

Form 990

## Return of Organization Exempt From Income Tax

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

OMB No 1545-0047

2006

Open to Public  
Inspection

A For the 2006 calendar year, or tax year beginning 08-01-2006 and ending 07-31-2007

B Check if applicable

Address change

Name change

Initial return

Final return

Amended return

Application pending

Please use IRS label or print or type. See Specific Instructions.	C Name of organization THE MS HERSHEY FOUNDATION	D Employer identification number 23-6242734
	Number and street (or P O box if mail is not delivered to street address) PO Box 445	E Telephone number (717) 534-3225
	City or town, state or country, and ZIP + 4 Hershey, PA 17033	F Accounting method <input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual <input type="checkbox"/> Other (specify) ►

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

G Web site: ► www.mshersheyfoundation.org

J Organization type (check only one) ►  501(c) (3) (insert no)  4947(a)(1) or  527K Check here ►  if the organization is not a 509(a)(3) supporting organization and its gross receipts are normally not more than 25,000. A return is not required, but if the organization chooses to file a return, be sure to file a complete return

L Gross receipts Add lines 6b, 8b, 9b, and 10b to line 12 ► 12,410,984

H and I are not applicable to section 527 organizations

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

H(b) If "Yes" enter number of affiliates ► \_\_\_\_\_

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

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

I Group Exemption Number ► \_\_\_\_\_

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

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

1	Contributions, gifts, grants, and similar amounts received		
a	Contributions to donor advised funds	1a	
b	Direct public support (not included on line 1a)	1b	315,399
c	Indirect public support (not included on line 1a)	1c	
d	Government contributions (grants) (not included on line 1a)	1d	181,746
e	<b>Total</b> (add lines 1a through 1d) (cash \$ 490,550 noncash \$ 6,595 )	1e	497,145
2	Program service revenue including government fees and contracts (from Part VII, line 93)	2	4,806,019
3	Membership dues and assessments	3	168,885
4	Interest on savings and temporary cash investments	4	102,771
5	Dividends and interest from securities	5	773,549
6a	Gross rents	6a	
b	Less rental expenses	6b	
c	Net rental income or (loss) subtract line 6b from line 6a	6c	
7	Other investment income (describe ► )	7	
8a	Gross amount from sales of assets	(A) Securities	(B) Other
	other than inventory	8a	
b	Less cost or other basis and sales expenses	8b	
c	Gain or (loss) (attach schedule)	8c	
d	Net gain or (loss) Combine line 8c, columns (A) and (B)	8d	1,713,189
9	Special events and activities (attach schedule) If any amount is from gaming, check here ► <input type="checkbox"/>	9c	
a	Gross revenue (not including \$ _____ of contributions reported on line 1b)	9a	
b	Less direct expenses other than fundraising expenses	9b	
c	Net income or (loss) from special events Subtract line 9b from line 9a	9c	
10a	Gross sales of inventory, less returns and allowances	10a	
b	Less cost of goods sold	10b	
c	Gross profit or (loss) from sales of inventory (attach schedule) Subtract line 10b from line 10a	10c	
11	Other revenue (from Part VII, line 103)	11	
12	<b>Total revenue</b> Add lines 1e, 2, 3, 4, 5, 6c, 7, 8d, 9c, 10c, and 11	12	8,061,558
13	Program services (from line 44, column (B))	13	7,078,558
14	Management and general (from line 44, column (C))	14	702,309
15	Fundraising (from line 44, column (D))	15	64,662
16	Payments to affiliates (attach schedule)	16	
17	<b>Total expenses</b> Add lines 16 and 44, column (A)	17	7,845,529
18	Excess or (deficit) for the year Subtract line 17 from line 12	18	216,029
19	Net assets or fund balances at beginning of year (from line 73, column (A))	19	36,711,670
20	Other changes in net assets or fund balances (attach explanation) ►	20	3,395,854
21	Net assets or fund balances at end of year Combine lines 18, 19, and 20	21	40,323,553

**Part II Statement of Functional Expenses**

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

Do not include amounts reported on line 6b, 8b, 9b, 10b, or 16 of Part I.		(A) Total	(B) Program services	(C) Management and general	(D) Fundraising	
<b>22a</b>	Grants paid from donor advised funds (attach Schedule) (cash \$0 noncash \$0 ) If this amount includes foreign grants, check here <input checked="" type="checkbox"/>	<b>22a</b>				
<b>22b</b>	Other grants and allocations (attach schedule) (cash \$0 noncash \$0 ) If this amount includes foreign grants, check here <input checked="" type="checkbox"/>	<b>22b</b>				
<b>23</b>	Specific assistance to individuals (attach schedule)	<b>23</b>				
<b>24</b>	Benefits paid to or for members (attach schedule)	<b>24</b>				
<b>25a</b>	Compensation of current officers, directors, key employees etc Listed in Part V-A (attach schedule) . . . . .	<b>25a</b>	109,943	109,943		
<b>b</b>	Compensation of former officers, directors, key employees etc listed in Part V-B (attach schedule) . . . . .	<b>25b</b>				
<b>c</b>	Compensation and other distributions not included above to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B) (attach schedule)	<b>25c</b>				
<b>26</b>	Salaries and wages of employees not included on lines 25a, b and c . . . . .	<b>26</b>	1,756,772	1,670,564	86,208	
<b>27</b>	Pension plan contributions not included on lines 25a, b and c . . . . .	<b>27</b>	254,441	229,921	24,520	
<b>28</b>	Employee benefits not included on lines 25a - 27 . . . . .	<b>28</b>	437,143	402,622	34,521	
<b>29</b>	Payroll taxes . . . . .	<b>29</b>	195,684	179,383	16,301	
<b>30</b>	Professional fundraising fees . . . . .	<b>30</b>				
<b>31</b>	Accounting fees . . . . .	<b>31</b>	101,071	101,071		
<b>32</b>	Legal fees . . . . .	<b>32</b>	32,833	32,833		
<b>33</b>	Supplies . . . . .	<b>33</b>	57,956	53,355	4,601	
<b>34</b>	Telephone . . . . .	<b>34</b>	14,283	8,697	5,586	
<b>35</b>	Postage and shipping . . . . .	<b>35</b>	46,499	37,656	8,843	
<b>36</b>	Occupancy . . . . .	<b>36</b>	611,290	477,675	133,615	
<b>37</b>	Equipment rental and maintenance . . . . .	<b>37</b>	60,473	58,038	2,435	
<b>38</b>	Printing and publications . . . . .	<b>38</b>	49,365	48,606	759	
<b>39</b>	Travel . . . . .	<b>39</b>	129,955	128,374	1,581	
<b>40</b>	Conferences, conventions, and meetings . . . . .	<b>40</b>	25,379	14,465	10,914	
<b>41</b>	Interest . . . . .	<b>41</b>				
<b>42</b>	Depreciation, depletion, etc (attach schedule)	<b>42</b>	554,056	542,687	11,369	
<b>43</b>	Other expenses not covered above (itemize)	<b>43a</b>	485,513	457,950	27,563	
<b>a</b>	ADVERTISING	<b>43b</b>	1,900,778	1,900,778		
<b>b</b>	COST OF ATTRACTIONS	<b>43c</b>	192,192	192,192		
<b>c</b>	COST OF MERCHANDISE SALES	<b>43d</b>	295,840	275,092	20,748	
<b>d</b>	CONTRACTED SERVICES	<b>43e</b>	55,579		55,579	
<b>e</b>	FUNDRAISING	<b>43f</b>	478,484	400,503	68,898	
<b>f</b>	OTHER EXPENSES	<b>43g</b>			9,083	
<b>g</b>						
<b>44</b>	<b>Total functional expenses.</b> Add lines 22a through 43g (Organizations completing columns (B)-(D), carry these totals to lines 13-15) . . . . .	<b>44</b>	7,845,529	7,078,558	702,309	64,662

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

Are any joint costs from a combined educational campaign and fundraising solicitation reported in (B) Program services?  Yes  No

If "Yes," enter (i) the aggregate amount of these joint costs \$ \_\_\_\_\_, (ii) the amount allocated to Program services \$ \_\_\_\_\_, (iii) the amount allocated to Management and general \$ \_\_\_\_\_, and (iv) the amount allocated to Fundraising \$ \_\_\_\_\_

