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

OMB No 1545-0052

Department of the Treasury
Internal Revenue Service

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

2008

For calendar year 2008, or tax year beginning December 1, 2008, and ending November 30, 2009

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

Use the IRS label. Otherwise, print or type. See Specific Instructions.	Name of foundation Arete Foundation		A Employer identification number 23 6779271
	Number and street (or P.O. box number if mail is not delivered to street address) 1845 Walnut Street 10th floor		Room/suite
	City or town, state, and ZIP code Philadelphia, PA 19103		

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

I Fair market value of all assets at end of year (from Part II, col. (c), line 16) ► \$ **44,729,251** J Accounting method: Cash Accrual
 Other (specify) _____

(Part I, column (d) must be on cash basis)

	(a) Revenue and expenses per books	(b) Net investment income	(c) Adjusted net income	(d) Disbursements for charitable purposes (cash basis only)
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Revenue	1 Contributions, gifts, grants, etc., received (attach schedule)	1,924,000		
	2 Check ► <input type="checkbox"/> if the foundation is not required to attach Sch. B			
	3 Interest on savings and temporary cash investments	46,736	46,736	46,736
	4 Dividends and interest from securities	359,619	359,619	359,619
	5a Gross rents			
	b Net rental income or (loss)			
	6a Net gain or (loss) from sale of assets not on line 10	285,730		
	b Gross sales price for all assets on line 6a			
	7 Capital gain net income (from Part IV, line 2)		285,730	
	8 Net short-term capital gain			26,415
	9 Income modifications			
	10a Gross sales less returns and allowances			
b Less: Cost of goods sold				
c Gross profit or (loss) (attach schedule)				
11 Other income (attach schedule)	1,385,882			
12 Total. Add lines 1 through 11	4,001,967	692,085	432,770	
RECEIVED IRS-OS OCT 26 2010 IRS-OS OCT 26 2010				
Operating and Administrative Expenses	13 Compensation of officers, directors, trustees, etc.	24,000		
	14 Other employee salaries and wages			
	15 Pension plans, employee benefits			
	16a Legal fees (attach schedule)			
	b Accounting fees (attach schedule)	2,500		
	c Other professional fees (attach schedule)	10,000		
	17 Interest			
	18 Taxes (attach schedule) (see page 14 of the instructions)	13,486		
	19 Depreciation (attach schedule) and depletion			
	20 Occupancy			
	21 Travel, conferences, and meetings			
	22 Printing and publications			
	23 Other expenses (attach schedule)	32,155	30,922	30,922
	24 Total operating and administrative expenses. Add lines 13 through 23	82,141		
25 Contributions, gifts, grants paid	2,768,440		2,768,440	
26 Total expenses and disbursements. Add lines 24 and 25	2,850,581	30,922	30,922	
27 Subtract line 26 from line 12:				
a Excess of revenue over expenses and disbursements	1,151,386			
b Net investment income (if negative, enter -0-)		661,163		
c Adjusted net income (if negative, enter -0-)			401,848	

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15

Part II Balance Sheets		Attached schedules and amounts in the description column should be for end-of-year amounts only. (See instructions.)		
		Beginning of year	End of year	
		(a) Book Value	(b) Book Value	(c) Fair Market Value
Assets	1 Cash—non-interest-bearing		550,596	550,596
	2 Savings and temporary cash investments	6,176,500	1,306,700	1,306,700
	3 Accounts receivable ►	63,185		
	Less: allowance for doubtful accounts ►	0		
	4 Pledges receivable ►			
	Less: allowance for doubtful accounts ►			
	5 Grants receivable			
	6 Receivables due from officers, directors, trustees, and other disqualified persons (attach schedule) (see page 15 of the instructions)			
	7 Other notes and loans receivable (attach schedule) ►			
	Less: allowance for doubtful accounts ►			
	8 Inventories for sale or use			
	9 Prepaid expenses and deferred charges			
	10a Investments—U.S. and state government obligations (attach schedule)	1,988,938	1,999,076	2,013,752
	b Investments—corporate stock (attach schedule)	17,143,580	18,844,473	35,666,497
	c Investments—corporate bonds (attach schedule)		2,625,000	1,838,258
	11 Investments—land, buildings, and equipment, basis ►			
	Less accumulated depreciation (attach schedule) ►			
	12 Investments—mortgage loans			
	13 Investments—other (attach schedule)	3,691,724	4,796,556	3,290,263
	14 Land, buildings, and equipment basis ►			
	Less: accumulated depreciation (attach schedule) ►			
	15 Other assets (describe ►)			
	16 Total assets (to be completed by all filers—see the instructions. Also, see page 1, item I)	29,032,208	30,185,586	44,729,251
Liabilities	17 Accounts payable and accrued expenses	19,866	21,858	
	18 Grants payable			
	19 Deferred revenue			
	20 Loans from officers, directors, trustees, and other disqualified persons			
	21 Mortgages and other notes payable (attach schedule)			
	22 Other liabilities (describe ►)	19,866	21,858	
Net Assets or Fund Balances	23 Total liabilities (add lines 17 through 22)	19,866	21,858	
	Foundations that follow SFAS 117, check here ► <input type="checkbox"/> and complete lines 24 through 26 and lines 30 and 31.			
	24 Unrestricted	29,012,342	30,163,728	
	25 Temporarily restricted			
	26 Permanently restricted			
	Foundations that do not follow SFAS 117, check here ► <input type="checkbox"/> and complete lines 27 through 31.			
	27 Capital stock, trust principal, or current funds			
	28 Paid-in or capital surplus, or land, bldg., and equipment fund			
	29 Retained earnings, accumulated income, endowment, or other funds			
	30 Total net assets or fund balances (see page 17 of the instructions)	29,012,342	30,163,728	
	31 Total liabilities and net assets/fund balances (see page 17 of the instructions)	29,032,208	30,185,586	

