

Return of Organization Exempt From Income Tax

2005

Open to Public Inspection

Department of the Treasury Internal Revenue Service

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

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

A For the 2005 calendar year, or tax year beginning 2005, and ending

- B Check if applicable: Address change, Name change, Initial return, Final return, Amended return, Application pending

CONSUMER EDUCATION FOUNDATION
4182 BECK AVE.
STUDIO CITY, CA 91604

D Employer Identification Number: 95-4720268
E Telephone number: 818-980-0340
F Accounting method: X Cash

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

- H (a) Is this a group return for affiliates?
H (b) If 'Yes,' enter number of affiliates
H (c) Are all affiliates included?
H (d) Is this a separate return filed by an organization covered by a group ruling?
I Group Exemption Number
M Check if the organization is not required to attach Schedule B

G Web site: N/A

J Organization type: X 501(c) 4 (insert no) 4947(a)(1) or 527

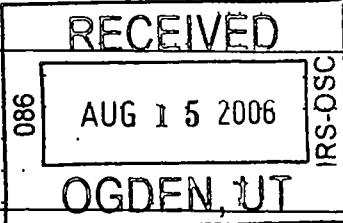
K Check here if the organization's gross receipts are normally not more than \$25,000

L Gross receipts: Add lines 6b, 8b, 9b, and 10b to line 12: 1,326,149.

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

Table with 21 rows and 3 columns: Description, Amount, and Total. Includes sections for Revenue (lines 1-12), Expenses (lines 13-17), and Net Assets (lines 18-21).

SCANNED SEP 05 2006



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Part II Statement of Functional Expenses All organizations must complete column (A) Columns (B), (C), and (D) are required for section 501(c)(3) and (4) organizations and section 4947(a)(1) nonexempt charitable trusts but optional for others

Do not include amounts reported on line 6b, 8b, 9b, 10b, or 16 of Part I.		(A) Total	(B) Program services	(C) Management and general	(D) Fundraising
22 Grants and allocations (att sch) (cash \$ 200,000. non-cash \$ _____) If this amount includes foreign grants, check here <input type="checkbox"/>	22	200,000.	200,000.		
23 Specific assistance to individuals (att sch)	23				
24 Benefits paid to or for members (att sch)	24				
25 Compensation of officers, directors, etc	25	100,000.	95,000.	5,000.	0.
26 Other salaries and wages	26				
27 Pension plan contributions	27				
28 Other employee benefits	28	9,670.	9,187.	483.	
29 Payroll taxes	29	7,327.	6,961.	366.	
30 Professional fundraising fees	30				
31 Accounting fees	31	3,750.		3,750.	
32 Legal fees	32	369.	369.		
33 Supplies	33				
34 Telephone	34	75.		75.	
35 Postage and shipping	35	181.		181.	
36 Occupancy	36				
37 Equipment rental and maintenance	37				
38 Printing and publications	38				
39 Travel	39				
40 Conferences, conventions, and meetings	40	281.		281.	
41 Interest	41				
42 Depreciation, depletion, etc (attach schedule)	42	2,157.		2,157.	
43 Other expenses not covered above (itemize).					
a SEE STATEMENT 2	43a	37,495.	2,017.	35,478.	
b	43b				
c	43c				
d	43d				
e	43e				
f	43f				
g	43g				
44 Total functional expenses. Add lines 22 through 43 (Organizations completing columns (B) - (D), carry these totals to lines 13 - 15).	44	361,305.	313,534.	47,771.	0.

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

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

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Part III Statement of Program Service Accomplishments