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

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

What is the organization's primary exempt purpose? <input checked="" type="checkbox"/> cultural and educational 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.)	<b>Program Service Expenses</b> (Required for 501(c)(3) and (4) orgs, and 4947(a)(1) trusts, but optional for others)
<p><b>a</b> Hershey Theatre sponsors theatrical, musical and dance productions, as well as, programs in the community park and special interest classes as a means of cultural enrichment for the community. Annual attendance 74,644</p> <p>(Grants and allocations \$ )</p>	<p>If this amount includes foreign grants, check here <input type="checkbox"/></p> <p>3,945,162</p>
<p><b>b</b> Hershey Museum exhibits historical collections as a means of learning about the lives of America's earliest inhabitants, as well as, the life of Milton S. Hershey and his community. Annual attendance 89,491</p> <p>(Grants and allocations \$ )</p>	<p>If this amount includes foreign grants, check here <input type="checkbox"/></p> <p>1,340,211</p>
<p><b>c</b> Hershey Gardens offers a floral landscape and botanical gardens as a means of education and cultural benefit to the community. Annual attendance 91,427</p> <p>(Grants and allocations \$ )</p>	<p>If this amount includes foreign grants, check here <input type="checkbox"/></p> <p>1,488,855</p>
<p><b>d</b> Hershey Community Archives collects and maintains historical documentation such as photographs, oral history, and other two dimensional artifacts chronicling the history of the community</p> <p>(Grants and allocations \$ )</p>	<p>If this amount includes foreign grants, check here <input type="checkbox"/></p> <p>304,330</p>
<p><b>e</b> Other program services (attach schedule)</p> <p>(Grants and allocations \$ )</p>	<p>If this amount includes foreign grants, check here <input type="checkbox"/></p>
<p><b>f</b> <b>Total of Program Service Expenses</b> (should equal line 44, column (B), Program services) . . . . <input checked="" type="checkbox"/></p>	<p>7,078,558</p>

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

<b>Note:</b> Where required, attached schedules and amounts within the description column should be for end-of-year amounts only.		<b>(A)</b> Beginning of year		<b>(B)</b> End of year
<b>45</b>	Cash—non-interest-bearing		<b>45</b>	
<b>46</b>	Savings and temporary cash investments	2,633,708	<b>46</b>	3,970,225
<b>47a</b>	Accounts receivable	47a 1,740,969		
<b>b</b>	Less allowance for doubtful accounts	47b 194,233	<b>47c</b>	1,740,969
<b>48a</b>	Pledges receivable	48a		
<b>b</b>	Less allowance for doubtful accounts	48b	<b>48c</b>	
<b>49</b>	Grants receivable		<b>49</b>	
<b>50a</b>	Receivables from current and former officers, directors, trustees, and key employees (attach schedule)		<b>50a</b>	
<b>b</b>	Receivables from other disqualified persons (as defined under section 4958(c)(3)(B) (attach schedule)		<b>50b</b>	
<b>51a</b>	Other notes and loans receivable (attach schedule)	51a		
<b>b</b>	Less allowance for doubtful accounts	51b	<b>51c</b>	
<b>52</b>	Inventories for sale or use		<b>52</b>	0
<b>53</b>	Prepaid expenses and deferred charges	298,868	<b>53</b>	211,383
<b>54a</b>	Investments—publicly-traded securities	► Cost <input checked="" type="checkbox"/> FMV	30,306,889	<b>54a</b> 32,190,420
<b>b</b>	Investments—other securities (attach schedule)	► Cost <input type="checkbox"/> FMV		<b>54b</b>
<b>55a</b>	Investments—land, buildings, and equipment basis	55a 8,121,514		
<b>b</b>	Less accumulated depreciation (attach schedule)	55b	5,950,977	<b>55c</b> <input checked="" type="checkbox"/> 8,121,514
<b>56</b>	Investments—other (attach schedule)		<b>56</b>	
<b>57a</b>	Land, buildings, and equipment basis	57a		
<b>b</b>	Less accumulated depreciation (attach schedule)	57b		<b>57c</b>
<b>58</b>	Other assets, including program-related investments (describe ► _____)		<b>58</b> <input checked="" type="checkbox"/> 1,797,351	1,862,884
<b>59</b>	<b>Total assets</b> (must equal line 74) Add lines 45 through 58		<b>59</b> <input checked="" type="checkbox"/> 41,287,014	48,097,395
<b>60</b>	Accounts payable and accrued expenses	378,034	<b>60</b>	1,452,400
<b>61</b>	Grants payable		<b>61</b>	
<b>62</b>	Deferred revenue	1,749,835	<b>62</b>	1,703,927
<b>63</b>	Loans from officers, directors, trustees, and key employees (attach schedule)		<b>63</b>	
<b>64a</b>	Tax-exempt bond liabilities (attach schedule)		<b>64a</b>	
<b>b</b>	Mortgages and other notes payable (attach schedule)		<b>64b</b>	
<b>65</b>	Other liabilities (describe ► _____)	2,447,475	<b>65</b> <input checked="" type="checkbox"/> 4,617,515	
<b>66</b>	<b>Total liabilities</b> Add lines 60 through 65		<b>66</b> <input checked="" type="checkbox"/> 4,575,344	7,773,842
<b>Organizations that follow SFAS 117, check here ► <input checked="" type="checkbox"/> and complete lines 67 through 69 and lines 73 and 74</b>				
<b>67</b>	Unrestricted	12,565,887	<b>67</b>	11,796,945
<b>68</b>	Temporarily restricted	24,145,783	<b>68</b>	28,526,608
<b>69</b>	Permanently restricted		<b>69</b>	
<b>Organizations that do not follow SFAS 117, check here ► <input type="checkbox"/> and complete lines 70 through 74</b>				
<b>70</b>	Capital stock, trust principal, or current funds		<b>70</b>	
<b>71</b>	Paid-in or capital surplus, or land, building, and equipment fund		<b>71</b>	
<b>72</b>	Retained earnings, endowment, accumulated income, or other funds		<b>72</b>	
<b>73</b>	<b>Total net assets or fund balances</b> Add lines 67 through 69 or lines 70 through 72 (Column (A) <b>must</b> equal line 19 and column (B) <b>must</b> equal line 21)	36,711,670	<b>73</b>	40,323,553
<b>74</b>	<b>Total liabilities and net assets / fund balances</b> Add lines 66 and 73	41,287,014	<b>74</b>	48,097,395

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

<b>a</b>	Total revenue, gains, and other support per audited financial statements . . . . .	<b>a</b>	7,061,936
<b>b</b>	Amounts included on line <b>a</b> but not on Part I, line 12	<b>b</b>	
<b>1</b>	Net unrealized gains on investments . . . . .	<b>b1</b>	
<b>2</b>	Donated services and use of facilities . . . . .	<b>b2</b>	
<b>3</b>	Recoveries of prior year grants . . . . .	<b>b3</b>	
<b>4</b>	Other (specify) _____	<b>b4</b>	
	Add lines <b>b1</b> through <b>b4</b> . . . . .	<b>b</b>	
<b>c</b>	Subtract line <b>b</b> from line <b>a</b> . . . . .	<b>c</b>	7,061,936
<b>d</b>	Amounts included on Part I, line 12, but not on line <b>a</b>	<b>d</b>	
<b>1</b>	Investment expenses not included on Part I, line 6b . . . . .	<b>d1</b>	
<b>2</b>	Other (specify) _____	<b>d2</b>	999,622
	Add lines <b>d1</b> and <b>d2</b> . . . . .	<b>d</b>	
<b>e</b>	<b>Total revenue</b> (Part I, line 12) Add lines <b>c</b> and <b>d</b> . . . . . ►	<b>e</b>	8,061,558