Part III Analysis of Changes in Net Assets or Fund Balances

1 Total net assets or fund balances at beginning of year—Part II, column (a), line 30 (must agree with end-of-year figure reported on prior year's return)	1	29,012,342
2 Enter amount from Part I, line 27a	2	1,151,386
3 Other increases not included in line 2 (itemize) ►	3	
4 Add lines 1, 2, and 3	4	30,163,728
5 Decreases not included in line 2 (itemize) ►	5	
6 Total net assets or fund balances at end of year (line 4 minus line 5)—Part II, column (b), line 30	6	30,163,728

Part IV Capital Gains and Losses for Tax on Investment Income

(a) List and describe the kind(s) of property sold (e.g., real estate, 2-story brick warehouse, or common stock, 200 shs MLC Co.)			(b) How acquired P—Purchase D—Donation	(c) Date acquired (mo., day, yr.)	(d) Date sold (mo., day, yr.)
1a Pass thrus- 2008 Schedule K-1 LP Partnership Int			P		
b					
c					
d					
e					
(e) Gross sales price	(f) Depreciation allowed (or allowable)	(g) Cost or other basis plus expense of sale	(h) Gain or (loss) (e) plus (f) minus (g)		
a					
b					
c					
d					
e					
Complete only for assets showing gain in column (h) and owned by the foundation on 12/31/69					
(i) FMV as of 12/31/69	(j) Adjusted basis as of 12/31/69	(k) Excess of col. (i) over col. (j), if any	(l) Gains (Col. (h) gain minus col. (k), but not less than -0-) or Losses (from col. (h))		
a					
b					
c					
d					
e					
2 Capital gain net income or (net capital loss)	If gain, also enter in Part I, line 7 If (loss), enter -0- in Part I, line 7		2	285,730	
3 Net short-term capital gain or (loss) as defined in sections 1222(5) and (6): If gain, also enter in Part I, line 8, column (c) (see pages 13 and 17 of the instructions). If (loss), enter -0- in Part I, line 8			3	26,415	

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

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

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

Was the foundation liable for the section 4942 tax on the distributable amount of any year in the base period? Yes No
If "Yes," the foundation does not qualify under section 4940(e). Do not complete this part.

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

(a) Base period years Calendar year (or tax year beginning in)	(b) Adjusted qualifying distributions	(c) Net value of noncharitable-use assets	(d) Distribution ratio (col. (b) divided by col. (c))
2007			
2006			
2005			
2004			
2003			

2 Total of line 1, column (d)	2
3 Average distribution ratio for the 5-year base period—divide the total on line 2 by 5, or by the number of years the foundation has been in existence if less than 5 years	3
4 Enter the net value of noncharitable-use assets for 2008 from Part X, line 5	4
5 Multiply line 4 by line 3	5
6 Enter 1% of net investment income (1% of Part I, line 27b)	6
7 Add lines 5 and 6	7
8 Enter qualifying distributions from Part XII, line 4	8

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

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

1a	Exempt operating foundations described in section 4940(d)(2), check here ► <input type="checkbox"/> and enter "N/A" on line 1. Date of ruling letter: (attach copy of ruling letter if necessary—see instructions)	1	13,223
b	Domestic foundations that meet the section 4940(e) requirements in Part V, check here ► <input type="checkbox"/> and enter 1% of Part I, line 27b		
c	All other domestic foundations enter 2% of line 27b. Exempt foreign organizations enter 4% of Part I, line 12, col. (b)		
2	Tax under section 511 (domestic section 4947(a)(1) trusts and taxable foundations only. Others enter -0-)	2	
3	Add lines 1 and 2	3	13,223
4	Subtitle A (income) tax (domestic section 4947(a)(1) trusts and taxable foundations only. Others enter -0-)	4	
5	Tax based on investment income. Subtract line 4 from line 3. If zero or less, enter -0-	5	13,223
6	Credits/Payments:		
a	2008 estimated tax payments and 2007 overpayment credited to 2008	6a	
b	Exempt foreign organizations—tax withheld at source	6b	
c	Tax paid with application for extension of time to file (Form 8868)	6c	6,040
d	Backup withholding erroneously withheld	6d	
7	Total credits and payments. Add lines 6a through 6d	7	6,040
8	Enter any penalty for underpayment of estimated tax. Check here <input type="checkbox"/> if Form 2220 is attached	8	
9	Tax due. If the total of lines 5 and 8 is more than line 7, enter amount owed ►	9	7,183
10	Overpayment. If line 7 is more than the total of lines 5 and 8, enter the amount overpaid ►	10	
11	Enter the amount of line 10 to be: Credited to 2009 estimated tax ► Refunded ►	11	

Part VII-A Statements Regarding Activities

1a	During the tax year, did the foundation attempt to influence any national, state, or local legislation or did it participate or intervene in any political campaign?	Yes	No
1b	Did it spend more than \$100 during the year (either directly or indirectly) for political purposes (see page 19 of the instructions for definition)?	✓	
1c	<i>If the answer is "Yes" to 1a or 1b, attach a detailed description of the activities and copies of any materials published or distributed by the foundation in connection with the activities.</i>	✓	
2	Has the foundation engaged in any activities that have not previously been reported to the IRS? . . . <i>If "Yes," attach a detailed description of the activities.</i>	✓	
3	Has the foundation made any changes, not previously reported to the IRS, in its governing instrument, articles of incorporation, or bylaws, or other similar instruments? <i>If "Yes," attach a conformed copy of the changes</i>	✓	
4a	Did the foundation have unrelated business gross income of \$1,000 or more during the year?	✓	
4b	<i>If "Yes," has it filed a tax return on Form 990-T for this year?</i>	✓	
5	Was there a liquidation, termination, dissolution, or substantial contraction during the year? <i>If "Yes," attach the statement required by General Instruction T.</i>	✓	
6	Are the requirements of section 508(e) (relating to sections 4941 through 4945) satisfied either: ● By language in the governing instrument, or ● By state legislation that effectively amends the governing instrument so that no mandatory directions that conflict with the state law remain in the governing instrument?	✓	
7	Did the foundation have at least \$5,000 in assets at any time during the year? <i>If "Yes," complete Part II, col. (c), and Part XV.</i>	✓	
8a	Enter the states to which the foundation reports or with which it is registered (see page 19 of the instructions) ► PENNSYLVANIA		
8b	<i>If the answer is "Yes" to line 7, has the foundation furnished a copy of Form 990-PF to the Attorney General (or designate) of each state as required by General Instruction G? If "No," attach explanation</i>	✓	
9	Is the foundation claiming status as a private operating foundation within the meaning of section 4942(j)(3) or 4942(j)(5) for calendar year 2008 or the taxable year beginning in 2008 (see instructions for Part XIV on page 27)? <i>If "Yes," complete Part XIV</i>	✓	
10	Did any persons become substantial contributors during the tax year? <i>If "Yes," attach a schedule listing their names and addresses</i>	✓	