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

What is the organization's primary exempt purpose? ▶ <u>SEE ATTACHED STATEMENT 5.</u> All organizations must describe their exempt purpose achievements in a clear and concise manner. State the number of clients served, publications issued, etc. Discuss achievements that are not measurable (Section 501(c)(3) and (4) organizations and 4947(a)(1) nonexempt charitable trusts must also enter the amount of grants and allocations to others)	Program Service Expenses (Required for 501(c)(3) and (4) organizations and 4947(a)(1) trusts, but optional for others)
a <u>TO EDUCATE THE PUBLIC AND ADVOCATE THE PUBLIC INTEREST IN THE PROPER CONVERSION OF POLICYHOLDER-OWNED (MUTUAL) INSURANCE COMPANIES TO FOR-PROFIT (STOCK) INSURANCE COMPANIES. SEE STATEMENT 5.</u> ----- ----- (Grants and allocations \$ 100,000.) If this amount includes foreign grants, check here ▶ <input type="checkbox"/>	118,202.
b <u>TO EDUCATE THE PUBLIC AND ADVOCATE THE PUBLIC INTEREST IN PARTICIPATION OF PUBLIC PROCESSES AND DEMOCRATIC INSTITUTIONS. SEE STATEMENT 5.</u> ----- ----- (Grants and allocations \$ 100,000.) If this amount includes foreign grants, check here ▶ <input type="checkbox"/>	177,774.
c <u>TO PROVIDE THE PUBLIC WITH CONSUMER INFORMATION AND ANALYSIS OF PUBLIC POLICY ISSUES. SEE STATEMENT 5.</u> ----- ----- (Grants and allocations \$) If this amount includes foreign grants, check here ▶ <input type="checkbox"/>	17,558.
d ----- ----- (Grants and allocations \$) If this amount includes foreign grants, check here ▶ <input type="checkbox"/>	
e Other program services (Grants and allocations \$) If this amount includes foreign grants, check here ▶ <input type="checkbox"/>	
f Total of Program Service Expenses (should equal line 44, column (B), Program services) ▶	313,534.

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Part IV Balance Sheets (See Instructions)

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

		(A) Beginning of year		(B) End of year
ASSETS	45 Cash – non-interest-bearing		45	
	46 Savings and temporary cash investments	286,374.	46	59,589.
	47 a Accounts receivable	47 a		
	b Less: allowance for doubtful accounts	47 b	47 c	
	48 a Pledges receivable	48 a		
	b Less: allowance for doubtful accounts	48 b	48 c	
	49 Grants receivable		49	
	50 Receivables from officers, directors, trustees, and key employees (attach schedule)		50	
	51 a Other notes & loans receivable (attach sch)	51 a		
	b Less: allowance for doubtful accounts	51 b	51 c	
	52 Inventories for sale or use		52	
	53 Prepaid expenses and deferred charges		53	
	54 Investments – securities (attach schedule) SEE ST 3 <input checked="" type="checkbox"/> Cost <input type="checkbox"/> FMV	3,282,990.	54	3,442,595.
	55 a Investments – land, buildings, & equipment: basis	55 a		
b Less: accumulated depreciation (attach schedule)	55 b	55 c		
56 Investments – other (attach schedule)		56		
57 a Land, buildings, and equipment: basis	57 a	19,680.		
b Less: accumulated depreciation (attach schedule) STATEMENT 4	57 b	13,553.	57 c	
58 Other assets (describe ▶ _____)		6,424.	58	6,127.
59 Total assets (must equal line 74) Add lines 45 through 58		3,575,788.	59	3,508,311.
LIABILITIES	60 Accounts payable and accrued expenses		60	
	61 Grants payable		61	
	62 Deferred revenue		62	
	63 Loans from officers, directors, trustees, and key employees (attach schedule)		63	
	64 a Tax-exempt bond liabilities (attach schedule)		64 a	
	b Mortgages and other notes payable (attach schedule)		64 b	
	65 Other liabilities (describe ▶ _____)		65	
66 Total liabilities. Add lines 60 through 65		0.	66	0.
NET ASSETS OR FUND BALANCES	Organizations that follow SFAS 117, check here <input type="checkbox"/> and complete lines 67 through 69 and lines 73 and 74			
	67 Unrestricted		67	
	68 Temporarily restricted		68	
	69 Permanently restricted		69	
	Organizations that do not follow SFAS 117, check here <input checked="" type="checkbox"/> and complete lines 70 through 74.			
	70 Capital stock, trust principal, or current funds		70	
	71 Paid-in or capital surplus, or land, building, and equipment fund		71	
	72 Retained earnings, endowment, accumulated income, or other funds	3,575,788.	72	3,508,311.
	73 Total net assets or fund balances (add lines 67 through 69 or lines 70 through 72, column (A) must equal line 19; column (B) must equal line 21)	3,575,788.	73	3,508,311.
74 Total liabilities and net assets/fund balances. Add lines 66 and 73	3,575,788.	74	3,508,311.	

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Form 990 (2005)

Part IV-A Reconciliation of Revenue per Audited Financial Statements with Revenue per Return (See instructions.)

a	Total revenue, gains, and other support per audited financial statements		a	N/A
b	Amounts included on line a but not on Part I, line 12.			
	1 Net unrealized gains on investments	b1		
	2 Donated services and use of facilities	b2		
	3 Recoveries of prior year grants	b3		
	4 Other (specify) _____	b4		
	Add lines b1 through b4		b	
c	Subtract line b from line a		c	
d	Amounts included on Part I, line 12, but not on line a :			
	1 Investment expenses not included on Part I, line 6b	d1		
	2 Other (specify) _____	d2		
	Add lines d1 and d2		d	
e	Total revenue (Part I, line 12) Add lines c and d		e	

Part IV-B Reconciliation of Expenses per Audited Financial Statements with Expenses per Return

a	Total expenses and losses per audited financial statements		a	N/A
b	Amounts included on line a but not on Part I, line 17			
	1 Donated services and use of facilities	b1		
	2 Prior year adjustments reported on Part I, line 20	b2		
	3 Losses reported on Part I, line 20	b3		
	4 Other (specify) _____	b4		
	Add lines b1 through b4		b	
c	Subtract line b from line a		c	
d	Amounts included on Part I, line 17, but not on line a :			
	1 Investment expenses not included on Part I, line 6b	d1		
	2 Other (specify) _____	d2		
	Add lines d1 and d2		d	
e	Total expenses (Part I, line 17) Add lines c and d		e	

Part V-A Current Officers, Directors, Trustees, and Key Employees (List each person who was an officer, director, trustee, or key employee at any time during the year even if they were not compensated.) (See the instructions.)

(A) Name and address	(B) Title and average hours per week devoted to position	(C) Compensation (if not paid, enter -0-)	(D) Contributions to employee benefit plans and deferred compensation plans	(E) Expense account and other allowances
HARVEY ROSENFELD P.O. BOX 1980 SANTA MONICA, CA 90406	PRESIDENT 35	100,000.	0.	9,670.
JAY ANGOFF 216 EAST MCCARTY STREET JEFFERSON CITY, MO 65101	DIRECTOR 0	0.	0.	0.
JOHN PHILLIPS 2000 MASSACHUSETTS AVE NW FL 1 WASHINGTON, DC 20036	DIRECTOR 0	0.	0.	0.
ANN CARLSON 405 HILGARD, BOX 951476 LOS ANGELES, CA 90065	DIRECTOR 0	0.	0.	0.
J ROBERT HUNTER 2202 NORTH 24TH ST ARLINGTON, VA 22207	DIRECTOR 0	0.	0.	0.
KATHERINE SPILLAR 433 S. BEVERLY DRIVE BEVERLY HILLS, CA 90212	DIRECTOR 0	0.	0.	0.

Part VI Other Information (continued)		Yes	No
82 a Did the organization receive donated services or the use of materials, equipment, or facilities at no charge or at substantially less than fair rental value?	82 a	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b If 'Yes,' you may indicate the value of these items here. Do not include this amount as revenue in Part I or as an expense in Part II. (See instructions in Part III.)	82 b	N/A	
83 a Did the organization comply with the public inspection requirements for returns and exemption applications?	83 a	<input checked="" type="checkbox"/>	<input type="checkbox"/>
b Did the organization comply with the disclosure requirements relating to quid pro quo contributions?	83 b	<input checked="" type="checkbox"/>	<input type="checkbox"/>
84 a Did the organization solicit any contributions or gifts that were not tax deductible?	84 a	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b If 'Yes,' did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	84 b	N/A	
85 501(c)(4), (5), or (6) organizations. a Were substantially all dues nondeductible by members?	85 a	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b Did the organization make only in-house lobbying expenditures of \$2,000 or less? If 'Yes' was answered to either 85a or 85b, do not complete 85c through 85h below unless the organization received a waiver for proxy tax owed for the prior year.	85 b	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c Dues, assessments, and similar amounts from members	85 c	0.	
d Section 162(e) lobbying and political expenditures	85 d	0.	
e Aggregate nondeductible amount of section 6033(e)(1)(A) dues notices	85 e	0.	
f Taxable amount of lobbying and political expenditures (line 85d less 85e)	85 f	0.	
g Does the organization elect to pay the section 6033(e) tax on the amount on line 85f?	85 g	N/A	
h If section 6033(e)(1)(A) dues notices were sent, does the organization agree to add the amount on line 85f to its reasonable estimate of dues allocable to nondeductible lobbying and political expenditures for the following tax year?	85 h	N/A	
86 501(c)(7) organizations Enter: a Initiation fees and capital contributions included on line 12	86 a	N/A	
b Gross receipts, included on line 12, for public use of club facilities	86 b	N/A	
87 501(c)(12) organizations Enter: a Gross income from members or shareholders	87 a	N/A	
b Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)	87 b	N/A	
88 At any time during the year, did the organization own a 50% or greater interest in a taxable corporation or partnership, or an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? If 'Yes,' complete Part IX	88	<input type="checkbox"/>	<input checked="" type="checkbox"/>
89 a 501(c)(3) organizations Enter: Amount of tax imposed on the organization during the year under section 4911 ▶ <u>N/A</u> ; section 4912 ▶ <u>N/A</u> ; section 4955 ▶ <u>N/A</u>	89 a	<input type="checkbox"/>	<input type="checkbox"/>
b 501(c)(3) and 501(c)(4) organizations Did the organization engage in any section 4958 excess benefit transaction during the year or did it become aware of an excess benefit transaction from a prior year? If 'Yes,' attach a statement explaining each transaction	89 b	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c Enter: Amount of tax imposed on the organization managers or disqualified persons during the year under sections 4912, 4955, and 4958	89 c	0.	
d Enter: Amount of tax on line 89c, above, reimbursed by the organization	89 d	0.	
90 a List the states with which a copy of this return is filed ▶ <u>CA</u>			
b Number of employees employed in the pay period that includes March 12, 2005 (See instructions)	90 b	0	
91 a The books are in care of ▶ <u>PAMELA KAIZER</u> Telephone number ▶ <u>(818) 980-0340</u> Located at ▶ <u>4182 BECK AVENUE, STUDIO CITY, CA,</u> ZIP + 4 ▶ <u>91604</u>			
b At any time during the calendar year, did the organization have an interest in or a signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account)? If 'Yes,' enter the name of the foreign country ▶ _____	91 b	<input type="checkbox"/>	<input checked="" type="checkbox"/>
See the instructions for exceptions and filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Statements			
c At any time during the calendar year, did the organization maintain an office outside of the United States? If 'Yes,' enter the name of the foreign country ▶ _____	91 c	<input type="checkbox"/>	<input checked="" type="checkbox"/>
92 Section 4947(a)(1) nonexempt charitable trusts filing Form 990 in lieu of Form 1041 - Check here and enter the amount of tax-exempt interest received or accrued during the tax year	92	N/A <input type="checkbox"/>	

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**Depreciation and Amortization
(Including Information on Listed Property)**

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

Name(s) shown on return

CONSUMER EDUCATION FOUNDATION

Identifying number

95-4720268

Business or activity to which this form relates

FORM 990/990-PF

Part I Election To Expense Certain Property Under Section 179

Note: If you have any listed property, complete Part V before you complete Part I

1	Maximum amount. See the instructions for a higher limit for certain businesses	1	\$105,000.
2	Total cost of section 179 property placed in service (see instructions)	2	
3	Threshold cost of section 179 property before reduction in limitation	3	\$420,000.
4	Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-	4	
5	Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see instructions	5	
6	(a) Description of property	(b) Cost (business use only)	(c) Elected cost
7	Listed property. Enter the amount from line 29	7	
8	Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7	8	
9	Tentative deduction. Enter the smaller of line 5 or line 8	9	
10	Carryover of disallowed deduction from line 13 of your 2004 Form 4562	10	
11	Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instrs)	11	
12	Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11	12	
13	Carryover of disallowed deduction to 2006. Add lines 9 and 10, less line 12	13	

Note: Do not use Part II or Part III below for listed property. Instead, use Part V.

Part II Special Depreciation Allowance and Other Depreciation (Do not include listed property) (See instructions)

14	Special allowance for certain aircraft, certain property with a long production period, and qualified New York Liberty or GO Zone property (other than listed property) placed in service during the tax year (see instrs)	14	
15	Property subject to section 168(f)(1) election	15	
16	Other depreciation (including ACRS)	16	2,157.

Part III MACRS Depreciation (Do not include listed property) (See instructions)

Section A

17	MACRS deductions for assets placed in service in tax years beginning before 2005	17	
18	If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here <input type="checkbox"/>		

Section B - Assets Placed in Service During 2005 Tax Year Using the General Depreciation System

(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only - see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
19a 3-year property						
b 5-year property						
c 7-year property						
d 10-year property						
e 15-year property						
f 20-year property						
g 25-year property			25 yrs		S/L	
h Residential rental property			27.5 yrs	MM	S/L	
i Nonresidential real property			27.5 yrs	MM	S/L	
			39 yrs	MM	S/L	
				MM	S/L	

Section C - Assets Placed in Service During 2005 Tax Year Using the Alternative Depreciation System

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

Part IV Summary (see instructions)

21	Listed property. Enter amount from line 28	21	
22	Total. Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21. Enter here and on the appropriate lines of your return. Partnerships and S corporations - see instructions	22	2,157.
23	For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs	23	

STATEMENT 1
FORM 990, PART I, LINE 8
NET GAIN (LOSS) FROM NONINVENTORY SALES

PUBLICLY TRADED SECURITIES

GROSS SALES PRICE: 1,216,903.
 COST OR OTHER BASIS: 1,032,321.

TOTAL GAIN (LOSS) PUBLICLY TRADED SECURITIES \$ 184,582.

TOTAL NET GAIN (LOSS) FROM NONINVENTORY SALES \$ 184,582.

STATEMENT 2
FORM 990, PART II, LINE 43
OTHER EXPENSES

	(A)	(B)	(C)	(D)
	TOTAL	PROGRAM SERVICES	MANAGEMENT & GENERAL	FUNDRAISING
ADMINISTRATIVE CONSULTING	5,619.		5,619.	
BANK CHARGES	110.		110.	
INSURANCE	4,035.	2,017.	2,018.	
INVESTMENT COUNSELLOR	25,685.		25,685.	
OFFICE EXPENSE	2,011.		2,011.	
TAXES AND LICENSES	35.		35.	
TOTAL	\$ <u>37,495.</u>	\$ <u>2,017.</u>	\$ <u>35,478.</u>	\$ <u>0.</u>

STATEMENT 3
FORM 990, PART IV, LINE 54
INVESTMENTS - SECURITIES

<u>OTHER PUBLICLY TRADED SECURITIES</u>	<u>VALUATION METHOD</u>	<u>AMOUNT</u>
TOTAL OTHER PUBLICLY TRADED SECURITIES	COST	\$ 3,442,595.
	TOTAL	\$ <u>3,442,595.</u>

TOTAL INVESTMENTS - SECURITIES \$ 3,442,595.

STATEMENT 4
FORM 990, PART IV, LINE 57
LAND, BUILDINGS, AND EQUIPMENT

<u>CATEGORY</u>	<u>BASIS</u>	<u>ACCUM. DEPREC.</u>	<u>BOOK VALUE</u>
MACHINERY AND EQUIPMENT	\$ 19,680.	\$ 13,553.	\$ 6,127.
TOTAL	<u>\$ 19,680.</u>	<u>\$ 13,553.</u>	<u>\$ 6,127.</u>

Consumer Education Foundation
EIN 95-4720268
For Year Ended 12/31/2005

Statement 5
Form 990, Part III

During 2005, the CEF supported two major outside projects consistent with its goal of utilizing the Foundation's resources so as maximize the impact of its financial support. The CEF also commenced development of an internet-based information project.

1. Mutual Insurance Company Conversions.

In contrast to its origins as a cooperative risk-pooling mechanism, the modern insurance industry is dominated by for-profit, stockholder-controlled companies. There remain, however, a number of companies, known as "mutuals," which are policyholder owned and controlled. Faced with heightened competition in the financial services marketplace and in a time of excessive executive compensation, many mutual insurance companies sought to alter their legal status in the 1990s to become stock companies. A critical question is the impact of conversions on the ownership rights of mutual policyholder-owners. Some mutual insurance companies have sought to employ corporate restructuring strategies in order to avoid paying full compensation to their policyholder-owners.

During 2005, CEF provided financial assistance to the Center for Insurance Research ("CIR"), based in Cambridge, Massachusetts, to protect the ownership rights of mutual insurance company policyholders. The CEF grant supports the following CIR programs:

- Public education and grassroots organizing to inform the public, policyholders, and employees of mutual insurers. The Center spoke in public forums about the harmful impact of mutual conversions and assisted coalitions in opposing improper conversions.
- The Center continued to re-design its website and develop additional database tools to provide more information to the public, including development of tools to assist life insurance policyholders in locating "lost" or abandoned life insurance policies that belonged to a deceased relative.
- Litigation challenging the conversion plans of several mutual insurance companies in order to protect billions of dollars of policyholder surplus.
- Research regarding the misconduct of insurance holding company systems that exchange business between "affiliated" stock and mutual entities.
- Researching, developing and drafting educational materials for life insurance policyholders about unclaimed demutualization funds.
- CIR's continuing advocacy on public policy issues, ranging from public access to insurance company financial statements to increasing the accountability of the National Association of Insurance Commissioners, among other things.

Consumer Education Foundation
EIN 95-4720268
For Year Ended 12/31/2005

Statement 5
Form 990, Part III

During the grant period, the CIR reported success in key efforts supported by the CEF to protect the rights of policyholders of mutual insurers through litigation challenging the terms of conversions of mutual to stock insurance companies.

Grantee: Center for Insurance Research
Amount: \$100,000.
Address: 1130 Massachusetts Ave., Cambridge, MA 02138
Contacts: Stephen D'Amato, Executive Director
Brendan M. Bridgeland, Policy Director

2. Public Education and Participation

The CEF has provided ongoing support for a new model of public participation that encourages Americans to participate more directly and deeply in public processes and democratic institutions. With the assistance of the CEF, the California-based Oaks Project, operating under the aegis of the Foundation for Taxpayer and Consumer Rights, the Oaks Project has developed and expanded an innovative citizen participation model that engaged in recruitment, training, legislative advocacy, grassroots campaigning, and public education. It reported the following activities:

Educating and activating citizens online. In 2005, the Oaks Project focused much effort on overhauling the new Consumerwatchdog.org Internet portal for e-advocacy and Internet advocacy. Through the website, the Project educates the public about corporate and political accountability efforts of the organization and provides tools for citizens to get involved in important public debates concerning corporate and political reform issues. The website was unveiled July 6th and produced remarkable increases in public participation, in conjunction with a high profile media campaign to draw members of the public to the website. The ConsumerWatchdog.org website, which is the main portal for Oaks Project activities and has been funded in large part by the CEF grant, saw a 1200% increase in internet traffic over 2004.

The significant increase in Internet usage and email subscription show the impact of our e-activist efforts. The new web site reflects a more than 200% jump in email subscriptions. Those subscribers receive regular alerts, and educational opportunities to watch new Internet videos and animation at Consumerwatchdog.org, then contact their public officials with a letter or fax written on-line. Roughly 20% of those e-activists educated through the videos took action to write a public official.

Consumer Education Foundation
EIN 95-4720268
For Year Ended 12/31/2005

Statement 5
Form 990, Part III

Defending and Expanding Conflict of Interest Laws. The Oaks Project won a four-year court battle to uphold the nation's toughest conflict of interest rules for city officials when the California Supreme Court refused to reopen cases challenging two voter-approved ballot initiatives passed by Oaks volunteers. The Supreme Court refused to review a January 2005 Court of Appeal decision to dismiss cases brought against the law by the cities of Santa Monica and Pasadena.

The Pasadena City Council appointed a task force created to examine the Pasadena law. Oaks Project staff organized Pasadena citizens to attend council meetings, as well as hearings of the task force, and testify in support of the measure and good government reform. The Project staff generated news coverage of the court decision and task force meetings in the Los Angeles Times, the Pasadena Star-News and Pasadena Weekly, and on Adelphia cable network's public affairs show, Week in Review. As a result of the Project's influence of over Task Force's deliberations, Pasadena is also well on its way toward full implementation of the Taxpayer Protection Amendment, and the city is likely to become a model for implementation in other locales.

Public Education on California Administration. A significant use of the Oaks grant during 2005 was the publication of a web site, Arnoldwatch.org, to monitor the administration of California Governor Arnold Schwarzenegger. With this web site, the Oaks Project pioneered a new model for grassroots education and enabling the public to both better understand, and participate in, the workings of government. The web site is a resource for voters, opinion leaders, reporters and public officials.

Grantee: Oaks Project, c/o Foundation for Taxpayer and Consumer Rights
Amount: \$100,000
Address: 1750 Ocean Park #200, Santa Monica, CA 90405
Contact: Jamie Court, President

3. CEF Internet Project

In addition to the grants described above, CEF staff also internally developed web materials to provide the public with consumer information and analysis of public policy issues.

***** End of Statement 5 *****

CONSUMER EDUCATION FOUNDATION
(EIN 95-4720268)
Grants and Allocations
For the Year Ended 12/31/2005

Schedule to Form 990, Part II, Line 22
Grants and Allocations

<u>Donee and Address</u>	<u>Activity</u>	<u>Amount Given</u>
Center for Insurance Research 1130 Massachusetts Avenue Cambridge, MA 02138	See details under "Mutual Insurance Company Conversions" in Statement 5	\$ 100,000
Foundation for Taxpayers and Consumer Rights 1750 Ocean Park Blvd., #200 Santa Monica, CA 90405	See details under "Public Education and Participation" in Statement 5	100,000
Total Amount Given in 2005		<u>\$ 200,000</u>

CONSUMER EDUCATION FOUNDATION
(EIN 95-4720268)
Investment Securities
For the Year Ended 12/31/2005

Schedule to Form 990, Part IV, Line 54
Investments - Securities

	<u>Beginning of Year</u>	<u>End of Year</u>
Bond Funds		
Northeast Investors	\$ 170,591	\$ -
Pimco Foreign Bond Fund	150,636	146,997
Pimco Low Duration Fund	378,266	370,380
Pimco Total Return	229,273	222,496
Total Bond Funds	<u>928,766</u>	<u>739,873</u>
Equity Funds		
Allianz CCM Emerging Companies Inst't CI	165,922	148,170
Artisan Int'l Fund	135,749	136,840
Calamos Growth Fund CI A	140,959	135,082
Caldwell & Orkin Market Opportunity Fund	164,969	-
Chesapeake Core Growth Fund	-	251,074
Cohen & Steers Realty	165,204	150,744
Dodge & Cox Stock Fund	218,205	213,970
Fidelity Adv Equity Growth Fund CI I	217,200	-
Hussman Strategic Growth	-	227,411
ICM Small-Cap Company Portfolio Inst'l CI	152,376	127,688
Ivy Global Natural Resources Fund CI A	133,126	251,353
JP Morgan Mid-Cap Value Fund Inst'l Shares	142,416	118,988
Merger Fund	168,849	181,896
Morgan Stanley Inst'l Emerging Markets	78,951	62,246
Morgan Stanley Inst'l International Equity	151,717	167,816
Pimco All Asset Fund Inst'l CI	-	229,115
Selected American Shares	210,118	211,932
Tweedy Browne Global Value Fund	108,463	88,397
Total Equity Funds	<u>2,354,224</u>	<u>2,702,722</u>
	<u>\$ 3,282,990</u>	<u>\$ 3,442,595</u>