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

<b>a</b>	Total expenses and losses per audited financial statements . . . . .	<b>a</b>	7,845,529
<b>b</b>	Amounts included on line <b>a</b> but not on Part I, line 17	<b>b</b>	
<b>1</b>	Donated services and use of facilities . . . . .	<b>b1</b>	
<b>2</b>	Prior year adjustments reported on Part I, line 20 . . . . .	<b>b2</b>	
<b>3</b>	Losses reported on Part I, line 20 . . . . .	<b>b3</b>	
<b>4</b>	Other (specify) _____	<b>b4</b>	
	Add lines <b>b1</b> through <b>b4</b> . . . . .	<b>b</b>	
<b>c</b>	Subtract line <b>b</b> from line <b>a</b> . . . . .	<b>c</b>	7,845,529
<b>d</b>	Amounts included on Part I, line 17, but not on line <b>a</b> :	<b>d</b>	
<b>1</b>	Investment expenses not included on Part I, line 6b . . . . .	<b>d1</b>	
<b>2</b>	Other (specify) _____	<b>d2</b>	
	Add lines <b>d1</b> and <b>d2</b> . . . . .	<b>d</b>	
<b>e</b>	<b>Total expenses</b> (Part I, line 17) Add lines <b>c</b> and <b>d</b> . . . . . ►	<b>e</b>	7,845,529

**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 & deferred compensation plans	(E) Expense account and other allowances
Anthony J Colistra Ed D Esq 429 Sioux Drive Mechanicsburg, PA 17055	Director 4 0	0	0	0
Velma A Redmond Esq Esq 410 McLand Road Mount Holly Springs, PA 17085	Director 4 0	0	0	0
Leroy S Zimmerman Esq Esq 4525 Custer Terrace Harrisburg, PA 17110	Director 4 0	0	0	0
Raymond L Gover Esq 905 Grandon Way Mechanicsburg, PA 17050	Director 4 0	0	0	0
Hershey Trust Company Esq 100 Mansion Road EAST HERSHEY, PA 17033	Trustee 40 0	1,000	0	0
Kenneth Gall Esq 100 Mansion Rd East HERSHEY, PA 17003	Assistant Secretary 4 0	0	0	0
Vincent B Rudisill Esq 311 Ridge Road Annville, PA 17033	Treasurer 4 0	0	0	0
Robert C Vowler Esq 503 Douglas Road Hummelstown, PA 17035	Secretary and President 4 0	0	0	0
Marta Howell Esq 9 West Chocolate Ave Hershey, PA 17033	Executive Director 40 0	108,493	13,674	0

**Part V-A Current Officers, Directors, Trustees, and Key Employees (continued)**

Yes  No

75a Enter the total number of officers, directors, and trustees permitted to vote on organization business at board meetings . . . . . ➔8

75b

**b** Are any officers, directors, trustees, or key employees listed in Form 990, Part V-A, or highest compensated employees listed in Schedule A, Part I, or highest compensated professional and other independent contractors listed in Schedule A, Part II-A or II-B, related to each other through family or business relationships? If "Yes," attach a statement that identifies the individuals and explains the relationship(s).

75¢ Yes

c Do any officers, directors, trustees, or key employees listed in Form 990, Part V-A, or highest compensated employees listed in Schedule A, Part I, or highest compensated professional and other independent contractors listed in Schedule A, Part II-A or II-B, receive compensation from any other organizations, whether tax exempt or taxable, that are related to the organization? See the instructions for the definition of "related organization" 

\_\_\_\_\_

If "Yes," attach a statement that includes the information described in the instruction

d Does the organization have a written conflict of interest policy?

75d Yes

**Part V-B** **Former Officers, Directors, Trustees, and Key Employees That Received Compensation or Other Benefits** (If any former officer, director, trustee, or key employee received compensation or other benefits (described below) during the year, list that person below and enter the amount of compensation or other benefits in the appropriate column. See the instructions.)

**Part VI Other Information (See the instructions.)**

11

76 Did the organization make a change in its activities or methods of conducting activities? If "Yes," attach a detailed statement of each change.

76

77 Were any changes made in the organizing or governing documents but not reported to the IRS? If "Yes," attach a conformed copy of the changes.

77

**78a** Did the organization have unrelated business gross income of \$1,000 or more during the year covered by this return?

78a

**b** If "Yes," has it filed a tax return on **Form 990-T** for this year? . . . . .  
**79** Was there a liquidation, dissolution, termination, or substantial contraction during the year? If "Yes," attach

79 N

**80a** Is the organization related (other than by association with a statewide or nationwide organization) through common membership

80a Yes

**b** If "Yes," enter the name of the organization  [See Additional Data Table](#)  
and check whether it is  a government or  a non-government

1100 J. Neurosci., November 1, 2006 • 26(44):1093–1100

**Part VI Other Information (continued)**

	<b>Yes</b>	<b>No</b>
<b>82a</b> 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?		
<b>82a</b> Yes		
<b>b</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)	<b>82b</b>	
<b>83a</b> Did the organization comply with the public inspection requirements for returns and exemption applications?		
<b>83a</b> Yes		
<b>b</b> Did the organization comply with the disclosure requirements relating to quid pro quo contributions?		
<b>83b</b> Yes		
<b>84a</b> Did the organization solicit any contributions or gifts that were not tax deductible?		
<b>84a</b> No		
<b>b</b> If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?		
<b>84b</b>		
<b>85</b> <i>501(c)(4), (5), or (6) organizations.</i> <b>a</b> Were substantially all dues nondeductible by members?		
<b>b</b> Did the organization make only in-house lobbying expenditures of \$2,000 or less?		
If "Yes," was answered to either 85a or 85b, <b>do not</b> complete 85c through 85h below unless the organization received a waiver for proxy tax owed the prior year		
<b>c</b> Dues assessments, and similar amounts from members	<b>85c</b>	
<b>85c</b>		
<b>d</b> Section 162(e) lobbying and political expenditures	<b>85d</b>	
<b>85d</b>		
<b>e</b> Aggregate nondeductible amount of section 6033(e)(1)(A) dues notices	<b>85e</b>	
<b>85e</b>		
<b>f</b> Taxable amount of lobbying and political expenditures (line 85d less 85e)	<b>85f</b>	
<b>85f</b>		
<b>g</b> Does the organization elect to pay the section 6033(e) tax on the amount on line 85f?		
<b>85g</b>		
<b>h</b> 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?		
<b>85h</b>		
<b>86</b> <i>501(c)(7) orgs.</i> Enter <b>a</b> Initiation fees and capital contributions included on line 12	<b>86a</b>	0
<b>86a</b>		
<b>b</b> Gross receipts, included on line 12, for public use of club facilities	<b>86b</b>	0
<b>86b</b>		
<b>87</b> <i>501(c)(12) orgs.</i> Enter <b>a</b> Gross income from members or shareholders	<b>87a</b>	0
<b>87a</b>		
<b>b</b> Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)	<b>87b</b>	0
<b>87b</b>		
<b>88a</b> 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		
<b>88a</b> No		
<b>b</b> At any time during the year, did the organization directly or indirectly own a controlled entity within the meaning of section 512(b)(13)? If yes complete Part XI		
<b>88b</b> No		
<b>89a</b> <i>501(c)(3) organizations</i> Enter Amount of tax imposed on the organization during the year under section 4911 ► <u>0</u> , section 4912 ► <u>0</u> , section 4955 ► <u>0</u>		
<b>89b</b> No		
<b>b</b> <i>501(c)(3) and 501(c)(4) orgs.</i> 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		
<b>89c</b>		
<b>c</b> Enter Amount of tax imposed on the organization managers or disqualified persons during the year under sections 4912, 4955, and 4958		
<b>89d</b>		
<b>d</b> Enter Amount of tax on line 89c, above, reimbursed by the organization		
<b>89e</b> No		
<b>e</b> <i>All organizations.</i> At any time during the tax year was the organization a party to a prohibited tax shelter transaction?		
<b>89f</b> No		
<b>f</b> <i>All organizations.</i> Did the organization acquire direct or indirect interest in any applicable insurance contract?		
<b>89g</b>		
<b>90a</b> List the states with which a copy of this return is filed ► <u>PA</u>		
<b>b</b> Number of employees employed in the pay period that includes March 12, 2006 (See instructions)	<b>90b</b>	135
<b>91a</b> The books are in care of ► <u>HERSHEY TRUST COMPANY</u>	Telephone no ► <u>(717) 534-3225</u>	
100 MANSION ROAD EAST HERSHEY Located at ► <u>Pennsylvania, PA</u>	ZIP + 4 ► <u>170330445</u>	
<b>b</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)?		
<b>91b</b>	<b>Yes</b>	<b>No</b>
If "Yes," enter the name of the foreign country ► <u> </u>		
See the instructions for exceptions and filing requirements for <b>Form TD F 90-22.1</b> , Report of Foreign Bank and Financial Accounts		