Part VII-A Statements Regarding Activities (continued)

11		✓
12		✓
13		✓
14	Telephone no. ► 215 7173341 Located at ► 1845 Walnut St 10th FLR Philadelphia, PA	ZIP+4 ► 19103
15	Section 4947(a)(1) nonexempt charitable trusts filing Form 990-PF in lieu of Form 1041—Check here and enter the amount of tax-exempt interest received or accrued during the year ► 15	► □

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

	File Form 4720 if any item is checked in the "Yes" column, unless an exception applies.	Yes	No
1a	During the year did the foundation (either directly or indirectly): (1) Engage in the sale or exchange, or leasing of property with a disqualified person? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No (2) Borrow money from, lend money to, or otherwise extend credit to (or accept it from) a disqualified person? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No (3) Furnish goods, services, or facilities to (or accept them from) a disqualified person? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No (4) Pay compensation to, or pay or reimburse the expenses of, a disqualified person? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No (5) Transfer any income or assets to a disqualified person (or make any of either available for the benefit or use of a disqualified person)? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No (6) Agree to pay money or property to a government official? (Exception. Check "No" if the foundation agreed to make a grant to or to employ the official for a period after termination of government service, if terminating within 90 days.) <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
b	If any answer is "Yes" to 1a(1)–(6), did any of the acts fail to qualify under the exceptions described in Regulations section 53.4941(d)-3 or in a current notice regarding disaster assistance (see page 20 of the instructions)? Organizations relying on a current notice regarding disaster assistance check here ► □	1b	
c	Did the foundation engage in a prior year in any of the acts described in 1a, other than excepted acts, that were not corrected before the first day of the tax year beginning in 2008?	1c	✓
2	Taxes on failure to distribute income (section 4942) (does not apply for years the foundation was a private operating foundation defined in section 4942(j)(3) or 4942(j)(5)): a At the end of tax year 2008, did the foundation have any undistributed income (lines 6d and 6e, Part XIII) for tax year(s) beginning before 2008? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If "Yes," list the years ► 20 07 , 20 , 20 , 20	2b	✓
b	Are there any years listed in 2a for which the foundation is not applying the provisions of section 4942(a)(2) (relating to incorrect valuation of assets) to the year's undistributed income? (If applying section 4942(a)(2) to all years listed, answer "No" and attach statement—see page 20 of the instructions.)	3b	
c	If the provisions of section 4942(a)(2) are being applied to any of the years listed in 2a, list the years here. ► 20 , 20 , 20 , 20	4a	✓
3a	Did the foundation hold more than a 2% direct or indirect interest in any business enterprise at any time during the year? <input type="checkbox"/> Yes <input type="checkbox"/> No	4b	✓
b	If "Yes," did it have excess business holdings in 2008 as a result of (1) any purchase by the foundation or disqualified persons after May 26, 1969; (2) the lapse of the 5-year period (or longer period approved by the Commissioner under section 4943(c)(7)) to dispose of holdings acquired by gift or bequest; or (3) the lapse of the 10-, 15-, or 20-year first phase holding period? (Use Schedule C, Form 4720, to determine if the foundation had excess business holdings in 2008.)		
4a	Did the foundation invest during the year any amount in a manner that would jeopardize its charitable purposes?		
b	Did the foundation make any investment in a prior year (but after December 31, 1969) that could jeopardize its charitable purpose that had not been removed from jeopardy before the first day of the tax year beginning in 2008?		

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

5a	During the year did the foundation pay or incur any amount to:			
(1)	Carry on propaganda, or otherwise attempt to influence legislation (section 4945(e))?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	
(2)	Influence the outcome of any specific public election (see section 4955); or to carry on, directly or indirectly, any voter registration drive?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	
(3)	Provide a grant to an individual for travel, study, or other similar purposes?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	
(4)	Provide a grant to an organization other than a charitable, etc., organization described in section 509(a)(1), (2), or (3), or section 4940(d)(2)? (see page 22 of the instructions)	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	
(5)	Provide for any purpose other than religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	
b	If any answer is "Yes" to 5a(1)–(5), did any of the transactions fail to qualify under the exceptions described in Regulations section 53.4945 or in a current notice regarding disaster assistance (see page 22 of the instructions)? Organizations relying on a current notice regarding disaster assistance check here ► <input type="checkbox"/>			5b
c	If the answer is "Yes" to question 5a(4), does the foundation claim exemption from the tax because it maintained expenditure responsibility for the grant?	<input type="checkbox"/> Yes	<input type="checkbox"/> No	
	<i>If "Yes," attach the statement required by Regulations section 53.4945–5(d).</i>			
6a	Did the foundation, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	
b	Did the foundation, during the year, pay premiums, directly or indirectly, on a personal benefit contract? If you answered "Yes" to 6b, also file Form 8870			6b <input checked="" type="checkbox"/>
7a	At any time during the tax year, was the foundation a party to a prohibited tax shelter transaction?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	
b	If yes, did the foundation receive any proceeds or have any net income attributable to the transaction?			7b

