
<td>$54,750.</td>
</tr>
<tr>
<td>f Investment management fees</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>g Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O.)</td>
<td>$182,166.</td>
<td>$182,066.</td>
<td>$100.</td>
<td></td>
</tr>
<tr>
<td>12 Advertising and promotion</td>
<td>$75,000.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>13 Office expenses</td>
<td></td>
<td>$75,000.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>14 Information technology</td>
<td></td>
<td>$402.</td>
<td></td>
<td>$402.</td>
</tr>
<tr>
<td>15 Royalties</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>16 Occupancy</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>17 Travel</td>
<td>$1,062.</td>
<td></td>
<td></td>
<td>$1,062.</td>
</tr>
<tr>
<td>18 Payments of travel or entertainment expenses for any federal, state, or local public officials</td>
<td>$13,098.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>19 Conferences, conventions, and meetings</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>20 Interest</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>21 Payments to affiliates</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>22 Depreciation, depletion, and amortization</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>23 Insurance</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>24 Other expenses. Items expenses not covered above. (List miscellaneous expenses in line 24e. If line 24e amount exceeds 10% of line 25, column (A) amount, list line 24e expenses on Schedule O.)</td>
<td>$13,098.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>a MEDIA EXPENSE</td>
<td>$1,319,543.</td>
<td></td>
<td>$1,319,543.</td>
<td></td>
</tr>
<tr>
<td>b DIRECT MAIL EXPENSE</td>
<td>$266,164.</td>
<td></td>
<td>$266,164.</td>
<td></td>
</tr>
<tr>
<td>c PROFESSIONAL SERVICES</td>
<td>$122,271.</td>
<td></td>
<td>$93,371.</td>
<td>$28,900.</td>
</tr>
<tr>
<td>d RESEARCH</td>
<td>$12,500.</td>
<td></td>
<td></td>
<td>$12,500.</td>
</tr>
<tr>
<td>e All other expenses</td>
<td>$10,326.</td>
<td></td>
<td></td>
<td>$10,000.</td>
</tr>
<tr>
<td>25 Total functional expenses. Add lines 1 through 24</td>
<td>$2,129,575.</td>
<td></td>
<td>$2,011,541.</td>
<td>$63,284.</td>
</tr>
<tr>
<td>26 Joint costs Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation.</td>
<td></td>
<td></td>
<td></td>
<td>$54,750.</td>
</tr>
</tbody>
</table>

Check here □ if following SOP 08-7 (ASC 605-12)
### 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.
- Information about Schedule C (Form 990 or 990-EZ) and its instructions is at www.irs.gov/form990.

#### 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

<table>
<thead>
<tr>
<th>Name of organization</th>
<th>Employer identification number</th>
</tr>
</thead>
<tbody>
<tr>
<td>HEARTLAND PRINCIPLES INC A/K/A OKLAHOMANS FOR A CONSERVATIVE FUTURE INC</td>
<td>46-4732100</td>
</tr>
</tbody>
</table>

#### 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?
   - $ 1,435,512.

<table>
<thead>
<tr>
<th>YES</th>
<th>NO</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>No</td>
</tr>
</tbody>
</table>

**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?
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.

<table>
<thead>
<tr>
<th>(a) Name</th>
<th>(b) Address</th>
<th>(c) EIN</th>
<th>(d) Amount paid from filing organization’s funds if none, enter -0-</th>
<th>(e) Amount of political contributions received and promptly and directly delivered to a separate political organization. If none, enter -0-</th>
</tr>
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</tbody>
</table>

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

Schedule C (Form 990 or 990-EZ) 2014

LHA 4-204
10-21-14
HEARTLAND PRINCIPLES INC A/K/A

OKLAHOMANS FOR A CONSERVATIVE FUTURE IN 46-4732100

Page 2

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 (and list in Part IV each affiliated group member's name, address, EIN, expenses, and share of excess lobbying expenditures)

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.)

<table>
<thead>
<tr>
<th>Limits on Lobbying Expenditures</th>
<th>(a) Filing organization's totals</th>
<th>(b) Affiliated group totals</th>
</tr>
</thead>
<tbody>
<tr>
<td>1a Total lobbying expenditures to influence public opinion (grass roots lobbying)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>b Total lobbying expenditures to influence a legislative body (direct lobbying)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>c Total lobbying expenditures (add lines 1a and 1b)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>d Other exempt purpose expenditures</td>
<td></td>
<td></td>
</tr>
<tr>
<td>e Total exempt purpose expenditures (add lines 1c and 1d)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>f Lobbying nontaxable amount Enter the amount from the following table in both columns.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>If the amount on line 1e, column (a) or (b) is:</td>
<td>The lobbying nontaxable amount is:</td>
<td></td>
</tr>
<tr>
<td>Not over $500,000</td>
<td>20% of the amount on line 1e</td>
<td></td>
</tr>
<tr>
<td>Over $500,000 but not over $1,000,000</td>
<td>$100,000 plus 15% of the excess over $500,000</td>
<td></td>
</tr>
<tr>
<td>Over $1,000,000 but not over $1,500,000</td>
<td>$175,000 plus 10% of the excess over $1,000,000</td>
<td></td>
</tr>
<tr>
<td>Over $1,500,000 but not over $17,000,000</td>
<td>$225,000 plus 5% of the excess over $1,500,000</td>
<td></td>
</tr>
<tr>
<td>Over $17,000,000</td>
<td>$1,000,000</td>
<td></td>
</tr>
<tr>
<td>g Grassroots nontaxable amount (enter 25% of line 1f)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>h Subtract line 1g from line 1a if zero or less, enter -0-</td>
<td></td>
<td></td>
</tr>
<tr>
<td>i Subtract line 1f from line 1c if zero or less, enter -0-</td>
<td></td>
<td></td>
</tr>
<tr>
<td>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</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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 separate instructions for lines 2a through 2f.)