**Part VI Other Information (continued)**

<input type="checkbox"/> At any time during the calendar year, did the organization maintain an office outside of the United States?	<input checked="" type="checkbox"/> 91c	<input type="checkbox"/> Yes	<input type="checkbox"/> No
--	---	------------------------------	-----------------------------

If "Yes," enter the name of the foreign country ► \_\_\_\_\_

<b>92</b> Section 4947(a)(1) nonexempt charitable trusts filing Form 990 in lieu of <b>Form 1041</b> —Check here . . . . .	<input type="checkbox"/>
and enter the amount of tax-exempt interest received or accrued during the tax year . . . . .	<b>92</b>

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

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

**93** Program service revenue

**a** ADMISSIONS

**b** MERCHANDISE SALES

**c** EDUCATION SERVICES

**d** RENTAL INCOME

**e** OTHER INCOME

**f** Medicare/Medicaid payments . . . . .

**g** Fees and contracts from government agencies

**94** Membership dues and assessments . . . . .

**95** Interest on savings and temporary cash investments

**96** Dividends and interest from securities . . . . .

**97** Net rental income or (loss) from real estate

**a** debt-financed property . . . . .

**b** non debt-financed property . . . . .

**98** Net rental income or (loss) from personal property

**99** Other investment income . . . . .

**100** Gain or (loss) from sales of assets other than inventory

**101** Net income or (loss) from special events . . . . .

**102** Gross profit or (loss) from sales of inventory

**103** Other revenue **a** \_\_\_\_\_

**b** \_\_\_\_\_

**c** \_\_\_\_\_

**d** \_\_\_\_\_

**e** \_\_\_\_\_

**104** Subtotal (add columns (B), (D), and (E)) . . . . .

**105 Total** (add line 104, columns (B), (D), and (E)) . . . . . ► **7,564,413**

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

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

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

See Additional Data Table

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

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

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

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

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

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

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

106	Did the reporting organization <b>make</b> any transfers <b>to</b> a controlled entity as defined in section 512(b)(13) of the Code? If "Yes," complete the schedule below for each controlled entity	<b>Yes</b>	<b>No</b>
			No

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

107	Did the reporting organization <b>receive</b> any transfers <b>from</b> a controlled entity as defined in section 512(b)(13) of the Code? If "Yes," complete the schedule below for each controlled entity	<b>Yes</b>	<b>No</b>
			No

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

108	Did the organization have a binding written contract in effect on August 17, 2006 covering the interests, rents, royalties and annuities described in question 107 above?	<b>Yes</b>	<b>No</b>
			No

<b>Please Sign Here</b>	Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge		
	Signature of officer	2008-06-12	
	Vincent B Rudisil Treasurer Type or print name and title	Date	

<b>Paid Preparer's Use Only</b>	Preparer's signature	Scott Sherman	Date	Check if self-employed	Preparer's SSN or PTIN (See Gen Inst W)
	Firm's name (or yours if self-employed), address, and ZIP + 4	KPMG LLP		EIN	
	2100 Dominion Tower Norfolk, VA 235103310		Phone no (757) 616-7000		

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

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

## Supplementary Information—(See separate instructions.)

2006

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

SCHEDULE A  
(Form 990 or  
990EZ)Department of the  
Treasury  
Internal Revenue  
ServiceName of the organization  
THE MS HERSEY FOUNDATION

Employer identification number

23-6242734

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

(a) Name and address of each employee paid more than \$50,000	(b) Title and average hours per week devoted to position	(c) Compensation	(d) Contributions to employee benefit plans & deferred compensation	(e) Expense account and other allowances
SUSAN FOWLER 1 WEST CHOCOLATE AVE HERSEY, PA 17033	EXEC DIR HSY THEATER 40 0	96,363	19,522	0
DIANE PAUL 1 WEST CHOCOLATE AVE HERSEY, PA 17033	ASST EXE-DIR HSYTHRE 40 0	72,250	20,255	0
CRAIG GEORGE 1 WEST CHOCOLATE AVE HERSEY, PA 17033	EXEC DIR HSY GARDENS 40 0	72,082	11,347	0
PATRICK SEELEY 1 WEST CHOCOLATE AVE HERSEY, PA 17033	DIR O P HSY THEATRE 40 0	67,209	18,185	0
DONNA EVANS 1 WEST CHOCOLATE AVE HERSEY, PA 17033	DIR DEVELOPAMENT 40 0	64,167	12,404	0
Total number of other employees paid over \$50,000 ►	5			

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

(a) Name and address of each independent contractor paid more than \$50,000	(b) Type of service	(c) Compensation
LSC DESIGN 1 WEST CHOCOLATE AVE HERSEY, PA 17033	ARCHITECT	675,273
GALLAGHER and ASSOC 1 WEST CHOCOLATE AVE HERSEY, PA 17033	ARCHITECT	406,230
BUCHANAN INGERSOL and ROONEY PC 1 WEST CHOCOLATE AVE HERSEY, PA 17033	LEGAL SERVICES	106,727
NEIMAN GROUP 1 WEST CHOCOLATE AVE HERSEY, PA 17033	ADVERTISING AGENCY	94,710
BUCHART HORN INC 1 WEST CHOCOLATE AVE HERSEY, PA 17033	ENGINEERING	67,717
Total number of others receiving over \$50,000 for professional services ►		

**Part II-B Compensation of the Five Highest Paid Independent Contractors for Other Services**

(List each contractor who performed services other than professional services, whether individuals or firms. If there are none, enter "None". See page 2 for instructions.)

(a) Name and address of each independent contractor paid more than \$50,000	(b) Type of service	(c) Compensation
DONALD PAPSON 9 WEST CHOCOLATE AVE HERSEY, PA 17033	CONSTRUCTION MGMT	51,500
Total number of other contractors receiving over \$50,000 for other services ►		

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

	<b>Yes</b>	<b>No</b>
<b>1</b> During the year, has the organization attempted to influence national, state, or local legislation, include any attempt to influence public opinion on a legislative matter or referendum? If "Yes," enter the total expenses paid or incurred in connection with the lobbying activities ►\$ _____ (Must equal amounts on line 38, Part VI-A, or line 1 of Part VI-B )	<b>1</b>	No
Organizations that made an election under section 501(h) by filing Form 5768 must complete Part VI-A. Other organizations checking "Yes" must complete Part VI-B AND attach a statement giving a detailed description of the lobbying activities		
<b>2</b> During the year, has the organization, either directly or indirectly, engaged in any of the following acts with any substantial contributors, trustees, directors, officers, creators, key employees, or members of their families, or with any taxable organization with which any such person is affiliated as an officer, director, trustee, majority owner, or principal beneficiary? (If the answer to any question is "Yes," attach a detailed statement explaining the transactions.) ►		
<b>a</b> Sale, exchange, or leasing property?	<b>2a</b>	Yes
<b>b</b> Lending of money or other extension of credit?	<b>2b</b>	No
<b>c</b> Furnishing of goods, services, or facilities?	<b>2c</b>	Yes
<b>d</b> Payment of compensation (or payment or reimbursement of expenses if more than \$1,000)?	<b>2d</b>	Yes
<b>e</b> Transfer of any part of its income or assets?	<b>2e</b>	No
<b>3a</b> Did the organization make grants for scholarships, fellowships, student loans, etc? (If "Yes," attach an explanation of how the organization determines that recipients qualify to receive payments )	<b>3a</b>	No
<b>b</b> Did the organization have a section 403(b) annuity plan for its employees?	<b>3b</b>	Yes
<b>c</b> Did the organization receive or hold an easement for conservation purposes, including easements to preserve open space, the environment, historic land areas or structures? If "Yes" attach a detailed statement	<b>3c</b>	No
<b>d</b> Did the organization provide credit counseling, debt management, credit repair, or debt negotiation services?	<b>3d</b>	No
<b>4a</b> Did the organization maintain any donor advised funds? If "Yes," complete lines 4b through 4g. If "No," complete lines 4f and 4g	<b>4a</b>	No
<b>b</b> Did the organization make any taxable distributions under section 4966?	<b>4b</b>	No
<b>c</b> Did the organization make a distribution to a donor, donor advisor, or related person?	<b>4c</b>	No
<b>d</b> Enter the total number of donor advised funds owned at the end of the tax year ►		
<b>e</b> Enter the aggregate value of assets held in all donor advised funds owned at the end of the tax year ►		
<b>f</b> Enter the total number of separate funds or accounts owned at the end of the tax year (excluding donor advised funds included on line 4d) where donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts ►0		
<b>g</b> Enter the aggregate value of assets held in all funds or accounts included on line 4f at the end of the tax year ►0		

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

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

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

 Type I Type II Type III - Functionally Integrated Type III - Other

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

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

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

**Part IV-A Support Schedule** (Complete only if you checked a box on line 10, 11, or 12) **Use cash method of accounting.****Note:** You may use the worksheet in the instructions for converting from the accrual to the cash method of accounting.