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

1 List all officers, directors, trustees, foundation managers and their compensation (see page 22 of the instructions).				
(a) Name and address	(b) Title, and average hours per week devoted to position	(c) Compensation (If not paid, enter -0-)	(d) Contributions to employee benefit plans and deferred compensation	(e) Expense account, other allowances
Betsy Z. Cohen 1240 N. Casey Key Rd, Osprey FL 34229	Trustee, As Required	0	0	0
Edward E. Cohen 1240 N. Casey Key Rd, Osprey FL 34229	Trustee, As Required	0	0	0
Jonathan Z. Cohen 1107 Fifth Ave Apt 7S New York, NY 19128	Trustee, As Required	0	0	0
Daniel G. Cohen 1240 N. Casey Key Rd, Osprey, FL 34229	Trustee, As Required	0	0	0
2 Compensation of five highest-paid employees (other than those included on line 1—see page 23 of the instructions). If none, enter "NONE."				
(a) Name and address of each employee paid more than \$50,000	(b) Title, and average hours per week devoted to position	(c) Compensation	(d) Contributions to employee benefit plans and deferred compensation	(e) Expense account, other allowances
Total number of other employees paid over \$50,000 ► 0				

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

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

(a) Name and address of each person paid more than \$50,000	(b) Type of service	(c) Compensation

Total number of others receiving over \$50,000 for professional services ► 0

Part IX-A Summary of Direct Charitable Activities

List the foundation's four largest direct charitable activities during the tax year. Include relevant statistical information such as the number of organizations and other beneficiaries served, conferences convened, research papers produced, etc.		Expenses
1 Contributions to tax exempt charitable organizations (4)		0

2 Contributions to tax exempt educational organization (31)		0

3 Contributions to tax exempt religious organizations (2)		0

4 Contributions to tax exempt literary organizations (2)		0
Contributions to scientific organizations (1)		

Part IX-B Summary of Program-Related Investments (see page 23 of the instructions)

Describe the two largest program-related investments made by the foundation during the tax year on lines 1 and 2		Amount
1	----- -----	
2	----- -----	
All other program-related investments See page 24 of the instructions		
3	----- -----	
Total. Add lines 1 through 3	► 0

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

1	Fair market value of assets not used (or held for use) directly in carrying out charitable, etc., purposes:		
a	Average monthly fair market value of securities	1a	31,239,224
b	Average of monthly cash balances	1b	4,663,989
c	Fair market value of all other assets (see page 24 of the instructions)	1c	44,825
d	Total (add lines 1a, b, and c)	1d	35,948,038
e	Reduction claimed for blockage or other factors reported on lines 1a and 1c (attach detailed explanation)	1e	
2	Acquisition indebtedness applicable to line 1 assets	2	
3	Subtract line 2 from line 1d	3	35,948,038
4	Cash deemed held for charitable activities. Enter 1½ % of line 3 (for greater amount, see page 25 of the instructions)	4	539,221
5	Net value of noncharitable-use assets. Subtract line 4 from line 3. Enter here and on Part V, line 4	5	35,408,817
6	Minimum investment return. Enter 5% of line 5	6	1,770,441

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

1	Minimum investment return from Part X, line 6	1	1,770,441
2a	Tax on investment income for 2008 from Part VI, line 5	2a	13,223
b	Income tax for 2008. (This does not include the tax from Part VI.)	2b	
c	Add lines 2a and 2b	2c	13,223
3	Distributable amount before adjustments. Subtract line 2c from line 1	3	1,757,218
4	Recoveries of amounts treated as qualifying distributions	4	1,000
5	Add lines 3 and 4	5	1,758,218
6	Deduction from distributable amount (see page 25 of the instructions)	6	
7	Distributable amount as adjusted. Subtract line 6 from line 5. Enter here and on Part XIII, line 1	7	1,758,218

Part XII Qualifying Distributions (see page 25 of the instructions)

1	Amounts paid (including administrative expenses) to accomplish charitable, etc., purposes:		
a	Expenses, contributions, gifts, etc.—total from Part I, column (d), line 26	1a	2,768,440
b	Program-related investments—total from Part IX-B	1b	
2	Amounts paid to acquire assets used (or held for use) directly in carrying out charitable, etc., purposes	2	
3	Amounts set aside for specific charitable projects that satisfy the:		
a	Suitability test (prior IRS approval required)	3a	
b	Cash distribution test (attach the required schedule)	3b	
4	Qualifying distributions. Add lines 1a through 3b. Enter here and on Part V, line 8, and Part XIII, line 4	4	2,768,440
5	Foundations that qualify under section 4940(e) for the reduced rate of tax on net investment income. Enter 1% of Part I, line 27b (see page 26 of the instructions)	5	
6	Adjusted qualifying distributions. Subtract line 5 from line 4	6	2,768,440