Lobbying Expenditures During 4-Year Averaging Period

<table>
<thead>
<tr>
<th>Calendar year (or fiscal year beginning in)</th>
<th>(a) 2011</th>
<th>(b) 2012</th>
<th>(c) 2013</th>
<th>(d) 2014</th>
<th>(e) Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2a Lobbying nontaxable amount</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>b Lobbying ceiling amount (150% of line 2a, column(c))</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>c Total lobbying expenditures</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>d Grassroots nontaxable amount</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>e Grassroots ceiling amount (150% of line 2d, column (c))</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>f Grassroots lobbying expenditures</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Schedule C (Form 990 or 990-EZ) 2014
HEARTLAND PRINCIPLES INC A/K/A

Schedule C (Form 990 or 990-EZ) 2014

OKLAHOMANS FOR A CONSERVATIVE FUTURE IN 46-4732100

Page 3

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)).

For each "Yes," response to lines 1a through 1i below, provide in Part IV a detailed description of the lobbying activity

<table>
<thead>
<tr>
<th></th>
<th>(a)</th>
<th>(b)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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?
j. Total Add 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).

<table>
<thead>
<tr>
<th></th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>2</td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>3</td>
<td></td>
<td>X</td>
</tr>
</tbody>
</table>

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

1. Dues, assessments and similar amounts from members

2. Section 162(a) nondeductible lobbying and political expenditures (do not include amounts of political expenses for which the section 527(f) tax was paid).

   a. Current year
   b. Carryover from last year
   c. Total

3. Aggregate amount reported in section 6033(a)(1)(A) notices of nondeductible section 162(e) dues

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. Taxable amount of lobbying and political expenditures (see instructions)

Part IV Supplemental Information

Provide the descriptions required for Part I-A, line 1, Part I-B, line 4, Part I-C, line 5, Part II-A (affiliated group list), Part II-A, lines 1 and 2 (see instructions), and Part II-B, line 1. Also, complete this part for any additional information

PART I-A, LINE 1:

DIRECT INDEPENDENT EXPENDITURES IN CONNECTION WITH U.S. SENATE PRIMARY ELECTION.

________________________

Schedule C (Form 990 or 990-EZ) 2014

22
FORM 990, PART I, LINE 1. DESCRIPTION OF ORGANIZATION MISSION:

WILL FOSTER A BETTER TOMORROW FOR THE PEOPLE OF OKLAHOMA AND THROUGHOUT THE UNITED STATES BY USING A COMBINATION OF EDUCATION AND ADVOCACY TO CLEARLY IDENTIFY KEY ISSUES AND START THE PROCESS OF DIALOGUE AND DISCUSSION TO BOTH RAISE AWARENESS AND SOLICIT DIRECT INPUT FROM CITIZENS ON THE ISSUES THAT MATTER THE MOST TO THEM.

FORM 990, PART III, LINE 1. DESCRIPTION OF ORGANIZATION MISSION:

AND START THE PROCESS OF DIALOGUE AND DISCUSSION TO BOTH RAISE AWARENESS AND SOLICIT DIRECT INPUT FROM CITIZENS ON THE ISSUES THAT MATTER THE MOST TO THEM.

FORM 990, PART III, LINE 4D, OTHER PROGRAM SERVICES:

POLITICAL ACTIVITY

INCEPTION, THE ORGANIZATION HAS SPENT APPROXIMATELY $1,753,502 ON ACTIVITIES CONSISTENT WITH THE ORGANIZATION'S SOCIAL WELFARE PURPOSE, WHICH REPRESENTS 55% OF THE ORGANIZATION'S TOTAL SPENDING. EXPENSES $1,435,512. INCLUDING GRANTS OF $0. REVENUE $0.

FORM 990, PART VI, SECTION A, LINE 8B:
THE ORGANIZATION DID NOT HAVE COMMITTEES.

FORM 990, PART VI, SECTION B, LINE 11:
FORM 990 IS EMAILED TO ALL DIRECTORS PRIOR TO FILING.

FORM 990, PART VI, SECTION C, LINE 19:
FINANCIAL STATEMENTS AND ARTICLES OF INCORPORATION ARE AVAILABLE UPON REQUEST.