<b>Calendar year (or fiscal year beginning in)</b>	<b>(a) 2005</b>	<b>(b) 2004</b>	<b>(c) 2003</b>	<b>(d) 2002</b>	<b>(e) Total</b>
<b>15</b> Gifts, grants, and contributions received (Do not include unusual grants See line 28 )	419,810	444,315	675,743	856,460	2,396,328
<b>16</b> Membership fees received	152,560	139,074	148,984	146,315	586,933
<b>17</b> Gross receipts from admissions, merchandise sold or services performed, or furnishing of facilities in any activity that is related to the organization's charitable, etc , purpose	4,403,049	4,614,431	4,062,866	4,511,422	17,591,768
<b>18</b> Gross income from interest, dividends, amounts received from payments on securities loans (section 512(a)(5)), rents, royalties, and unrelated business taxable income (less section 511 taxes) from businesses acquired by the organization after June 30, 1975	773,281	836,435	824,686	815,951	3,250,353
<b>19</b> Net income from unrelated business activities not included in line 18					0
<b>20</b> Tax revenues levied for the organization's benefit and either paid to it or expended on its behalf					0
<b>21</b> The value of services or facilities furnished to the organization by a governmental unit without charge Do not include the value of services or facilities generally furnished to the public without charge					0
<b>22</b> Other income Attach a schedule Do not include gain or (loss) from sale of capital assets					0
<b>23</b> Total of lines 15 through 22	5,748,700	6,034,255	5,712,279	6,330,148	23,825,382
<b>24</b> Line 23 minus line 17	1,345,651	1,419,824	1,649,413	1,818,726	6,233,614
<b>25</b> Enter 1% of line 23	57,487	60,343	57,123	63,301	

<b>26</b> <b>Organizations described on lines 10 or 11:</b> <b>a</b> Enter 2% of amount in column (e), line 24	<b>26a</b>
<b>b</b> Prepare a list for your records to show the name of and amount contributed by each person (other than a governmental unit or publicly supported organization) whose total gifts for 2002 through 2005 exceeded the amount shown in line 26a <b>Do not file this list with your return.</b> Enter the total of all these excess amounts	<b>26b</b>
<b>c</b> Total support for section 509(a)(1) test Enter line 24, column (e)	<b>26c</b>
<b>d</b> Add Amounts from column (e) for lines 18 _____ 19 _____ 22 _____ 26b _____	<b>26d</b>
<b>e</b> Public support (line 26c minus line 26d total)	<b>26e</b>
<b>f</b> <b>Public support percentage (line 26e (numerator) divided by line 26c (denominator))</b>	<b>26f</b>

<b>27</b> <b>Organizations described on line 12:</b> <b>a</b> For amounts included in lines 15, 16, and 17 that were received from a "disqualified person," prepare a list for your records to show the name of, and total amounts received in each year from, each "disqualified person." <b>Do not file this list with your return.</b> Enter the sum of such amounts for each year	(2005) 136,636(2004) 133,664(2003) 329,627(2002) 65,548
<b>b</b> For any amount included in line 17 that was received from each person (other than "disqualified persons"), prepare a list for your records to show the name of, and amount received for each year, that was more than the <b>larger of (1)</b> the amount on line 25 for the year or <b>(2) \$5,000</b> (Include in the list organizations described in lines 5 through 11b, as well as individuals) <b>Do not file this list with your return.</b> After computing the difference between the amount received and the larger amount described in <b>(1) or (2)</b> , enter the sum of these differences (the excess amounts) for each year	(2005) 0(2004) 0(2003) 0(2002) 0
<b>c</b> Add Amounts from column (e) for lines 15 2,396,328 16 586,933 17 17,591,768 20 0 21 0	<b>27c</b> 20,575,029
<b>d</b> Add Line 27a total 665,475 and line 27b total 0	<b>27d</b> 665,475
<b>e</b> Public support (line 27c total minus line 27d total)	<b>27e</b> 19,909,554
<b>f</b> Total support for section 509(a)(2) test Enter amount from line 23, column (e)	<b>27f</b> 23,825,382
<b>g</b> <b>Public support percentage (line 27e (numerator) divided by line 27f (denominator))</b>	<b>27g</b> 83.56 %
<b>h</b> <b>Investment income percentage (line 18, column (e) (numerator) divided by line 27f (denominator))</b>	<b>27h</b> 13.64 %
<b>28</b> <b>Unusual Grants:</b> For an organization described in line 10, 11, or 12 that received any unusual grants during 2002 through 2005, prepare a list for your records to show, for each year, the name of the contributor, the date and amount of the grant, and a brief description of the nature of the grant <b>Do not file this list with your return.</b> Do not include these grants in line 15	

**Part V Private School Questionnaire** (See page 7 of the instructions.)  
**(To be completed ONLY by schools that checked the box on line 6 in Part IV)**

	<b>Yes</b>	<b>No</b>
<b>29</b> Does the organization have a racially nondiscriminatory policy toward students by statement in its charter, bylaws, other governing instrument, or in a resolution of its governing body?	<b>29</b>	
<b>30</b> Does the organization include a statement of its racially nondiscriminatory policy toward students in all its brochures, catalogues, and other written communications with the public dealing with student admissions, programs, and scholarships?	<b>30</b>	
<b>31</b> Has the organization publicized its racially nondiscriminatory policy through newspaper or broadcast media during the period of solicitation for students, or during the registration period if it has no solicitation program, in a way that makes the policy known to all parts of the general community it serves?  If "Yes," please describe, if "No," please explain (If you need more space, attach a separate statement )	<b>31</b>	
<hr/> <hr/> <hr/>		
<b>32</b> Does the organization maintain the following		
<b>a</b> Records indicating the racial composition of the student body, faculty, and administrative staff?	<b>32a</b>	
<b>b</b> Records documenting that scholarships and other financial assistance are awarded on racially nondiscriminatory basis?	<b>32b</b>	
<b>c</b> Copies of all catalogues, brochures, announcements, and other written communications to the public dealing with student admissions, programs, and scholarships?	<b>32c</b>	
<b>d</b> Copies of all material used by the organization or on its behalf to solicit contributions?	<b>32d</b>	
 If you answered "No" to any of the above, please explain (If you need more space, attach a separate statement )		
<hr/>		
<b>33</b> Does the organization discriminate by race in any way with respect to		
<b>a</b> Students' rights or privileges?	<b>33a</b>	
<b>b</b> Admissions policies?	<b>33b</b>	
<b>c</b> Employment of faculty or administrative staff?	<b>33c</b>	
<b>d</b> Scholarships or other financial assistance?	<b>33d</b>	
<b>e</b> Educational policies?	<b>33e</b>	
<b>f</b> Use of facilities?	<b>33f</b>	
<b>g</b> Athletic programs?	<b>33g</b>	
<b>h</b> Other extracurricular activities?	<b>33h</b>	
 If you answered "Yes" to any of the above, please explain (If you need more space, attach a separate statement )		
<hr/> <hr/> <hr/>		
<b>34a</b> Does the organization receive any financial aid or assistance from a governmental agency?	<b>34a</b>	
<b>b</b> Has the organization's right to such aid ever been revoked or suspended?  If you answered "Yes" to either 34a or b, please explain using an attached statement	<b>34b</b>	
<hr/>		
<b>35</b> Does the organization certify that it has complied with the applicable requirements of sections 4 01 through 4 05 of Rev Proc 75-50, 1975-2 C B 587, covering racial nondiscrimination? If "No," attach an explanation	<b>35</b>	

**Part VI-A** **Lobbying Expenditures by Electing Public Charities** (See page 10 of the instructions.  
(To be completed **ONLY** by an eligible organization that filed Form 5768)

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

<b>Limits on Lobbying Expenditures</b>		<b>(a)</b> Affiliated group totals	<b>(b)</b> To be completed for all electing organizations
(The term "expenditures" means amounts paid or incurred )			
<b>36</b>	Total lobbying expenditures to influence public opinion (grassroots lobbying)	<b>36</b>	
<b>37</b>	Total lobbying expenditures to influence a legislative body (direct lobbying)	<b>37</b>	
<b>38</b>	Total lobbying expenditures (add lines 36 and 37)	<b>38</b>	
<b>39</b>	Other exempt purpose expenditures	<b>39</b>	
<b>40</b>	Total exempt purpose expenditures (add lines 38 and 39)	<b>40</b>	
<b>41</b>	Lobbying nontaxable amount Enter the amount from the following table—	<b>41</b>	
<b>If the amount on line 40 is—</b>	<b>The lobbying nontaxable amount is—</b>		
Not over \$500,000	20% of the amount on line 40		
Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000		
Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000		
Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000		
Over \$17,000,000	\$1,000,000		
<b>42</b>	Grassroots nontaxable amount (enter 25% of line 41)	<b>42</b>	
<b>43</b>	Subtract line 42 from line 36 Enter -0- if line 42 is more than line 36	<b>43</b>	
<b>44</b>	Subtract line 41 from line 38 Enter -0- if line 41 is more than line 38	<b>44</b>	

**Caution:** If there is an amount on either Line 13 or Line 14, you must file Form 1732.

**4-Year Averaging Period Under Section 501(h)**

**4-Year Averaging Period Under Section 501(h)**  
(Some organizations that made a section 501(h) election do not have to complete all of the five columns below.  
See the instructions for lines 15 through 50 on page 13 of the instructions.)

Lobbying Expenditures During 4-Year Averaging Period					
Calendar year (or fiscal year beginning in) ►	(a) 2006	(b) 2005	(c) 2004	(d) 2003	(e) Total
<b>45</b> Lobbying nontaxable amount					
<b>46</b> Lobbying ceiling amount (150% of line 45(e))					
<b>47</b> Total lobbying expenditures					
<b>48</b> Grassroots nontaxable amount					
<b>49</b> Grassroots ceiling amount (150% of line 48(e))					
<b>50</b> Grassroots lobbying expenditures					

**Part VI-B Lobbying Activity by Nonelecting Public Charities**

(For reporting only by organizations that did not complete Part VI-A) (See page 13 of the instructions.)

During the year, did the organization attempt to influence national, state or local legislation, including an attempt to influence public opinion on a legislative matter or referendum, through the use of

- a** Volunteers
- b** Paid staff or management (Include compensation in expenses reported on lines **c** through **h**.)
- 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 other means
- i** Total lobbying expenditures (Add lines **c** through **h**.)

If "Yes" to any of the above, also attach a statement giving a detailed description of the lobbying activities.

**Part VII** **Information Regarding Transfers To and Transactions and Relationships With Noncharitable Exempt Organizations** (See page 13 of the instructions.)

51 Did the reporting 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 organization to a noncharitable exempt organization or

- (i) Cash
- (ii) Other assets

## ↳ Other transactions

- (i) Sales or exchanges of assets with a noncharitable exempt organization
- (ii) Purchases of assets from a noncharitable exempt organization
- (iii) Rental of facilities, equipment, or other assets
- (iv) Reimbursement arrangements
- (v) Loans or loan guarantees
- (vi) Performance of services or membership or fundraising solicitations

**c** Sharing of facilities, equipment, mailing lists, other assets, or paid employees

**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 organization. If the organization 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.

	Yes	No
<b>51a(i)</b>		No
<b>a(ii)</b>		No
<b>b(i)</b>		No
<b>b(ii)</b>		No
<b>b(iii)</b>		No
<b>b(iv)</b>		No
<b>b(v)</b>		No
<b>b(vi)</b>		No
<b>c</b>		No

**52a** Is the organization 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.

## Additional Data

**Software ID:**

**Software Version:**

**EIN:** 23-6242734

**Name:** THE MS HERSHEY FOUNDATION

**Form 990, Part VI, Line 80b - If "Yes", enter the name of the organization and whether it is exempt or nonexempt:**

Name of the Organization	Exempt	Nonexempt
M S HERSHEY SCHOOL & TRUST	X	
HERSHEY TRUST COMPANY		X

**Form 990, Part VIII - Relationship of Activities to the Accomplishment of Exempt Purposes:**

<b>Line No.</b>	<b>Explain how each activity for which income is reported in column (E) of Part VII contributed importantly to the accomplishment of the organization's exempt purposes (other than by providing funds for such purposes).</b>
93A	ADMISSIONS FEES COLLECTED FROM GENERAL PUBLIC AT GARDENS,
0	MUSEUM AND THEATRE
93B	INCOME FROM SALE OF RESOURCE MATERIAL AND MEMORABILIA
93C	INSTRUCTIONAL FEES FROM SPECIAL INTEREST CLASSES HELD BY
0	FOUNDATION
93D	RENTAL USE OF FACILITIES FOR CONFERENCES, AND OTHER PROGRAMS
93E	INCOME FROM CONCESSIONS, SALES, WEDDINGS, AND OTHER
0	ACTIVITIES
94	MEMBERSHIP DUES ARE DIRECTLY RELATED TO THE FOUNDATION'S
0	MISSION TO OPERATE THE HERSHY MUSUEM, THE HERSHY THEATRE,
0	THE HERSHY GARDENS, AND THE HERSHY COMMUNITY ARCHIVES

## TY 2006 Compensation Explanation

**Name:** THE MS HERSHEY FOUNDATION**EIN:** 23-6242734

Person Name	Explanation
Anthony J Colistra Ed D	COMPENSATION REPORTED ON LINE 75C CONSISTS ONLY OF DIRECTOR FEES PAID BY A RELATED, FOR-PROFIT ENTITY, HERSEY TRUST COMPANY NONE OF THE COMPENSATION WAS PAID BY THE TAX EXEMPT ENTITY
Velma A Redmond Esq	COMPENSATION REPORTED ON LINE 75C CONSISTS ONLY OF DIRECTOR FEES PAID BY A RELATED, FOR-PROFIT ENTITY, HERSEY TRUST COMPANY NONE OF THE COMPENSATION WAS PAID BY THE TAX EXEMPT ENTITY
Leroy S Zimmerman Esq	COMPENSATION REPORTED ON LINE 75C CONSISTS ONLY OF DIRECTOR FEES PAID BY A RELATED, FOR-PROFIT ENTITY, HERSEY TRUST COMPANY NONE OF THE COMPENSATION WAS PAID BY THE TAX EXEMPT ENTITY
Raymond L Gover	COMPENSATION REPORTED ON LINE 75C CONSISTS ONLY OF DIRECTOR FEES PAID BY A RELATED, FOR-PROFIT ENTITY, HERSEY TRUST COMPANY NONE OF THE COMPENSATION WAS PAID BY THE TAX EXEMPT ENTITY
Hershey Trust Company	compensation paid for fiduciary services
Kenneth Gall	THIS INDIVIDUAL IS AN OFFICER OF A RELATED, FOR-PROFIT ENTITY, HERSEY TRUST COMPANY (EIN 23-0692150) COMPENSATION REPORTED ON LINE 75C IS ESTABLISHED UPON THE ADVICE OF THIRD PARTY COMPENSATION CONSULTANTS THE AMOUNT AND COMPOSITION OF THE INDIVIDUAL'S COMPENSATION IS BASED ON MARKETPLACE COMPETITIVE CONSIDERATIONS, FINANCIAL AND BUSINESS OBJECTIVES, AND RESULTS ACHIEVED THE HERSEY TRUST COMPANY RECEIVES A FEE OF \$1,000 FOR ITS SERVICES FROM THE TAX EXEMPT ENTITY NONE OF THE COMPENSATION, EMPLOYEE BENEFIT CONTRIBUTIONS OR OTHER ALLOWANCES ARE PAID BY THE TAX EXEMPT ENTITY
Vincent B Rudisill	THIS INDIVIDUAL IS AN OFFICER OF A RELATED, FOR-PROFIT ENTITY, HERSEY TRUST COMPANY (EIN 23-0692150) COMPENSATION REPORTED ON LINE 75C IS ESTABLISHED UPON THE ADVICE OF THIRD PARTY COMPENSATION CONSULTANTS THE AMOUNT AND COMPOSITION OF THE INDIVIDUAL'S COMPENSATION IS BASED ON MARKETPLACE COMPETITIVE CONSIDERATIONS, FINANCIAL AND BUSINESS OBJECTIVES, AND RESULTS ACHIEVED THE HERSEY TRUST COMPANY RECEIVES A FEE OF \$1,000 FOR ITS SERVICES FROM THE TAX EXEMPT ENTITY NONE OF THE COMPENSATION, EMPLOYEE BENEFIT CONTRIBUTIONS OR OTHER ALLOWANCES ARE PAID BY THE TAX EXEMPT ENTITY
Robert C Vowler	THIS INDIVIDUAL IS AN OFFICER OF A RELATED, FOR-PROFIT ENTITY, HERSEY TRUST COMPANY (EIN 23-0692150) COMPENSATION REPORTED ON LINE 75C IS ESTABLISHED UPON THE ADVICE OF THIRD PARTY COMPENSATION CONSULTANTS THE AMOUNT AND COMPOSITION OF THE INDIVIDUAL'S COMPENSATION IS BASED ON MARKETPLACE COMPETITIVE CONSIDERATIONS, FINANCIAL AND BUSINESS OBJECTIVES, AND RESULTS ACHIEVED THE HERSEY TRUST COMPANY RECEIVES A FEE OF \$1,000 FOR ITS SERVICES FROM THE TAX EXEMPT ENTITY NONE OF THE COMPENSATION, EMPLOYEE BENEFIT CONTRIBUTIONS OR OTHER ALLOWANCES ARE PAID BY THE TAX EXEMPT ENTITY

Note: To capture the full content of this document, please select landscape mode (11" x 8.5") when printing.

## TY 2006 Compensation Schedule

**Name:** THE MS HERSHEY FOUNDATION

**EIN:** 23-6242734

Name	Related Organization		Relationship	Compensation Amount	Benefit Plan Contributions	Expense Account	Compensation Description
	Name	EIN					
Anthony J Colistra Ed D	Hershey Trust Company	23-0692150	trustee	109,167	0	0	COMPENSATION REPORTED ON LINE 75C CONSISTS ONLY OF DIRECTOR FEES PAID BY
Velma A Redmond Esq	Hershey Trust Company	23-0692150	trustee	117,357	0	0	COMPENSATION REPORTED ON LINE 75C CONSISTS ONLY OF DIRECTOR FEES PAID BY
Leroy S Zimmerman Esq	Hershey Trust Company	23-0692150	trustee	125,672	0	0	COMPENSATION REPORTED ON LINE 75C CONSISTS ONLY OF DIRECTOR FEES PAID BY
Raymond L Gover	Hershey Trust Company	23-0692150	trustee	107,746	0	0	COMPENSATION REPORTED ON LINE 75C CONSISTS ONLY OF DIRECTOR FEES PAID BY
Kenneth Gall	Hershey Trust Company	23-0692150	trustee	117,392	30,177	0	THIS INDIVIDUAL IS AN OFFICER OF A RELATED, FOR-PROFIT ENTITY, HERSHHEY
Vincent B Rudisill	Hershey Trust Company	23-0692150	trustee	691,614	330,647	0	THIS INDIVIDUAL IS AN OFFICER OF A RELATED, FOR-PROFIT ENTITY, HERSHHEY
Robert C Vowler	Hershey Trust Company	23-0692150	trustee	924,268	502,657	19,507	THIS INDIVIDUAL IS AN OFFICER OF A RELATED, FOR-PROFIT ENTITY, HERSHHEY

## TY 2006 Gain/Loss from Sale of Public Securities Schedule

**Name:** THE MS HERSHEY FOUNDATION

**EIN:** 23-6242734

**Gross Sales Price:** 6,062,615

**Basis:** 4,349,426

**Sales Expenses:**

**Total (net):** 1,713,189

## TY 2006 General Explanation Attachment

**Name:** THE MS HERSHEY FOUNDATION**EIN:** 23-6242734

Identifier	Return Reference	Explanation
lease commitments	Part VI, Lines 82(a) and 83(b)	Lease Commitments On December 31, 1981, the foundation entered into a five-year contract with HERCO to lease a building to be used for the Museum's operations. At the end of the five-year term, the lease is automatically renewed on an annual basis until the lessor gives written notice of its intent to terminate the lease at least six (6) months prior to the end of the then existing term. Under this agreement, the Foundation is obligated to pay a nominal rent, real estate taxes and all other maintenance and operating costs. On December 31, 1988, the Foundation entered into a five-year contract with the School Trust to lease the land used for the Gardens' operations. At the end of the five-year term, the lease is automatically renewed on an annual basis until the lessor gives written notice of its intent to terminate the lease. Under the agreement, the Foundation is obligated to pay a nominal rent, real estate taxes and all other maintenance and operating costs. The Theatre's main operations are located in a building leased by Hershey Foods Corporation (Hershey Foods). Under an agreement dated December 28, 1979, Hershey Foods made certain premises available to the Theatre without charge. Hershey Foods is responsible for paying real estate taxes, maintaining fire insurance and providing heat. The Theatre is responsible for maintaining liability insurance, paying all utilities except heat and making all necessary repairs. The agreement may be terminated by either party upon giving advance written notice. In the event of such termination, Hershey Foods shall reimburse the Theatre for the greater of the fair market value or net book value of all leasehold improvements.

Identifier	Return Reference	Explanation
Form 990, Schedule A	Part III, Line 2	<p>The majority of the Museum's collections and the furniture and equipment used as part of its operations were donated to the Foundation by HERCO, Inc on December 31, 1981. Prior to this time, the Museum was operated by HERCO. In addition, HERCO is leasing to the Foundation at a nominal rent the premises used for the Museum's operations. The Theatre's main operations are located in a building owned by The Hershey Company. Under an agreement dated December 28, 1979, The Hershey Company made certain premises available to the Theatre without charge. The Hershey Company is responsible for paying real estate taxes, maintaining fire insurance and providing heat. The Theatre is responsible for maintaining liability insurance, paying all utilities except heat and making all necessary repairs. The agreement may be terminated by either party upon giving advance written notice. In the event of such termination, The Hershey Company shall reimburse the Theatre for the greater of the fair market value or net book value of all leasehold improvements. During fiscal 1990, the Milton Hershey School Trust (the School Trust) contributed a parcel of land to the Theatre for the development of a community park. In addition, The Hershey Company agreed to contribute up to \$50,000 per year for the operating costs for a period of five (5) years from August 31, 1990. The School Trust holds all of the outstanding common stock of HERCO and the Hershey Trust Company and has a majority interest in The Hershey Company. The Hershey Trust Company provides accounting and other administrative services for the Theatre, Museum, and Gardens and for those services was paid \$40,804 for the year ended July 31, 2007. During 2007, the Archives received \$92,346 in contributions from the Milton Hershey School, HERCO, The Hershey Company and the Hershey Trust Company. The Museum leases space in properties which are owned by the School Trust. During the fiscal year ended July 31, 2007, the Museum paid rent to the School Trust of \$4,200. The Archives sublet space to Hershey Trust Company. The Hershey Trust Company paid rent to the Archives of \$2,196 for the fiscal year ended July 31, 2007. The Foundation leases space from the Hershey Trust Company. The Foundation paid rent to the Hershey Trust Company of \$9,150 for the fiscal year ended July 31, 2007. A portion of the Gardens' furniture, equipment and leasehold improvements were donated to the Foundation by HERCO on December 31, 1988, and have been recorded at HERCO's net book value. Prior to this time, the Gardens were operated by HERCO. In addition, the grounds used for the operations of the Gardens are being leased from the School Trust. During fiscal year ended July 31, 2007, the Gardens provided grounds maintenance services to the Museum's community park, for which the Museum paid \$9,987. The Gardens and Museum are paid an annual fee, on a quarterly basis, by HERCO to allow the guests of hotels operated by HERCO admission to their facilities. The Gardens and Museum recognized income of \$100,208 and \$123,400 respectively, during fiscal year 2007 related to this program.</p>

Identifier	Return Reference	Explanation
Form 990	Part V-A - List of Officers, Directors, Trustees and Key Employees	<p>Milton Hershey was a visionary in his design of an organizational structure which limits the costs of managing and administering his charities, Milton Hershey School and the M S Hershey Foundation. His 1935 Deed of Trust, creating the M S Hershey Foundation prohibits the Foundation's Board of Managers from being compensated for their services. Members of the Foundation board, receive no compensation for their efforts overseeing the charities. Board members serving on the for-profit Hershey Trust Company, Hershey Entertainment &amp; Resorts Company and The Hershey Company boards are compensated commensurate with their responsibilities on each of the enterprises. Each board obtained and relied upon appropriate third party data as to comparability in determining their director fees. Mr. Hershey also severely limited the compensation to the Hershey Trust Company for managing and administering his charities. Hershey Trust Company can never charge more than \$1,000 a year for its work as trustee to the Foundation. This limit is stated clearly in the Deed of Trust.</p>

**TY 2006 Investments - Land Schedule****Name:** THE MS HERSHEY FOUNDATION**EIN:** 23-6242734

Category/Item	Cost/Other Basis	Accumulated Depreciation	Book Value
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## TY 2006 Other Assets Schedule

**Name:** THE MS HERSHEY FOUNDATION**EIN:** 23-6242734

Description	Beginning of Year Amount	End of Year Amount
MUSEUM COLLECTIONS	1,797,351	1,862,884

**TY 2006 Other Changes in Net Assets Schedule****Name:** THE MS HERSHEY FOUNDATION**EIN:** 23-6242734

Description	Amount
EFFECT OF ADOPTION OF SFAS 124	1,824,270
CONTRIBUTIONS	1,571,584

## TY 2006 Other Liabilities Schedule

**Name:** THE MS HERSHEY FOUNDATION**EIN:** 23-6242734

Description	Beginning of Year Amount	End of Year Amount
ACCRUED POST RETIREMENT BEN OB		2,705,365
LOAN GUARANTEE OBLIGATION		1,912,150

**TY 2006 Other Revenues  
Not Included Schedule**

**Name:** THE MS HERSHEY FOUNDATION

**EIN:** 23-6242734

Description	Amount
TREASURY ADJUSTMENTS	999,622

**TY 2006 Self Dealing Statement****Name:** THE MS HERSHEY FOUNDATION**EIN:** 23-6242734

Line Number	Explanation
2a	

<b>Line Number</b>	<b>Explanation</b>
2c	

<b>Line Number</b>	<b>Explanation</b>
2d	FORM 990, PART V-A

Note: To capture the full content of this document, please select landscape mode (11" x 8.5") when printing.

## TY 2006 Supplemental Support Schedule

**Name:** THE MS HERSHEY FOUNDATION

**EIN:** 23-6242734

Year	Gifts, Grants and Contributions Received	Membership Fees Received	Gross Receipts From Admissions, Etc.	Gross Investment Income And Post 1975UBI	Net UBI Pre 1975	Tax Revenues Levied For Organization's Benefit	Value Of Services, Facilities Furnished By Government	Other Income	Total
2006	419,810	152,560	4,403,049	773,281					5,748,700
2004	444,315	139,074	4,614,431	836,435					6,034,255
2003	675,743	148,984	4,062,866	824,686					5,712,279
2002	856,460	146,315	4,511,422	815,951					6,330,148

Department of the Treasury  
Internal Revenue Service

For calendar year 2006, or tax year beginning 08/01, 2006, and ending 07/31, 2007  
For use with Forms 990, 990-EZ, 990-PF, 1120-POL, and 8868  
► See Instructions on back.

2006

**Name of exempt organization**

**Employer identification number**

THE M.S. HERSEY FOUNDATION

23-6242734

**Part I Type of Return and Return Information (Whole Dollars Only)**

Check the box for the return for which you are using this Form 8453-EO and enter the applicable amount from the return if any. If you check the box on line 1a, 2a, 3a, 4a, or 5a below and the amount on that line for the return for which you are filing this form was blank, then leave line 1b, 2b, 3b, 4b, or 5b, whichever is applicable, blank (that is, do not enter -0-). But, if you entered -0- on the return, then enter -0- on the applicable line below. Do not complete more than 1 line in Part I.

1a Form 990 check here ►  b Total revenue, if any (Form 990, line 12) . . . . . 1b 8,061,558  
2a Form 990-EZ check here ►  b Total revenue, if any (Form 990-EZ, line 9) . . . . . 2b  
3a Form 1120-POL check here ►  b Total tax (Form 1120-POL, line 22) . . . . . 3b  
4a Form 990-PF check here ►  b Tax based on Investment Income (Form 990-PF, Part VI, line 5) 4b  
5a Form 8868 check here ►  b Balance Due (Form 8868, line 3c) . . . . . 5b

**Part II      Declaration of Officer**

6  I authorize the U.S. Treasury and its designated Financial Agent to initiate an ACH electronic funds withdrawal (direct debit) entry to the financial institution account indicated in the tax preparation software for payment of the organization's federal taxes owed on this return, and the financial institution to debit the entry to this account. To revoke a payment, I must contact the U.S. Treasury Financial Agent at 1-888-353-4537 no later than 2 business days prior to the payment (settlement) date. I also authorize the financial institutions involved in the processing of the electronic payment of taxes to receive confidential information necessary to answer inquiries and resolve issues related to the payment.

If a copy of this return is being filed with a state agency(ies) regulating charities as part of the IRS Fed/State program, I certify that I executed the electronic disclosure consent contained within this return allowing disclosure by the IRS of this Form 990/990-EZ/990-PF (as specifically identified in Part I above) to the selected state agency(ies).

Under penalties of perjury, I declare that I am an officer of the above named organization and that I have examined a copy of the organization's 2006 electronic return and accompanying schedules and statements and to the best of my knowledge and belief, they are true, correct, and complete. I further declare that the amount in Part I above is the amount shown on the copy of the organization's electronic return. I consent to allow my intermediate service provider, transmitter, or electronic return originator (ERO) to send the organization's return to the IRS and to receive from the IRS (a) an acknowledgement of receipt or reason for rejection of the transmission; (b) an indication of any refund offset; (c) the reason for any delay in processing the return or refund, and (d) the date of any refund.

**Sign Here**  Signature of officer

6/12/08

## Treasure

**Part III Declaration of Electronic Return Originator (ERO) and Paid Preparer (see instructions)**

I declare that I have reviewed the above organization's return and that the entries on Form 8453-EO are complete and correct to the best of my knowledge. If I am only a collector, I am not responsible for reviewing the return and only declare that this form accurately reflects the data on the return. The organization officer will have signed this form before I submit the return. I will give the officer a copy of all forms and information to be filed with the IRS, and have followed all other requirements in Publication 4206, Information for Authorized IRS e-file Providers of Exempt Organization Filings. If I am also the Paid Preparer, under penalties of perjury I declare that I have examined the above organization's return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. This Paid Preparer declaration is based on all information of which I have any knowledge.

EROS Use Only	EROS's signature	▶ <i>John M. Sh</i>	Date	6/11/08	Check if also paid preparer	<input checked="" type="checkbox"/>	Check if self- employed	<input type="checkbox"/>	EROS's SSN or PTIN	P00451522
Firm's name (or yours if self-employed), address, and ZIP code				▶ KPMG LLP 2100 DOMINION TOWER NORFOLK, VA 23510-3310			EIN 13-5565207			Phone no. 757-616-7000

Under penalties of perjury, I declare that I have examined the above return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. Declaration of preparer is based on all information of which the preparer has any knowledge.

<b>Paid Preparer's Use Only</b>	Preparer's signature 	Date	<input type="checkbox"/> Check if self- employed	Preparer's SSN or PTIN
	Firm's name (or yours if self-employed), address, and ZIP code 			EIN
				Phone no.

**For Privacy Act and Paperwork Reduction Act Notice, see back of form.**

Form 8453-EO (2006)