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

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

	(a) Corpus	(b) Years prior to 2007	(c) 2007	(d) 2008
1 Distributable amount for 2008 from Part XI, line 7				1,758,218
2 Undistributed income, if any, as of the end of 2007:			632,250	
a Enter amount for 2007 only		0		
b Total for prior years: 20 ____ , 20 ____ , 20 ____				
3 Excess distributions carryover, if any, to 2008:				
a From 2003				
b From 2004				
c From 2005				
d From 2006				
e From 2007				
f Total of lines 3a through e	0			
4 Qualifying distributions for 2008 from Part XII, line 4: ► \$ 2,768,440			632,250	
a Applied to 2007, but not more than line 2a		0		
b Applied to undistributed income of prior years (Election required—see page 26 of the instructions)				
c Treated as distributions out of corpus (Election required—see page 26 of the instructions)				
d Applied to 2008 distributable amount				1,758,218
e Remaining amount distributed out of corpus	2,768,440			
f 0	0			0
5 Excess distributions carryover applied to 2008. (If an amount appears in column (d), the same amount must be shown in column (a).)				
6 Enter the net total of each column as indicated below:	2,768,440			
a Corpus. Add lines 3f, 4c, and 4e. Subtract line 5		0		
b Prior years' undistributed income. Subtract line 4b from line 2b				
c Enter the amount of prior years' undistributed income for which a notice of deficiency has been issued, or on which the section 4942(a) tax has been previously assessed		0		
d Subtract line 6c from line 6b. Taxable amount—see page 27 of the instructions		0		
e Undistributed income for 2007. Subtract line 4a from line 2a. Taxable amount—see page 27 of the instructions				0
f Undistributed income for 2008. Subtract lines 4d and 5 from line 1. This amount must be distributed in 2009				0
7 Amounts treated as distributions out of corpus to satisfy requirements imposed by section 170(b)(1)(F) or 4942(g)(3) (see page 27 of the instructions)	2,390,468			
8 Excess distributions carryover from 2003 not applied on line 5 or line 7 (see page 27 of the instructions)				
9 Excess distributions carryover to 2009. Subtract lines 7 and 8 from line 6a	377,972			
10 Analysis of line 9:				
a Excess from 2004				
b Excess from 2005				
c Excess from 2006				
d Excess from 2007				
e Excess from 2008	377,972			

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

1a If the foundation has received a ruling or determination letter that it is a private operating foundation, and the ruling is effective for 2008, enter the date of the ruling ►					
b Check box to indicate whether the foundation is a private operating foundation described in section	<input type="checkbox"/> 4942(j)(3) or <input type="checkbox"/> 4942(j)(5)				
2a Enter the lesser of the adjusted net income from Part I or the minimum investment return from Part X for each year listed					
b 85% of line 2a					
c Qualifying distributions from Part XII, line 4 for each year listed					
d Amounts included in line 2c not used directly for active conduct of exempt activities					
e Qualifying distributions made directly for active conduct of exempt activities. Subtract line 2d from line 2c					
3 Complete 3a, b, or c for the alternative test relied upon					
a "Assets" alternative test—enter:					
(1) Value of all assets					
(2) Value of assets qualifying under section 4942(j)(3)(B)(i)					
b "Endowment" alternative test—enter ½ of minimum investment return shown in Part X, line 6 for each year listed					
c "Support" alternative test—enter:					
(1) Total support other than gross investment income (interest, dividends, rents, payments on securities loans (section 512(a)(5)), or royalties)					
(2) Support from general public and 5 or more exempt organizations as provided in section 4942(j)(3)(B)(III)					
(3) Largest amount of support from an exempt organization					
(4) Gross investment income					
	Tax year	Prior 3 years			(e) Total
	(a) 2008	(b) 2007	(c) 2006	(d) 2005	

Part XV Supplementary Information (Complete this part only if the foundation had \$5,000 or more in assets at any time during the year—see page 27 of the instructions.)**1 Information Regarding Foundation Managers:**

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

Edward E. Cohen

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

None**2 Information Regarding Contribution, Grant, Gift, Loan, Scholarship, etc., Programs:**

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

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

Sue Taylor, Executive Director, Arete Foundation 1845 Walnut St. 10th floor Philadelphia, PA 19103

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

Detailed letter request with copies of organizational documents and I.R.S. tax exempt determination letter

c Any submission deadlines:

None

d Any restrictions or limitations on awards, such as by geographical areas, charitable fields, kinds of institutions, or other factors:

None

Part XV Supplementary Information (continued)**3 Grants and Contributions Paid During the Year or Approved for Future Payment**

Recipient	If recipient is an individual, show any relationship to any foundation manager or substantial contributor	Foundation status of recipient	Purpose of grant or contribution	Amount
Name and address (home or business)				
<i>a Paid during the year</i>				
See attached schedule				
Total				► 3a 2,768,440
<i>b Approved for future payment</i>				
Farnsworth Art Museum 16 Museum Street Rockland, ME 04841	Not applicable	Exempt	Educational	64,000
Total				► 3b 64,000

Part XVI-A Analysis of Income-Producing Activities

Enter gross amounts unless otherwise indicated

Enter gross amounts unless otherwise indicated.		Unrelated business income		Excluded by section 512, 513, or 514	(e) Related or exempt function income (See page 28 of the instructions)	
		(a) Business code	(b) Amount	(c) Exclusion code	(d) Amount	
1	Program service revenue:					
a						
b						
c						
d						
e						
f						
g	Fees and contracts from government agencies					
2	Membership dues and assessments			514	46,736	
3	Interest on savings and temporary cash investments			514	359,619	
4	Dividends and interest from securities					
5	Net rental income or (loss) from real estate:					
a	Debt-financed property					
b	Not debt-financed property					
6	Net rental income or (loss) from personal property					
7	Other investment income			514	285,730	
8	Gain or (loss) from sales of assets other than inventory					
9	Net income or (loss) from special events					
10	Gross profit or (loss) from sales of inventory					
11	Other revenue: a Recovery prior qualified di			514	1,000	
b	Realized gains on stock donations			514	1,384,882	
c						
d						
e						
12	Subtotal. Add columns (b), (d), and (e)				2,077,967	
13	Total. Add line 12, columns (b), (d), and (e)					2,077,967
(See worksheet in line 13 instructions on page 28 to verify calculations.)						13

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

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

		Yes	No
1	Did the organization directly or indirectly engage in any of the following with any other organization described in section 501(c) of the Code (other than section 501(c)(3) organizations) or in section 527, relating to political organizations?		
a	Transfers from the reporting foundation to a noncharitable exempt organization of:		
(1)	Cash	1a(1)	✓
(2)	Other assets	1a(2)	✓
b	Other transactions:		
(1)	Sales of assets to a noncharitable exempt organization	1b(1)	✓
(2)	Purchases of assets from a noncharitable exempt organization	1b(2)	✓
(3)	Rental of facilities, equipment, or other assets	1b(3)	✓
(4)	Reimbursement arrangements	1b(4)	✓
(5)	Loans or loan guarantees	1b(5)	✓
(6)	Performance of services or membership or fundraising solicitations	1b(6)	✓
c	Sharing of facilities, equipment, mailing lists, other assets, or paid employees	1c	✓
d	If the answer to any of the above is "Yes," complete the following schedule. Column (b) should always show the fair market value of the goods, other assets, or services given by the reporting foundation. If the foundation received less than fair market value in any transaction or sharing arrangement, show in column (d) the value of the goods, other assets, or services received		

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

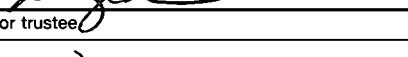
b If "Yes," complete the following schedule.

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

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

7/9/2010

Date _____ Title _____

<p>Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer or fiduciary) is based on all information of which preparer has any knowledge.</p> <p></p> <p>Signature of officer or trustee</p>		<p>7/9/2010</p>	<p>Executive Director</p>
<p>Sign Here</p>	<p>Date</p>	<p>Title</p>	
<p>Paid Preparer's Use Only</p>	<p>Date</p>	<p>Check if self-employed ► <input type="checkbox"/></p>	<p>Preparer's identifying number (see Signature on page 30 of the instructions)</p>
<p>Preparer's signature</p> <p></p>	<p>7/9/2010</p>	<p>Firm's name (or yours if self-employed), address, and ZIP code</p> <p>► Donna M. Zarighi, C.P.A</p> <p>806 Augusta Circle Mount Laurel, NJ 08054-2755</p>	
		<p>EIN ►</p>	<p>Phone no. (856) 727-0959</p>

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

► Attach to Form 990, 990-EZ, and 990-PF.

OMB No 1545-0047

2008**Name of the organization****Arete Foundation****Employer identification number****23****6779271****Organization type (check one):****Filers of:****Section:**

Form 990 or 990-EZ

 501(c)() (enter number) organization 4947(a)(1) nonexempt charitable trust **not** treated as a private foundation 527 political organization

Form 990-PF

 501(c)(3) exempt private foundation 4947(a)(1) nonexempt charitable trust treated as a private foundation 501(c)(3) taxable private foundation

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

General Rule

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

Special Rules

For a section 501(c)(3) organization filing Form 990, or Form 990-EZ, that met the 33½% support test of the regulations under sections 509(a)(1)/170(b)(1)(A)(vi), and received from any one contributor, during the year, a contribution of the greater of (1) \$5,000 or (2) 2% of the amount on Form 990, Part VIII, line 1h or 2% of the amount on Form 990-EZ, line 1. Complete Parts I and II.

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

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

Caution. Organizations that are not covered by the General Rule and/or the Special Rules do not file Schedule B (Form 990, 990-EZ, or 990-PF), but they **must** answer "No" on Part IV, line 2 of their Form 990, or check the box in the heading of their Form 990-EZ, or on line 2 of their Form 990-PF, to certify that they do not meet the filing requirements of Schedule B (Form 990, 990-EZ, or 990-PF).

Name of organization
Arete FoundationEmployer identification number
23 6779271**Part I** Contributors (see instructions)

(a) No.	(b) Name, address, and ZIP + 4	(c) Aggregate contributions	(d) Type of contribution
1	Edward E. Cohen 1240 N. Casey Key Rd Osprey, FL 34229	\$ 1,924,000	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input checked="" type="checkbox"/> (Complete Part II if there is a noncash contribution.)
		\$	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
		\$	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
		\$	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
		\$	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
		\$	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
		\$	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
		\$	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)

Name of organization
Arete FoundationEmployer identification number
23 6779271**Part II Noncash Property (see instructions)**

(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (see instructions)	(d) Date received
1	Atlas Energy, Inc. (formerly Atlas America, Inc) 100,000 shares of common stock	\$ 1,924,000	6 / 10 / 2009
(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (see instructions)	(d) Date received
		\$	/ / /
(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (see instructions)	(d) Date received
		\$	/ / /
(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (see instructions)	(d) Date received
		\$	/ / /
(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (see instructions)	(d) Date received
		\$	/ / /
(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (see instructions)	(d) Date received
		\$	/ / /

Schedule 1

ARETE FOUNDATION
FORM 990-PF
EIN: 23-6779271

TAX YEAR ENDED NOVEMBER 30, 2009

PART I:

Line 11

Other income:

Realized gains on stock donations	\$ 1,384,882
Recovery of prior year qualified distribution	1,000
	<u><u>\$ 1,385,882</u></u>

Operating and Adminstrative Expenses

		Description
Line 16b:	Accounting	Audit fee
		<u><u>\$ 2,500</u></u>
Line 16c:	Other professional fees:	Tax return preparation
		Advisory fees
		<u><u>\$ 5,000</u></u>
		5,000
		<u><u>\$ 10,000</u></u>
Line 23:	Other expenses	
	Bank charges	\$ 100
	Limited Partnership Pass thru: Schedule K-1	
	Portfolio deductions- Fees	30,922
	Penalties and Interest	1,133
		<u><u>\$ 32,155</u></u>

Schedule 2

ARETE FOUNDATION
FORM 990-PF
E.I.N. 23-6779271
TAX YEAR ENDING NOVEMBER 30, 2009

PART II: BALANCE SHEETS				Fair
	Book Value	Book Value	Market Value	
	11/30/2008	11/30/2009	11/30/2009	
Line 10a- Investments in U.S. Obligations U S Treasury Bills	\$ 1,988,938	\$ 1,999,076	\$ 2,013,752	
Line 10b- Investments in corporate stock:				
Resource America, Inc - 449,516 shares-common stock	\$ 2,122,267	\$ 2,122,267	\$ 1,658,714	
Atlas Energy, Inc (formerly Atlas America, Inc)- 1,289,409 and 1,319,869 shares- common stock	14,577,313	16,278,206	33,920,633	
The Bancorp, Inc - 15,000 shares- common stock	444,000	444,000	87,150	
	\$ 17,143,580	\$ 18,844,473	\$ 35,666,497	
Line 10c- Investments- corporate bonds Resource America, Inc Senior Notes- 12%, Due 9/29/2012	\$ -	\$ 2,625,000	\$ 1,838,258	
Line 13- Investments- other:				
TD Bank N.A Certificate of Deposit Investment in Limited Partnerships	\$ -	\$ 252,710	\$ 252,710	
Castine Partners II, LP Apidos Select Corporate Credit Fund, LP	1,609,150	1,961,272	2,263,436	
RAIT Financial Trust- 126,801 common shares of beneficial interest	-	500,000	577,575	
Resource America, Inc Warrants 514,706 shares; expiring 9/29/2014	2,082,574	2,082,574	196,542	
	\$ 3,691,724	\$ 4,796,556	\$ 3,290,263	

PART VII-A:

Line 10- LIST OF SUBSTANTIAL CONTRIBUTOR:
 1 Edward E Cohen, Trustee
 1240 N Casey Key Road
 Osprey, FL 34229

PART VIII: Information about Officers, Directors, Trustees, Foundation Managers, Highly Paid Employees, and Contractors (continued)

(a) Name and address	(b) Title and Average Hours	(c) Compensation	(d) Contributions to employee plans	(e) Expense Account
Sue Taylor, Executive Director 1845 Walnut St. 10th flr Philadelphia, PA 19103	As required	\$ 24,000	\$ -	\$ -

ARETE FOUNDATION
FORM 990-PF
EIN: 23-6779271

PART XV: SUPPLEMENTARY INFORMATION-
PART 3. GRANTS AND CONTRIBUTIONS PAID DURING THE YEAR OR APPROVED FOR FUTURE PAYMENT

RECIPIENT Name and Address (Home or business)	If recipient is an individual show any relationship to any foundation manager or substantial contributor	Foundation Status	Purpose of Grant/Contribution	AMOUNT
A) PAID DURING THE YEAR				
American Academy in Rome 7 East 60th St New York, NY 10022	Not Applicable	EXEMPT	Educational	\$ 15,000
American Poetry Review 117 South 17th Street Philadelphia, PA 19103	Not Applicable	EXEMPT	Literary	\$ 25,000
American School of Classical Studies at Athens 6-8 Charlton Street Princeton, NJ 08540	Not Applicable	EXEMPT	Educational	\$ 65,500
Asia Society 725 Park Avenue New York, NY 10021-5088	Not Applicable	EXEMPT	Educational	\$ 110,000
Center for Traditional Music & Dance, Inc 32 Broadway Suite 1314 New York, NY 10004	Not Applicable	EXEMPT	Educational	\$ 2,500
Children's Museum of the Arts, Inc 182 Lafayette Street New York, NY 10013	Not Applicable	EXEMPT	Educational	\$ 25,000
Citymeals-on-Wheels 355 Lexington Ave 3rd floor New York, NY 10017	Not Applicable	EXEMPT	Charitable	\$ 1,200
Columbia University Center for the Ancient Mediterranean 624 Fayerweather Hall 1180 Amsterdam Avenue New York, NY 10027	Not Applicable	EXEMPT	Educational	\$ 20,000
Environmental Defense Fund, Inc 257 Park Avenue South New York, NY 10010	Not Applicable	EXEMPT	Educational	\$ 5,000
			Page Total	\$ 269,200

ARETE FOUNDATION TAX YEAR ENDED NOVEMBER 30, 2009
 FORM 990-PF EIN: 23-6779271

PART XV: SUPPLEMENTARY INFORMATION-
PART 3. GRANTS AND CONTRIBUTIONS PAID DURING THE YEAR OR APPROVED FOR FUTURE PAYMENT

RECIPIENT Name and Address (Home or business)	If recipient is an individual show any relationship to any foundation manager or substantial contributor	Foundation Status	Purpose of Grant/Contribution	AMOUNT
A) PAID DURING THE YEAR				
Fotofest, Inc 1113 Vine Street Houston, TX 77002	Not Applicable	EXEMPT	Educational	\$ 25,000
Girls High School 3899 Valentina Way Naples, FL 34199	Not Applicable	EXEMPT	Educational	\$ 250
Germantown Friends School 31 W Coulter Street Philadelphia, PA 19144	Not Applicable	EXEMPT	Educational	\$ 35,000
InLiquid.com Inc Crane Arts Building 1400 N American St Studio 314 Philadelphia, PA 19122	Not Applicable	EXEMPT	Charitable	\$ 10,000
Island Institute 386 Main Street Rockland, ME 04841	Not Applicable	EXEMPT	Educational	\$ 10,000
Islesboro Islands Trust P O Box 182 Islesboro, ME 04848	Not Applicable	EXEMPT	Charitable	\$ 15,000
Islesboro Community Center P O Box 267 Islesboro, ME 04848	Not Applicable	EXEMPT	Charitable	\$ 10,000
Machine Israel of Philadelphia Lubavitcher Center 7622 Castor Ave Philadelphia, PA 19152	Not Applicable	EXEMPT	Religious	\$ 100,000
MCA Denver 1485 Delaney St Denver, CO 80202	Not Applicable	EXEMPT	Educational	\$ 5,000
			Page Total	\$ 210,250

ARETE FOUNDATION TAX YEAR ENDED NOVEMBER 30, 2009
 FORM 990-PF EIN: 23-6779271

PART XV: SUPPLEMENTARY INFORMATION-
PART 3. GRANTS AND CONTRIBUTIONS PAID DURING THE YEAR OR APPROVED FOR FUTURE PAYMENT

RECIPIENT Name and Address (Home or business)	If recipient is an individual show any relationship to any foundation manager or substantial contributor	Foundation Status	Purpose of Grant/Contribution	AMOUNT		
				EXEMPT	Educational	\$ 10,000
A) PAID DURING THE YEAR						
National Museum of American Jewish History Independence Mall East 55 North 5th Street Philadelphia, PA 19106-2197	Not Applicable	EXEMPT	Educational			
Ocean Classroom Foundation, Inc 29 McKown Street Boothbay Harbor, ME 04538	Not Applicable	EXEMPT	Educational			
Philadelphia Museum of Art 26th & Benjamin Franklin Parkway Philadelphia, PA 19101	Not Applicable	EXEMPT	Educational			
Roundabout Theatre Company 231 West 39th Street Suite 1200 New York, NY 10018	Not Applicable	EXEMPT	Educational			
Sarasota Conservation Foundation, Inc P O Box 902 Sarasota, FL 34229-0902	Not Applicable	EXEMPT	Scientific			
The Brearley School 610 East 83rd Street New York, NY 10028	Not Applicable	EXEMPT	Educational			
The Curtis Institute of Music 1726 Locust St Philadelphia, PA 19103	Not Applicable	EXEMPT	Educational			
The Farnsworth Art Museum 16 Museum Street Rockland, ME 04841	Not Applicable	EXEMPT	Educational			
The Paris Review Foundation, Inc 62 White Street New York, NY 10013	Not Applicable	EXEMPT	Literary			
Jewish Theological Seminary of America	Not Applicable	EXEMPT	Religious			
				Page Total	\$ 441,000	
					\$ 50,000	Page 5

ARETE FOUNDATION
FORM 990-PF
EIN: 23-6779271

PART XV: SUPPLEMENTARY INFORMATION-
PART 3. GRANTS AND CONTRIBUTIONS PAID DURING THE YEAR OR APPROVED FOR FUTURE PAYMENT

RECIPIENT Name and Address (Home or business)	If recipient is an individual show any relationship to any foundation manager or substantial contributor	Foundation Status	Purpose of Grant/Contribution	AMOUNT
A) PAID DURING THE YEAR				
3080 Broadway New York, NY 10027				
Raymond & Ruth Perelman Jewish Day School 49 Haverford Rd Wynnewood, PA 19096	Not Applicable	EXEMPT	Educational	\$ 65,000
The Metropolitan Museum of Art 1000 Fifth Avenue New York, NY 10028-0198	Not Applicable	EXEMPT	Educational	\$ 50,000
The Metropolitan Opera Lincoln Center New York, NY 10023	Not Applicable	EXEMPT	Educational	\$ 75,000

Total cash contributions	Page Total	\$ 240,000
		\$ 1,160,450

ARETE FOUNDATION
FORM 990-PF
EIN: 23-6779271

**PART XV: SUPPLEMENTARY INFORMATION
PART 3. GRANTS AND CONTRIBUTIONS PAID DURING THE YEAR OR APPROVED FOR FUTURE PAYMENT**

RECIPIENT Name and Address (Home or business)	If recipient is an individual show any relationship to any foundation manager or substantial contributor	Foundation Status	Purpose of Grant/Contribution	AMOUNT		
				Description	#-Shares	Donated Shares Fair Value
A) PAID DURING THE YEAR						
American Academy in Rome 7 East 60th St New York, NY 10022	Not Applicable	EXEMPT	Educational	Company name	common shares Atlas America, Inc	10,638 \$ 251,801 \$ 34,130
Maine Community Foundation 245 Main Street Ellsworth, ME 04605	Not Applicable	EXEMPT	Educational	Company name	common shares Atlas America, Inc	3,546 \$ 83,934 \$ 11,377
Maine Media Workshops 70 Camden St Rockport, ME 04856	Not Applicable	EXEMPT	Educational	Company name	common shares Atlas America, Inc	2,128 \$ 50,370 \$ 6,827
National Museum of American Jewish History Independence Mall East 55 North 5th Street Philadelphia, PA 19106-2197	Not Applicable	EXEMPT	Educational	Company name	common shares Atlas America, Inc	7,092 \$ 167,868 \$ 22,754
Roundabout Theater 231 West 39th Street, Suite 1200 New York, NY	Not Applicable	EXEMPT	Educational	Company name	common shares Atlas America, Inc	4,255 \$ 100,716 \$ 13,651
The Jewish Theological Seminary 3080 Broadway New York, NY 10027	Not Applicable	EXEMPT	Educational	Company name	common shares Atlas America, Inc	14,032 \$ 320,980 \$ 45,020
The Metropolitan Opera Association, Inc Lincoln Center New York, NY 10023	Not Applicable	EXEMPT	Educational	Company name	common shares Atlas America, Inc	12,993 \$ 257,781 \$ 41,686
University of Pennsylvania 3451 Walnut Street, Room 100 Philadelphia, PA 19104	Not Applicable	EXEMPT	Educational	Company name	common shares Atlas America, Inc	6,606 \$ 171,095 \$ 21,194

ARETE FOUNDATION
FORM 990-PF
FIN: 23-579274

TAX YEAR ENDED NOVEMBER 30, 2009

PART XV: SUPPLEMENTARY INFORMATION.
PART 3. GRANTS AND CONTRIBUTIONS PAID DURING THE YEAR OR APPROVED FOR FUTURE PAYMENT

Stock Contributions: Methods to determine-	Book Value: Specific identification method used to identify donated shares Book value is the fair market value (closing stock price) on the date (transfer date) the shares were donated to the Foundation
	Fair Market Value: Fair market value is the closing stock price of the shares on the date of transfer of the shares to the donee

Stock Contributions: Methods to determine

Boo

Book value is the fair market value (closing stock price) on the date (transfer date) the shares were donated to the Foundation. