Form **990-PF**

Department of the Treasury
Internal Revenue Service

Return of Private Foundation
or Section 4947(a)(1) Nonexempt Charitable Trust Treated as a Private Foundation

Note: *The foundation may be able to use a copy of this return to satisfy state reporting requirements.*

OMB No. 1545-0052

2007

For calendar year 2007, or tax year beginning Jauary 1 , 2007, and ending December 31 , 20 07

G Check all that apply: ☐ Initial return ☐ Final return ☐ Amended return ☐ Address change ☐ Name change

Use the IRS label. Otherwise, print or type. See Specific Instructions.

Name of foundation
John and Cindy McCain Family Foundation

Number and street (or P.O. box number if mail is not delivered to street address) [redacted] Room/suite

City or town, state, and ZIP code
Phoenix, Arizona [redacted]

A Employer identification number [redacted]

B Telephone number (see page 10 of the instructions) [redacted]

C If exemption application is pending, check here ▶ ☐

D 1. Foreign organizations, check here . . ▶ ☐

2. Foreign organizations meeting the 85% test, check here and attach computation . ▶ ☐

E If private foundation status was terminated under section 507(b)(1)(A), check here . ▶ ☐

F If the foundation is in a 60-month termination under section 507(b)(1)(B), check here . ▶ ☐

H Check type of organization: ☑ Section 501(c)(3) exempt private foundation
☐ Section 4947(a)(1) nonexempt charitable trust ☐ Other taxable private foundation

I Fair market value of all assets at end of year *(from Part II, col. (c), line 16)* ▶ $ **120,353**

J Accounting method: ☑ Cash ☐ Accrual
☐ Other (specify) .....
(Part I, column (d) must be on cash basis.)

Part I **Analysis of Revenue and Expenses** *(The total of amounts in columns (b), (c), and (d) may not necessarily equal the amounts in column (a) (see page 11 of the instructions).)*

		(a) Revenue and expenses per books	(b) Net investment income	(c) Adjusted net income	(d) Disbursements for charitable purposes (cash basis only)
Revenue	1 Contributions, gifts, grants, etc., received (attach schedule)	176,508			
	2 Check ▶ ☐ if the foundation is **not** required to attach Sch. B				
	3 Interest on savings and temporary cash investments	3,256	3,256		
	4 Dividends and interest from securities				
	5a Gross rents				
	b Net rental income or (loss) _____				
	6a Net gain or (loss) from sale of assets not on line 10				
	b Gross sales price for all assets on line 6a _____				
	7 Capital gain net income (from Part IV, line 2) . .				
	8 Net short-term capital gain				
	9 Income modifications				
	10a Gross sales less returns and allowances				
	b Less: Cost of goods sold .				
	c Gross profit or (loss) (attach schedule)				
	11 Other income (attach schedule)	6,000			
	12 **Total.** Add lines 1 through 11	185,764	3,256	0	
Operating and Administrative Expenses	13 Compensation of officers, directors, trustees, etc.				
	14 Other employee salaries and wages				
	15 Pension plans, employee benefits				
	16a Legal fees (attach schedule)	0			0
	b Accounting fees (attach schedule)				
	c Other professional fees (attach schedule) . . .				
	17 Interest				
	18 Taxes (attach schedule) (see page 14 of the instructions)	20			20
	19 Depreciation (attach schedule) and depletion . .				
	20 Occupancy				
	21 Travel, conferences, and meetings				
	22 Printing and publications				
	23 Other expenses (attach schedule)	1,021			1,021
	24 **Total operating and administrative expenses.** Add lines 13 through 23	1,041			1,041
	25 Contributions, gifts, grants paid	78,250			78,250
	26 **Total expenses and disbursements.** Add lines 24 and 25	79,291			79,291
	27 Subtract line 26 from line 12:				
	a **Excess of revenue over expenses and disbursements**	106,473			
	b **Net investment income** (if negative, enter -0-)		3,256		
	c **Adjusted net income** (if negative, enter -0-) . .			0	

Part II Balance Sheets Attached schedules and amounts in the description column should be for end-of-year amounts only. (See instructions.)

		Beginning of year	End of year	
		(a) Book Value	(b) Book Value	(c) Fair Market Value
Assets	1 Cash—non-interest-bearing	43	2,252	2,252
	2 Savings and temporary cash investments	13,837	118,101	118,101
	3 Accounts receivable ▶			
	Less: allowance for doubtful accounts ▶			
	4 Pledges receivable ▶			
	Less: allowance for doubtful accounts ▶			
	5 Grants receivable			
	6 Receivables due from officers, directors, trustees, and other disqualified persons (attach schedule) (see page 16 of the instructions)			
	7 Other notes and loans receivable (attach schedule) ▶			
	Less: allowance for doubtful accounts ▶			
	8 Inventories for sale or use			
	9 Prepaid expenses and deferred charges			
	10a Investments—U.S. and state government obligations (attach schedule)			
	b Investments—corporate stock (attach schedule)			
	c Investments—corporate bonds (attach schedule)			
	11 Investments—land, buildings, and equipment: basis ▶			
	Less: accumulated depreciation (attach schedule) ▶			
	12 Investments—mortgage loans			
	13 Investments—other (attach schedule)			
	14 Land, buildings, and equipment: basis ▶			
	Less: accumulated depreciation (attach schedule) ▶			
	15 Other assets (describe ▶)			
	16 **Total assets** (to be completed by all filers—see the instructions. Also, see page 1, item I)	13,880	120,353	120,353
Liabilities	17 Accounts payable and accrued expenses			
	18 Grants payable			
	19 Deferred revenue			
	20 Loans from officers, directors, trustees, and other disqualified persons			
	21 Mortgages and other notes payable (attach schedule)			
	22 Other liabilities (describe ▶)			
	23 **Total liabilities** (add lines 17 through 22)	0	0	
Net Assets or Fund Balances	**Foundations that follow SFAS 117, check here ▶ ☐ and complete lines 24 through 26 and lines 30 and 31.**			
	24 Unrestricted			
	25 Temporarily restricted			
	26 Permanently restricted			
	Foundations that do not follow SFAS 117, check here ▶ ☐ and complete lines 27 through 31.			
	27 Capital stock, trust principal, or current funds			
	28 Paid-in or capital surplus, or land, bldg., and equipment fund			
	29 Retained earnings, accumulated income, endowment, or other funds			
	30 **Total net assets or fund balances** (see page 17 of the instructions)			
	31 **Total liabilities and net assets/fund balances** (see page 17 of the instructions)	13,880	120,353	

Part III Analysis of Changes in Net Assets or Fund Balances

1 Total net assets or fund balances at beginning of year—Part II, column (a), line 30 (must agree with end-of-year figure reported on prior year's return)	1	13,880
2 Enter amount from Part I, line 27a	2	106,473
3 Other increases not included in line 2 (itemize) ▶	3	0
4 Add lines 1, 2, and 3	4	120,353
5 Decreases not included in line 2 (itemize) ▶	5	0
6 Total net assets or fund balances at end of year (line 4 minus line 5)—Part II, column (b), line 30	6	120,353

Part IV Capital Gains and Losses for Tax on Investment Income N/A

	(a) List and describe the kind(s) of property sold (e.g., real estate, 2-story brick warehouse; or common stock, 200 shs. MLC Co.)	(b) How acquired P—Purchase D—Donation	(c) Date acquired (mo., day, yr.)	(d) Date sold (mo., day, yr.)
1a				
b				
c				
d				
e				

	(e) Gross sales price	(f) Depreciation allowed (or allowable)	(g) Cost or other basis plus expense of sale	(h) Gain or (loss) (e) plus (f) minus (g)
a				
b				
c				
d				
e				

	Complete only for assets showing gain in column (h) and owned by the foundation on 12/31/69			(l) Gains (Col. (h) gain minus col. (k), but not less than -0-) **or** Losses (from col. (h))
	(i) F.M.V. as of 12/31/69	(j) Adjusted basis as of 12/31/69	(k) Excess of col. (i) over col. (j), if any	
a				
b				
c				
d				
e				

2	Capital gain net income or (net capital loss) { If gain, also enter in Part I, line 7 / If (loss), enter -0- in Part I, line 7 }	2	
3	Net short-term capital gain or (loss) as defined in sections 1222(5) and (6): If gain, also enter in Part I, line 8, column (c) (see pages 13 and 17 of the instructions). If (loss), enter -0- in Part I, line 8	3	

Part V Qualification Under Section 4940(e) for Reduced Tax on Net Investment Income

(For optional use by domestic private foundations subject to the section 4940(a) tax on net investment income.)

If section 4940(d)(2) applies, leave this part blank.

Was the foundation liable for the section 4942 tax on the distributable amount of any year in the base period? ☐ Yes ☐ No

If "Yes," the foundation does not qualify under section 4940(e). Do not complete this part.

1 Enter the appropriate amount in each column for each year; see page 18 of the instructions before making any entries.

(a) Base period years Calendar year (or tax year beginning in)	(b) Adjusted qualifying distributions	(c) Net value of noncharitable-use assets	(d) Distribution ratio (col. (b) divided by col. (c))
2006	182,788	73,015	2.50
2005	218,317	143,864	1.52
2004	234,736	121,923	1.93
2003	212,548	278,875	.76
2002	188,338	270,079	.7

2	**Total** of line 1, column (d)	2	7.41
3	Average distribution ratio for the 5-year base period—divide the total on line 2 by 5, or by the number of years the foundation has been in existence if less than 5 years	3	1.48
4	Enter the net value of noncharitable-use assets for 2007 from Part X, line 5	4	109,904
5	Multiply line 4 by line 3	5	162,658
6	Enter 1% of net investment income (1% of Part I, line 27b)	6	33
7	Add lines 5 and 6	7	162,691
8	Enter qualifying distributions from Part XII, line 4	8	79,291

If line 8 is equal to or greater than line 7, check the box in Part VI, line 1b, and complete that part using a 1% tax rate. See the Part VI instructions on page 18.

Part VI Excise Tax Based on Investment Income (Section 4940(a), 4940(b), 4940(e), or 4948—see page 18 of the instructions)

1a	Exempt operating foundations described in section 4940(d)(2), check here ▶ ☐ and enter "N/A" on line 1. Date of ruling letter: ..... **(attach copy of ruling letter if necessary—see instructions)**		
b	Domestic foundations that meet the section 4940(e) requirements in Part V, check here ▶ ☑ and enter 1% of Part I, line 27b	1	33
c	All other domestic foundations enter 2% of line 27b. Exempt foreign organizations enter 4% of Part I, line 12, col. (b)	2	0
2	Tax under section 511 (domestic section 4947(a)(1) trusts and taxable foundations only. Others enter -0-)	3	33
3	Add lines 1 and 2	4	0
4	Subtitle A (income) tax (domestic section 4947(a)(1) trusts and taxable foundations only. Others enter -0-)	5	33
5	**Tax based on investment income.** Subtract line 4 from line 3. If zero or less, enter -0-		
6	Credits/Payments:		
a	2007 estimated tax payments and 2006 overpayment credited to 2007 — 6a		
b	Exempt foreign organizations—tax withheld at source — 6b		
c	Tax paid with application for extension of time to file (Form 8868) — 6c		
d	Backup withholding erroneously withheld — 6d		
7	Total credits and payments. Add lines 6a through 6d	7	0
8	Enter any **penalty** for underpayment of estimated tax. Check here ☐ if Form 2220 is attached	8	0
9	**Tax due.** If the total of lines 5 and 8 is more than line 7, enter **amount owed** ▶	9	33
10	**Overpayment.** If line 7 is more than the total of lines 5 and 8, enter the **amount overpaid** ▶	10	0
11	Enter the amount of line 10 to be: **Credited to 2008 estimated tax** ▶ **Refunded** ▶	11	

Part VII-A Statements Regarding Activities

			Yes	No
1a	During the tax year, did the foundation attempt to influence any national, state, or local legislation or did it participate or intervene in any political campaign?	1a		✓
b	Did it spend more than $100 during the year (either directly or indirectly) for political purposes (see page 19 of the instructions for definition)?	1b		✓
	*If the answer is "Yes" to **1a** or **1b**, attach a detailed description of the activities and copies of any materials published or distributed by the foundation in connection with the activities.*			
c	Did the foundation file **Form 1120-POL** for this year?	1c		✓
d	Enter the amount (if any) of tax on political expenditures (section 4955) imposed during the year: **(1)** On the foundation. ▶ $ _____ **(2)** On foundation managers. ▶ $ _____			
e	Enter the reimbursement (if any) paid by the foundation during the year for political expenditure tax imposed on foundation managers. ▶ $ _____			
2	Has the foundation engaged in any activities that have not previously been reported to the IRS? *If "Yes," attach a detailed description of the activities.*	2		✓
3	Has the foundation made any changes, not previously reported to the IRS, in its governing instrument, articles of incorporation, or bylaws, or other similar instruments? *If "Yes," attach a conformed copy of the changes*	3		✓
4a	Did the foundation have unrelated business gross income of $1,000 or more during the year?	4a		✓
b	If "Yes," has it filed a tax return on **Form 990-T** for this year?	4b	N/A	
5	Was there a liquidation, termination, dissolution, or substantial contraction during the year? *If "Yes," attach the statement required by General Instruction T.*	5		✓
6	Are the requirements of section 508(e) (relating to sections 4941 through 4945) satisfied either: • By language in the governing instrument, or • By state legislation that effectively amends the governing instrument so that no mandatory directions that conflict with the state law remain in the governing instrument?	6	✓	
7	Did the foundation have at least $5,000 in assets at any time during the year? *If "Yes," complete Part II, col. (c), and Part XV.*	7	✓	
8a	Enter the states to which the foundation reports or with which it is registered (see page 19 of the instructions) ▶ **ARIZONA**			
b	If the answer is "Yes" to line 7, has the foundation furnished a copy of Form 990-PF to the Attorney General (or designate) of each state as required by *General Instruction G? If "No," attach explanation*	8b	✓	
9	Is the foundation claiming status as a private operating foundation within the meaning of section 4942(j)(3) or 4942(j)(5) for calendar year 2007 or the taxable year beginning in 2007 (see instructions for Part XIV on page 27)? *If "Yes," complete Part XIV*	9		✓
10	Did any persons become substantial contributors during the tax year? *If "Yes," attach a schedule listing their names and addresses*	10	✓	

Part VII-A Statements Regarding Activities *(continued)*

11a	At any time during the year, did the foundation, directly or indirectly, own a controlled entity within the meaning of section 512(b)(13)? If "Yes," attach schedule. (see page 20 of the instructions)		✓
11b	If "Yes," did the foundation have a binding written contract in effect on August 17, 2006, covering the interest, rents, royalties, and annuities described in the attachment for line 11a?	N/A	
12	Did the foundation acquire a direct or indirect interest in any applicable insurance contract?		✓
13	Did the foundation comply with the public inspection requirements for its annual returns and exemption application?	✓	

Website address ▶

14 The books are in care of ▶ THOMAS R HOLTRUP Telephone no. ▶ [redacted]

Located at ▶ [redacted] ZIP+4 ▶ [redacted]

15 Section 4947(a)(1) nonexempt charitable trusts filing Form 990-PF in lieu of **Form 1041**—Check here ▶ ☐ and enter the amount of tax-exempt interest received or accrued during the year ▶ 15

Part VII-B Statements Regarding Activities for Which Form 4720 May Be Required

File Form 4720 if any item is checked in the "Yes" column, unless an exception applies.

		Yes	No
1a	During the year did the foundation (either directly or indirectly):		
	(1) Engage in the sale or exchange, or leasing of property with a disqualified person?	☐	☑
	(2) Borrow money from, lend money to, or otherwise extend credit to (or accept it from) a disqualified person?	☐	☑
**	(3) Furnish goods, services, or facilities to (or accept them from) a disqualified person?	☐	☑
	(4) Pay compensation to, or pay or reimburse the expenses of, a disqualified person?	☐	☑
	(5) Transfer any income or assets to a disqualified person (or make any of either available for the benefit or use of a disqualified person)?	☐	☑
	(6) Agree to pay money or property to a government official? (**Exception.** Check "No" if the foundation agreed to make a grant to or to employ the official for a period after termination of government service, if terminating within 90 days.)	☐	☑
b	If any answer is "Yes" to 1a(1)–(6), did **any** of the acts fail to qualify under the exceptions described in Regulations section 53.4941(d)-3 or in a current notice regarding disaster assistance (see page 22 of the instructions)? Organizations relying on a current notice regarding disaster assistance check here ▶ ☑	N/A	
c	Did the foundation engage in a prior year in any of the acts described in 1a, other than excepted acts, that were not corrected before the first day of the tax year beginning in 2007?		✓
2	Taxes on failure to distribute income (section 4942) (does not apply for years the foundation was a private operating foundation defined in section 4942(j)(3) or 4942(j)(5)):		
a	At the end of tax year 2007, did the foundation have any undistributed income (lines 6d and 6e, Part XIII) for tax year(s) beginning before 2007? If "Yes," list the years ▶ 20 ..., 20 ..., 20 ..., 20 ...	☐	☑
b	Are there any years listed in 2a for which the foundation is **not** applying the provisions of section 4942(a)(2) (relating to incorrect valuation of assets) to the year's undistributed income? (If applying section 4942(a)(2) to **all** years listed, answer "No" and attach statement—see page 22 of the instructions.)	N/A	
c	If the provisions of section 4942(a)(2) are being applied to **any** of the years listed in 2a, list the years here. ▶ 20 ..., 20 ..., 20 ..., 20 ...		
3a	Did the foundation hold more than a 2% direct or indirect interest in any business enterprise at any time during the year?	☐	☑
b	If "Yes," did it have excess business holdings in 2007 as a result of **(1)** any purchase by the foundation or disqualified persons after May 26, 1969; **(2)** the lapse of the 5-year period (or longer period approved by the Commissioner under section 4943(c)(7)) to dispose of holdings acquired by gift or bequest; or **(3)** the lapse of the 10-, 15-, or 20-year first phase holding period? *(Use Schedule C, Form 4720, to determine if the foundation had excess business holdings in 2007.)*	N/A	
4a	Did the foundation invest during the year any amount in a manner that would jeopardize its charitable purposes?		✓
b	Did the foundation make any investment in a prior year (but after December 31, 1969) that could jeopardize its charitable purpose that had not been removed from jeopardy before the first day of the tax year beginning in 2007?		✓

** "The Foundation is provided with limited administrative support services of negligible value (essentially the mailing address) by one of the Directors, Tom Holtrup."

Part VII-B Statements Regarding Activities for Which Form 4720 May Be Required *(continued)*

5a During the year did the foundation pay or incur any amount to:

(1) Carry on propaganda, or otherwise attempt to influence legislation (section 4945(e))? . ☐ Yes ☑ No

(2) Influence the outcome of any specific public election (see section 4955); or to carry on, directly or indirectly, any voter registration drive? . . . . . ☐ Yes ☑ No

(3) Provide a grant to an individual for travel, study, or other similar purposes? . . . . ☐ Yes ☑ No

(4) Provide a grant to an organization other than a charitable, etc., organization described in section 509(a)(1), (2), or (3), or section 4940(d)(2)? (see page 22 of the instructions) . . . ☐ Yes ☑ No

(5) Provide for any purpose other than religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals? . ☐ Yes ☑ No

b If any answer is "Yes" to 5a(1)–(5), did **any** of the transactions fail to qualify under the exceptions described in Regulations section 53.4945 or in a current notice regarding disaster assistance (see page 22 of the instructions)? Organizations relying on a current notice regarding disaster assistance check here . . . . . ▶ ☐ — **5b**

c If the answer is "Yes" to question 5a(4), does the foundation claim exemption from the tax because it maintained expenditure responsibility for the grant? . . . . . ☐ Yes ☑ No

If "Yes," attach the statement required by Regulations section 53.4945–5(d).

6a Did the foundation, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract? . . . . . ☐ Yes ☑ No

b Did the foundation, during the year, pay premiums, directly or indirectly, on a personal benefit contract? . . — **6b** ✓

If you answered "Yes" to 6b, also file Form 8870.

7a At any time during the tax year, was the foundation a party to a prohibited tax shelter transaction? . ☐ Yes ☑ No

b If yes, did the foundation receive any proceeds or have any net income attributable to the transaction? . . . — **7b** N/A

Part VIII Information About Officers, Directors, Trustees, Foundation Managers, Highly Paid Employees, and Contractors

1 List all officers, directors, trustees, foundation managers and their compensation (see page 23 of the instructions).

(a) Name and address	(b) Title, and average hours per week devoted to position	(c) Compensation (If not paid, enter -0-)	(d) Contributions to employee benefit plans and deferred compensation	(e) Expense account, other allowances
SEE SCHEDULE E				

2 Compensation of five highest-paid employees (other than those included on line 1—see page 23 of the instructions). If 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 and deferred compensation	(e) Expense account, other allowances
NONE				

Total number of other employees paid over $50,000 . . . . . ▶

Part VIII Information About Officers, Directors, Trustees, Foundation Managers, Highly Paid Employees, and Contractors *(continued)*

3 Five highest-paid independent contractors for professional services (see page 23 of the instructions). If none, enter "NONE."

(a) Name and address of each person paid more than $50,000	(b) Type of service	(c) Compensation
NONE		
Total number of others receiving over $50,000 for professional services ▶		

Part IX-A Summary of Direct Charitable Activities

List the foundation's four largest direct charitable activities during the tax year. Include relevant statistical information such as the number of organizations and other beneficiaries served, conferences convened, research papers produced, etc.	Expenses
1 NONE	
2	
3	
4	

Part IX-B Summary of Program-Related Investments (see page 24 of the instructions)

Describe the two largest program-related investments made by the foundation during the tax year on lines 1 and 2.	Amount
1 NONE	
2	
All other program-related investments. See page 24 of the instructions. 3	
Total. Add lines 1 through 3 ▶	

Part X Minimum Investment Return (All domestic foundations must complete this part. Foreign foundations, see page 24 of the instructions.)

1	Fair market value of assets not used (or held for use) directly in carrying out charitable, etc., purposes:		
a	Average monthly fair market value of securities	1a	
b	Average of monthly cash balances	1b	111,578
c	Fair market value of all other assets (see page 25 of the instructions)	1c	
d	**Total** (add lines 1a, b, and c)	1d	111,578
e	Reduction claimed for blockage or other factors reported on lines 1a and 1c (attach detailed explanation) — 1e		
2	Acquisition indebtedness applicable to line 1 assets	2	0
3	Subtract line 2 from line 1d	3	111,578
4	Cash deemed held for charitable activities. Enter 1½ % of line 3 (for greater amount, see page 25 of the instructions)	4	1,674
5	**Net value of noncharitable-use assets.** Subtract line 4 from line 3. Enter here and on Part V, line 4	5	109,904
6	**Minimum investment return.** Enter 5% of line 5	6	5,495

Part XI Distributable Amount (see page 25 of the instructions) (Section 4942(j)(3) and (j)(5) private operating foundations and certain foreign organizations check here ▶ ☐ and do not complete this part.)

1	Minimum investment return from Part X, line 6			1	5,495
2a	Tax on investment income for 2007 from Part VI, line 5	2a	33		
b	Income tax for 2007. (This does not include the tax from Part VI.)	2b			
c	Add lines 2a and 2b			2c	33
3	Distributable amount before adjustments. Subtract line 2c from line 1			3	5,528
4	Recoveries of amounts treated as qualifying distributions			4	
5	Add lines 3 and 4			5	5,528
6	Deduction from distributable amount (see page 25 of the instructions)			6	
7	**Distributable amount** as adjusted. Subtract line 6 from line 5. Enter here and on Part XIII, line 1			7	5,528

Part XII Qualifying Distributions (see page 26 of the instructions)

1	Amounts paid (including administrative expenses) to accomplish charitable, etc., purposes:		
a	Expenses, contributions, gifts, etc.—total from Part I, column (d), line 26	1a	79,291
b	Program-related investments—total from Part IX-B	1b	0
2	Amounts paid to acquire assets used (or held for use) directly in carrying out charitable, etc., purposes	2	0
3	Amounts set aside for specific charitable projects that satisfy the:		
a	Suitability test (prior IRS approval required)	3a	0
b	Cash distribution test (attach the required schedule)	3b	0
4	**Qualifying distributions.** Add lines 1a through 3b. Enter here and on Part V, line 8, and Part XIII, line 4	4	79,291
5	Foundations that qualify under section 4940(e) for the reduced rate of tax on net investment income. Enter 1% of Part I, line 27b (see page 26 of the instructions)	5	0
6	**Adjusted qualifying distributions.** Subtract line 5 from line 4	6	79,291

Note: *The amount on line 6 will be used in Part V, column (b), in subsequent years when calculating whether the foundation qualifies for the section 4940(e) reduction of tax in those years.*

Part XIII Undistributed Income (see page 26 of the instructions)

	(a) Corpus	(b) Years prior to 2006	(c) 2006	(d) 2007
1 Distributable amount for 2007 from Part XI, line 7				5,528
2 Undistributed income, if any, as of the end of 2006:				
a Enter amount for 2006 only			0	
b Total for prior years: 20____,20____,20____		0		
3 Excess distributions carryover, if any, to 2007:				
a From 2002 174,923				
b From 2003 198,588				
c From 2004 228,654				
d From 2005 211,152				
e From 2006 179,157				
f **Total** of lines 3a through e	992,474			
4 Qualifying distributions for 2007 from Part XII, line 4: ► $ 79,291				
a Applied to 2006, but not more than line 2a			0	
b Applied to undistributed income of prior years (Election required—see page 27 of the instructions)		0		
c Treated as distributions out of corpus (Election required—see page 27 of the instructions)	0			
d Applied to 2007 distributable amount				5,528
e Remaining amount distributed out of corpus	73,763			
5 Excess distributions carryover applied to 2007 *(If an amount appears in column (d), the same amount must be shown in column (a).)*	0			0
6 **Enter the net total of each column as indicated below:**				
a Corpus. Add lines 3f, 4c, and 4e. Subtract line 5	1,066,237			
b Prior years' undistributed income. Subtract line 4b from line 2b		0		
c Enter the amount of prior years' undistributed income for which a notice of deficiency has been issued, or on which the section 4942(a) tax has been previously assessed		0		
d Subtract line 6c from line 6b. Taxable amount—see page 27 of the instructions		0		
e Undistributed income for 2006. Subtract line 4a from line 2a. Taxable amount—see page 27 of the instructions			0	
f Undistributed income for 2007. Subtract lines 4d and 5 from line 1. This amount must be distributed in 2008				0
7 Amounts treated as distributions out of corpus to satisfy requirements imposed by section 170(b)(1)(F) or 4942(g)(3) (see page 27 of the instructions)	0			
8 Excess distributions carryover from 2002 not applied on line 5 or line 7 (see page 27 of the instructions)	174,923			
9 **Excess distributions carryover to 2008.** Subtract lines 7 and 8 from line 6a	891,314			
10 Analysis of line 9:				
a Excess from 2003 198,588				
b Excess from 2004 228,654				
c Excess from 2005 211,152				
d Excess from 2006 179,157				
e Excess from 2007 73,763				

Part XIV Private Operating Foundations (see page 27 of the instructions and Part VII-A, question 9) N/A

1a If the foundation has received a ruling or determination letter that it is a private operating foundation, and the ruling is effective for 2007, enter the date of the ruling . . . . ▶

b Check box to indicate whether the foundation is a private operating foundation described in section ☐ 4942(j)(3) or ☐ 4942(j)(5)

	Tax year	Prior 3 years			(e) Total
	(a) 2007	(b) 2006	(c) 2005	(d) 2004	
2a Enter the lesser of the adjusted net income from Part I or the minimum investment return from Part X for each year listed					
b 85% of line 2a					
c Qualifying distributions from Part XII, line 4 for each year listed . . .					
d Amounts included in line 2c not used directly for active conduct of exempt activities . .					
e Qualifying distributions made directly for active conduct of exempt activities. Subtract line 2d from line 2c . .					
3 Complete 3a, b, or c for the alternative test relied upon:					
a "Assets" alternative test—enter:					
(1) Value of all assets					
(2) Value of assets qualifying under section 4942(j)(3)(B)(i)					
b "Endowment" alternative test—enter ⅔ of minimum investment return shown in Part X, line 6 for each year listed . . .					
c "Support" alternative test—enter:					
(1) Total support other than gross investment income (interest, dividends, rents, payments on securities loans (section 512(a)(5)), or royalties) . . .					
(2) Support from general public and 5 or more exempt organizations as provided in section 4942(j)(3)(B)(iii) . . .					
(3) Largest amount of support from an exempt organization . . .					
(4) Gross investment income . .					

Part XV Supplementary Information (Complete this part only if the foundation had $5,000 or more in assets at any time during the year—see page 28 of the instructions.)

1 **Information Regarding Foundation Managers:**

a List any managers of the foundation who have contributed more than 2% of the total contributions received by the foundation before the close of any tax year (but only if they have contributed more than $5,000). (See section 507(d)(2).)

"Cindy McCain, President and Board Chair of the Foundation, was a "substantial contributor" to the Foundation during 2007 pursuant to section 507(d)(2). Additionally, John McCain was also a substantial contributor to the Foundation during 2007, and while he is not an officer or director of the foundation, he is the spouse of Cindy McCain."

b List any managers of the foundation who own 10% or more of the stock of a corporation (or an equally large portion of the ownership of a partnership or other entity) of which the foundation has a 10% or greater interest.

NONE

2 **Information Regarding Contribution, Grant, Gift, Loan, Scholarship, etc., Programs:**

Check here ▶ ☐ if the foundation only makes contributions to preselected charitable organizations and does not accept unsolicited requests for funds. If the foundation makes gifts, grants, etc. (see page 28 of the instructions) to individuals or organizations under other conditions, complete items 2a, b, c, and d.

a The name, address, and telephone number of the person to whom applications should be addressed:

[redacted]

b The form in which applications should be submitted and information and materials they should include:

LETTER EXPLAINING DETAILS OF REQUEST

c Any submission deadlines:

NONE

d Any restrictions or limitations on awards, such as by geographical areas, charitable fields, kinds of institutions, or other factors: "While the Foundation does not restrict its grant making based on geography or some similar limitation, it does restrict its grants to tax-exempt public charities."

Part XV Supplementary Information (continued)

3 Grants and Contributions Paid During the Year or Approved for Future Payment

Recipient Name and address (home or business)	If recipient is an individual, show any relationship to any foundation manager or substantial contributor	Foundation status of recipient	Purpose of grant or contribution	Amount
a *Paid during the year*				
SEE SCHEDULE F				
Total . . . . . ▶ **3a**				**78,250**
b *Approved for future payment*				
Total . . . . . ▶ **3b**				

Part XVI-A Analysis of Income-Producing Activities

Enter gross amounts unless otherwise indicated.

	Unrelated business income		Excluded by section 512, 513, or 514		(e)
	(a) Business code	(b) Amount	(c) Exclusion code	(d) Amount	Related or exempt function income (See page 28 of the instructions.)
1 Program service revenue:					
a					
b					
c					
d					
e					
f					
g Fees and contracts from government agencies					
2 Membership dues and assessments					
3 Interest on savings and temporary cash investments					3,256
4 Dividends and interest from securities					
5 Net rental income or (loss) from real estate:					
a Debt-financed property					
b Not debt-financed property					
6 Net rental income or (loss) from personal property					
7 Other investment income					
8 Gain or (loss) from sales of assets other than inventory					
9 Net income or (loss) from special events					
10 Gross profit or (loss) from sales of inventory					
11 Other revenue: a					
b					
c					
d					
e					
12 Subtotal. Add columns (b), (d), and (e)					3,256
13 **Total.** Add line 12, columns (b), (d), and (e)					13 3,256

(See worksheet in line 13 instructions on page 29 to verify calculations.)

Part XVI-B Relationship of Activities to the Accomplishment of Exempt Purposes

Line No. ▼	Explain below how each activity for which income is reported in column (e) of Part XVI-A contributed importantly to the accomplishment of the foundation's exempt purposes (other than by providing funds for such purposes). (See page 29 of the instructions.)
3	**CONTRIBUTIONS HELD IN MONEY MARKET ACCOUNT**

Part XVII Information Regarding Transfers To and Transactions and Relationships With Noncharitable Exempt Organizations

		Yes	No
1	Did the organization directly or indirectly engage in any of the following with any other organization described in section 501(c) of the Code (other than section 501(c)(3) organizations) or in section 527, relating to political organizations?		
a	Transfers from the reporting foundation to a noncharitable exempt organization of:		
	(1) Cash	1a(1)		✓
	(2) Other assets	1a(2)		✓
b	Other transactions:		
	(1) Sales of assets to a noncharitable exempt organization	1b(1)		✓
	(2) Purchases of assets from a noncharitable exempt organization	1b(2)		✓
	(3) Rental of facilities, equipment, or other assets	1b(3)		✓
	(4) Reimbursement arrangements	1b(4)		✓
	(5) Loans or loan guarantees	1b(5)		✓
	(6) Performance of services or membership or fundraising solicitations	1b(6)		✓
c	Sharing of facilities, equipment, mailing lists, other assets, or paid employees	1c		✓

d If the answer to any of the above is "Yes," complete the following schedule. Column **(b)** should always show the fair market value of the goods, other assets, or services given by the reporting foundation. If the foundation received less than fair market value in any transaction or sharing arrangement, show in column **(d)** the value of the goods, other assets, or services received.

(a) Line no.	(b) Amount involved	(c) Name of noncharitable exempt organization	(d) Description of transfers, transactions, and sharing arrangements
		N/A	

2a Is the foundation directly or indirectly affiliated with, or related to, one or more tax-exempt organizations described in section 501(c) of the Code (other than section 501(c)(3)) or in section 527? ☐ Yes ☑ No

b If "Yes," complete the following schedule.

(a) Name of organization	(b) Type of organization	(c) Description of relationship

Sign Here

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

Signature of officer or trustee — Date: 4-16-08 — Title: SECRETARY/TREASURER

Paid Preparer's Use Only

Preparer's signature	Date	Check if self-employed ▶ ☐	Preparer's SSN or PTIN (See **Signature** on page 30 of the instructions.)
Firm's name (or yours if self-employed), address, and ZIP code		EIN ▶	
		Phone no. ( )	

John and Cindy McCain Family Foundation

Form 990-PF

EIN [redacted]

SUPPLEMENTAL SCHEDULES

December 31, 2007

PART I - ANALYSIS OF REVENUE AND EXPENSES

SCHEDULE A: Revenue

LINE 1 - Contributions Received

Donor	Description	Date	Amount	Totals
John S. McCain III and Cindy H. McCain	Cash	2/13/2007	3,607	
[redacted]	Cash	2/12/2007	50,221	
Phoenix, AZ [redacted]	Cash	3/6/2007	91,250	
	Cash	3/30/2007	450	
	Cash	6/12/2007	1,103	
	Cash	8/14/2007	29,877	
Total Line 1 - Contributions Received				**$ 176,508**

LINE 11 - Other Income

Description	Date	Amount	
See attached Form 4720 and related correspondence	4/23/2007	6,000	
Total Line 11 - Other Income			**$ 6,000**

John and Cindy McCain Family Foundation

Form 990-PF

EIN [redacted]

SUPPLEMENTAL SCHEDULES

December 31, 2007

PART I - ANALYSIS OF REVENUE AND EXPENSES

SCHEDULE B: Operating & Administrative Expenses

LINE 18 - Taxes

United States Treasury	Form 990 Filing - 2006	20
Total Line 18 - Taxes		$ 20

SCHEDULE C: Operating & Administrative Expenses

LINE 23 - Other Expenses

Licenses & Fees - AZ Corporation Commission	Administrative		10	
Bank Charges	Administrative		4	
Internal Revenue Service	Form 4720 - Int/Penalty	(see attached)	7	
Internal Revenue Service	Form 4720 - Excise Tax	(see attached)	1,000	
Total Line 23 - Other Expenses				$ 1,021

John and Cindy McCain Family Foundation

Form 990-PF

EIN [redacted]

SUPPLEMENTAL SCHEDULES

December 31, 2007

PART VII-A - STATEMENTS REGARDING ACTIVITIES

SCHEDULE D: Substantial Contributors During The Tax Year

LINE 10

Donor	Description	Date	Amount	Totals
John S. McCain III and Cindy H. McCain	Cash	2/13/2007	3,607	
[redacted]	Cash	2/12/2007	50,221	
Phoenix, AZ [redacted]	Cash	3/6/2007	91,250	
	Cash	3/30/2007	450	
	Cash	6/12/2007	1,103	
	Cash	8/14/2007	29,877	
Total John S. McCain III and Cindy H. McCain Contributions				$ 176,508

John and Cindy McCain Family Foundation

Form 990-PF

EIN [redacted]

SUPPLEMENTAL SCHEDULES

December 31, 2007

PART VIII - INFORMATION ABOUT OFFICERS AND DIRECTORS

SCHEDULE E: List Of Officers And Directors

LINE 1

Name and Address	Title	Average Hours Per Week	Compensation	Contributions To Employee Benefit Plan	Expense Acct. Other Allowances
Cindy Hensley McCain [redacted] Phoenix, AZ [redacted]	Chairman of the Board/ President	One	None	None	None
Robert M. Delgado [redacted] Phoenix, AZ [redacted]	Vice Chairman	One	None	None	None
Thomas R. Holtrup [redacted] Glendale, AZ [redacted]	Secretary/Treasurer	One	None	None	None

The previous three individuals are Officers and Directors of "John and Cindy McCain Family Foundation"

John and Cindy McCain Family Foundation

Form 990-PF

EIN [redacted]

SUPPLEMENTAL SCHEDULES

December 31, 2007

PART XV - SUPPLEMENTARY INFORMATION

The Foundation's grant making reflects its interest in charities that provide direct support for the spiritual, educational and medical needs of the community

SCHEDULE F: Contributions Paid During The Year

LINE 3a

	RECIPIENT	FOUNDATION STATUS	PURPOSE	AMOUNT
	Arizona Humane Society	Public Charity	Animal welfare	500
	Connections Equine Therapy	Public Charity	Therapy program assisting challenged individuals	1,000
	Craniofacial Foundation	Public Charity	Craniofacial abnoramalities	10,000
	New Parents Network	Public Charity	Support of new parents	500
	North Phoenix Baptist Church	Public Charity	Support of church programs	4,000
	Operation Smile	Public Charity	Craniofacial Abnoramalities	25,000
	School of American Balet	Public Charity	Cultural programs for students	5,000
	Scottsdale Christian Academy	Public Charity	Support of school programs	5,000
	The HALO Trust	Public Charity	Clearing of mines	25,000
	University of Maine	Public Charity	Support of Greg Stephens Scholarship Fund	1,000
	Xavier	Public Charity	Educational programs	250
	Wright Museum	Public Charity	Support of cultural programs	1,000
Total Contributions Paid During the Year 2007				**$ 78,250**

Form **4720**

Department of the Treasury
Internal Revenue Service

Return of Certain Excise Taxes Under Chapters 41 and 42 of the Internal Revenue Code

(Sections 170(f)(10), 4911, 4912, 4941, 4942, 4943, 4944, 4945, 4955, 4958, 4965, 4966, and 4967)

► See separate instructions.

OMB No. 1545-0052

2006

For calendar year 2006 or other tax year beginning January 1, 2006, and ending December 31, 20 06.

Name of organization or entity
John and Cindy McCain Family Foundation

Employer identification number
[redacted]

Number, street, and room or suite no. (or P.O. box if mail is not delivered to street address)
[redacted]

City or town, state, and ZIP code
Phoenix, Arizona [redacted]

Check box for type of annual return:
- ☐ Form 990
- ☐ Form 990-EZ
- ☑ Form 990-PF
- ☐ Form 5227

		Yes	No
A	Is the organization a foreign private foundation within the meaning of section 4948(b)?		✓
B	Has corrective action been taken on any taxable event that resulted in Chapter 42 taxes being reported on this form? (Enter "N/A" if not applicable)	✓	

If "Yes," attach a detailed description and documentation of the corrective action taken and, if applicable, enter the fair market value of any property recovered as a result of the correction ► $ 6,000. If "No," (i.e., any uncorrected acts, or transactions), attach an explanation (see page 3 of the instructions).

Part I Taxes on Organization (Sections 170(f)(10), 4911(a), 4912(a), 4942(a), 4943(a), 4944(a)(1), 4945(a)(1), 4955(a)(1), 4965(a)(1), and 4966(a)(1))

1	Tax on undistributed income—Schedule B, line 4	1	
2	Tax on excess business holdings—Schedule C, line 7	2	
3	Tax on investments that jeopardize charitable purpose—Schedule D, Part I, column (e)	3	
4	Tax on taxable expenditures—Schedule E, Part I, column (g)	4	1,000
5	Tax on political expenditures—Schedule F, Part I, column (e)	5	
6	Tax on excess lobbying expenditures—Schedule G, line 4	6	
7	Tax on disqualifying lobbying expenditures—Schedule H, Part I, column (e)	7	
8	Tax on premiums paid on personal benefit contracts	8	
9	Tax on being a party to prohibited tax shelter transactions—Schedule J, Part I, column (h)	9	
10	Tax on taxable distributions—Schedule K, Part I, column (f)	10	
11	**Total** (add lines 1–10)	11	1,000

Part II-A Taxes on Managers, Self-Dealers, Disqualified Persons, Donors, Donor Advisors, and Related Persons (Sections 4912(b), 4941(a), 4944(a)(2), 4945(a)(2), 4955(a)(2), 4958(a), 4965(a)(2), 4966(a)(2), and 4967(a))

	(a) Name and address of person subject to tax	(b) Taxpayer identification number
a	NO TAX DUE TO REASONABLE CAUSE - SEE MEMO ATTACHED	
b		
c		
d		

	(c) Tax on self-dealing—Schedule A, Part II, col. (d), and Part III, col. (d)	(d) Tax on investments that jeopardize charitable purpose—Schedule D, Part II, col. (d)	(e) Tax on taxable expenditures—Schedule E, Part II, col. (d)	(f) Tax on political expenditures—Schedule F, Part II, col. (d)
a				
b				
c				
d				
Total				

	(g) Tax on disqualifying lobbying expenditures—Schedule H, Part II, col. (d)	(h) Tax on excess benefit transactions—Schedule I, Part II, col. (d), and Part III, col. (d)	(i) Tax on being a party to prohibited tax shelter transactions—Schedule J, Part II, col. (d)	(j) Tax on taxable distributions—Schedule K, Part II, col. (d)
a				
b				
c				
d				
Total				

	(k) Tax on prohibited benefits—Sch L, Part II, col. (d), and Part III, col. (d)	(l) Total—Add cols. (c) through (k)
a		
b		
c		
d		
Total		

Part II-B Summary of Taxes (See **Tax Payments** on page 4 of the instructions.)

1	Enter the taxes listed in Part II-A, column (l), that apply to managers, self-dealers, disqualified persons, donors, donor advisors, and related persons who sign this form. If all sign, enter the total amount from Part II-A, column (l)	1	
2	**Total tax.** Add Part I, line 11, and Part II-B, line 1. (Make check(s) or money order(s) payable to the United States Treasury.)	2	1,000

SCHEDULE A—Initial Taxes on Self-Dealing (Section 4941) N/A

Part I Acts of Self-Dealing and Tax Computation

(a) Act number	(b) Date of act	(c) Description of act
1		
2		
3		
4		
5		

(d) Question number from Form 990-PF, Part VII-B, or Form 5227, Part VI-B, applicable to the act	(e) Amount involved in act	(f) Initial tax on self-dealing (5%/10%* of col. (e))	(g) Tax on foundation managers (if applicable) (lesser of $10,000/20,000* or 2½%/5%* of col. (e))

Part II Summary of Tax Liability of Self-Dealers and Proration of Payments

(a) Names of self-dealers liable for tax	(b) Act no. from Part I, col. (a)	(c) Tax from Part I, col. (f), or prorated amount	(d) Self-dealer's total tax liability (add amounts in col. (c)) (see page 6 of the instructions)

Part III Summary of Tax Liability of Foundation Managers and Proration of Payments

(a) Names of foundation managers liable for tax	(b) Act no. from Part I, col. (a)	(c) Tax from Part I, col. (g), or prorated amount	(d) Manager's total tax liability (add amounts in col. (c)) (see page 6 of the instructions)

SCHEDULE B—Initial Tax on Undistributed Income (Section 4942) N/A

1	Undistributed income for years before 2005 (from Form 990-PF for 2006, Part XIII, line 6d)	1	
2	Undistributed income for 2005 (from Form 990-PF for 2006, Part XIII, line 6e)	2	
3	Total undistributed income at end of current tax year beginning in 2006 and subject to tax under section 4942 (add lines 1 and 2)	3	
4	**Tax**—Enter 15%/30%* of line 3 here and on page 1, Part I, line 1	4	

* For tax years beginning after 8/17/2006.

SCHEDULE C—Initial Tax on Excess Business Holdings (Section 4943) N/A

Business Holdings and Computation of Tax

If you have taxable excess holdings in more than one business enterprise, attach a separate schedule for each enterprise. Refer to the instructions on page 7 for each line item before making any entries.

Name and address of business enterprise

Employer identification number . . . . . ▶

Form of enterprise (corporation, partnership, trust, joint venture, sole proprietorship, etc.) . ▶

		(a) Voting stock (profits interest or beneficial interest)	(b) Value	(c) Nonvoting stock (capital interest)
1 Foundation holdings in business enterprise .	1	%	%	
2 Permitted holdings in business enterprise .	2	%	%	
3 Value of excess holdings in business enterprise	3			
4 Value of excess holdings disposed of within 90 days; or, other value of excess holdings not subject to section 4943 tax (attach explanation)	4			
5 Taxable excess holdings in business enterprise—line 3 minus line 4	5			
6 Tax—Enter 5%/10%* of line 5	6			
7 **Total tax**—Add amounts on line 6, columns (a), (b), and (c); enter total here and on page 1, Part I, line 2	7			

SCHEDULE D—Initial Taxes on Investments That Jeopardize Charitable Purpose (Section 4944)

Part I Investments and Tax Computation

N/A

(a) Investment number	(b) Date of investment	(c) Description of investment	(d) Amount of investment	(e) Initial tax on foundation (5%/10%* of col. (d))	(f) Initial tax on foundation managers (if applicable)—(lesser of $5,000/10,000* or 5%/10%* of col. (d))
1					
2					
3					
4					
5					
Total—column (e). Enter here and on page 1, Part I, line 3					
Total—column (f). Enter total (or prorated amount) here and in Part II, column (c), below . . .					

Part II Summary of Tax Liability of Foundation Managers and Proration of Payments

(a) Names of foundation managers liable for tax	(b) Investment no. from Part I, col. (a)	(c) Tax from Part I, col. (f), or prorated amount	(d) Manager's total tax liability (add amounts in col. (c)) (see page 9 of the instructions)

* For tax years beginning after 8/17/2006.

SCHEDULE E—Initial Taxes on Taxable Expenditures (Section 4945)

Part I Expenditures and Computation of Tax

(a) Item number	(b) Amount	(c) Date paid or incurred	(d) Name and address of recipient	(e) Description of expenditure and purposes for which made
1	5,000		SEE ATTACHED MEMO	
2				
3				
4				
5				

(f) Question number from Form 990-PF, Part VII-B, or Form 5227, Part VI-B, applicable to the expenditure	(g) Initial tax imposed on foundation (10%/20%* of col. (b))	(h) Initial tax imposed on foundation managers (if applicable)—(lesser of $5,000/$10,000* or 2½%/5%* of col. (b))
5a(4)	1,000	
Total—column (g). Enter here and on page 1, Part I, line 4	1,000	
Total—column (h). Enter total (or prorated amount) here and in Part II, column (c), below		0

Part II Summary of Tax Liability of Foundation Managers and Proration of Payments N/A

(a) Names of foundation managers liable for tax	(b) Item no. from Part I, col. (a)	(c) Tax from Part I, col. (h), or prorated amount	(d) Manager's total tax liability (add amounts in col. (c)) (see page 10 of the instructions)

SCHEDULE F—Initial Taxes on Political Expenditures (Section 4955) N/A

Part I Expenditures and Computation of Tax

(a) Item number	(b) Amount	(c) Date paid or incurred	(d) Description of political expenditure	(e) Initial tax imposed on organization or foundation (10% of col. (b))	(f) Initial tax imposed on managers (if applicable) (lesser of $5,000 or 2½% of col. (b))
1					
2					
3					
4					
5					
Total—column (e). Enter here and on page 1, Part I, line 5					
Total—column (f). Enter total (or prorated amount) here and in Part II, column (c), below					

Part II Summary of Tax Liability of Organization Managers or Foundation Managers and Proration of Payments

(a) Names of organization managers or foundation managers liable for tax	(b) Item no. from Part I, col. (a)	(c) Tax from Part I, col. (f), or prorated amount	(d) Manager's total tax liability (add amounts in col. (c)) (see page 11 of the instructions)

* For tax years beginning after 8/17/2006.

SCHEDULE G—Tax on Excess Lobbying Expenditures (Section 4911) N/A

1	Excess of grassroots expenditures over grassroots nontaxable amount (from Schedule A (Form 990 or 990-EZ), Part VI-A, column (b), line 43). (See page 11 of the instructions before making entry.)	1	
2	Excess of lobbying expenditures over lobbying nontaxable amount (from Schedule A (Form 990 or 990-EZ), Part VI-A, column (b), line 44). (See page 11 of the instructions before making entry.)	2	
3	Taxable lobbying expenditures—enter the larger of line 1 or line 2	3	
4	**Tax**—Enter 25% of line 3 here and on page 1, Part I, line 6	4	

SCHEDULE H—Taxes on Disqualifying Lobbying Expenditures (Section 4912) N/A

Part I Expenditures and Computation of Tax

(a) Item number	(b) Amount	(c) Date paid or incurred	(d) Description of lobbying expenditures	(e) Tax imposed on organization (5% of col. (b))	(f) Tax imposed on organization managers (if applicable)— (5% of col. (b))
1					
2					
3					
4					
5					

Total—column (e). Enter here and on page 1, Part I, line 7

Total—column (f). Enter total (or prorated amount) here and in Part II, column (c), below

Part II Summary of Tax Liability of Organization Managers and Proration of Payments

(a) Names of organization managers liable for tax	(b) Item no. from Part I, col. (a)	(c) Tax from Part I, col. (f), or prorated amount	(d) Manager's total tax liability (add amounts in col. (c)) (see page 12 of the instructions)

SCHEDULE I—Initial Taxes on Excess Benefit Transactions (Section 4958) N/A

Part I Excess Benefit Transactions and Tax Computation

(a) Transaction number	(b) Date of transaction	(c) Description of transaction
1		
2		
3		
4		
5		

(d) Amount of excess benefit	(e) Initial tax on disqualified persons (25% of col. (d))	(f) Tax on organization managers (if applicable) (lesser of $10,000/$20,000* or 10% of col. (d))

*For tax years beginning after 8/17/2006.

SCHEDULE I—Initial Taxes on Excess Benefit Transactions (Section 4958) *Continued*

Part II Summary of Tax Liability of Disqualified Persons and Proration of Payments

(a) Names of disqualified persons liable for tax	(b) Trans. no. from Part I, col. (a)	(c) Tax from Part I, col. (e), or prorated amount	(d) Disqualified person's total tax liability (add amounts in col. (c)) (see page 12 of the instructions)

Part III Summary of Tax Liability of 501(c)(3) & (4) Organization Managers and Proration of Payments

(a) Names of 501(c)(3) & (4) organization managers liable for tax	(b) Trans. no. from Part I, col. (a)	(c) Tax from Part I, col. (f), or prorated amount	(d) Manager's total tax liability (add amounts in col. (c)) (see page 13 of the instructions)

SCHEDULE J—Taxes on Being a Party to Prohibited Tax Shelter Transactions (Section 4965) N/A

Part I Prohibited Tax Shelter Transactions (PTST) and Tax Imposed on the Tax-Exempt Entity (see page 13 of the instructions)

(a) Transaction number	(b) Transaction date	(c) Type of transaction 1—Listed 2—Subsequently listed 3—Confidential 4—Contractual protection	(d) Description of transaction
1			
2			
3			
4			
5			

(e) Did the tax-exempt entity know or have reason to know this transaction was a PTST when entered? Answer **Yes** or **No**	(f) Net income attributable to the PTST	(g) 75% of proceeds attributable to the PTST	(h) Tax imposed on the tax-exempt entity (see page 13 of the instructions)
Total—column (h). Enter here and on page 1, Part I, line 9			

Part II Tax Imposed on Entity Managers (Section 4965) *Continued*

(a) Name of entity manager	(b) Transaction number from Part I, col. (a)	(c) Tax—enter $20,000 for each transaction listed in col. (b) for each manager in col. (a)	(d) Manager's total tax liability (add amounts in col. (c))

SCHEDULE K—Taxes on Taxable Distributions of Sponsoring Organizations Maintaining Donor Advised Funds (Section 4966) (see the instructions)

N/A

Part I Taxable Distributions and Tax Computation

(a) Item number	(b) Name of sponsoring organization and donor advised fund	(c) Description of distribution
1		
2		
3		
4		

(d) Date of distribution	(e) Amount of distribution	(f) Tax imposed on organization (20% of col. (e))	(g) Tax on fund managers (lesser of 5% of col. (e) or $10,000)
Total—column (f). Enter here and on page 1, Part I, line 10			
Total—column (g). Enter total (or prorated amount) here and in Part II, column (c), below			

Part II Summary of Tax Liability of Fund Managers and Proration of Payments

(a) Name of fund managers liable for tax	(b) Item no. from Part I, col. (a)	(c) Tax from Part I, col. (g) or prorated amount	(d) Manager's total tax liability (add amounts in col. (c)) (see instructions)

SCHEDULE L—Taxes on Prohibited Benefits Distributed From Donor Advised Funds (Section 4967)

(see instructions) N/A

Part I Prohibited Benefits and Tax Computation

(a) Item number	(b) Date of prohibited benefit	(c) Description of benefit
1		
2		
3		
4		
5		

(d) Amount of prohibited benefit	(e) Tax on prohibited benefit (125% of col. (d)) (see instructions)	(f) Tax on fund managers (if applicable) (lesser of 10% of col. (d) or $10,000) (see instructions)

Part II Summary of Tax Liability of Donors, Donor Advisors, Related Persons and Proration of Payments

(a) Names of donors, donor advisor, or related persons liable for tax	(b) Item no. from Part I, col. (a)	(c) Tax from Part I, col. (e) or prorated amount	(d) Donor, donor advisor, or related persons total tax liability (add amounts in col. (c)) (see instructions)

Part III Tax Liability of Fund Managers and Proration of Payments

(a) Names of fund managers liable for tax	(b) Item no. from Part I, col. (a)	(c) Tax from Part I, col. (f) or prorated amount	(d) Fund managers total tax liability (add amounts in col. (c)) (see instructions)

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

Signature of officer or trustee	Title SECRETARY TREASURER	Date 5-10-07

Signature (and organization or entity name if applicable) of manager, self-dealer, disqualified person, donor, donor advisor, or related person	Date

Signature (and organization or entity name if applicable) of manager, self-dealer, disqualified person, donor, donor advisor, or related person	Date

Signature (and organization or entity name if applicable) of manager, self-dealer, disqualified person, donor, donor advisor, or related person	Date

Signature of individual or firm preparing the return	Date

Address of preparer	( ) Phone number of preparer

MEMORANDUM

TO: Cindy H. McCain, Chairman of the Board and President

FROM: Thomas R. Holtrup, Secretary and Treasurer

DATE: April 2, 2007

RE: John and Cindy McCain Family Foundation - 2006 Contributions Paid

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In preparation of the Internal Revenue Service Information Return, Form 990-PF, for the John and Cindy McCain Family Foundation (the "Foundation"), I discovered that the Foundation inadvertently paid a contribution to an organization that is not a tax-exempt organization described in Section 509(a)(1), (a)(2) or (a)(3) or 4940(d)(2) of the Internal Revenue Code (the "Code").

On December 14, 2006, the Foundation made a $5,000 contribution to the Groscost Children Education Fund. The contribution was mailed in care of High Ground to P.O. Box 1145, Phoenix, Arizona 85001. At the time the contribution was made, we understood that the Groscost Children Education Fund was a tax-exempt, educational organization described in the Code sections identified above. We reasonably believed that, based on the name and intent of the organization, that it was established as a general scholarship fund in memory of Mr. Jeffrey Groscost, whose untimely death at the age of 45 occurred in November 2006. Because of the holiday season, the unexpected circumstances of Mr. Groscost's death and the desire to support this fund, the Foundation did not, at the time the contribution was made, conduct its usual verification of the exempt status of the organization. I recently discovered that the Groscost Children Education Fund is not recognized as a tax-exempt organization and, rather than a general education fund, is one intended to provide for the education of Mr. Groscost's six children who survived his sudden death.

Because of our reasonable mistake in this regard, the contribution to the Groscost Children Education Fund is not considered a "qualified distribution" for purposes of determining whether the Foundation has satisfied the minimum distribution requirement. Nevertheless, the Foundation has well exceeded the minimum distribution requirement for 2006 by making qualified distributions of more than 50 times the minimum required amount.

Further, the contribution to the Groscost Children Education Fund is a "taxable expenditure" of the Foundation, which will be taxed at 20% of the amount paid. Therefore, the Foundation is required to pay to the Internal Revenue Service a tax of $1,000 when it files the Form 990-PF. If the taxable expenditure is not immediately corrected, an additional tax will be imposed.

Although not required of you, I recommend that you and Mr. McCain promptly make a payment to the Foundation in the amount of $6,000 to correct the error and make the Foundation whole for the taxable expenditure and the taxes paid. Of course, no charitable deduction is permitted for this payment, but your payment will allow for the contribution to continue to benefit the Groscost Children Education Fund and the six surviving children of Mr. Groscost.

We look forward to receiving the correction amount.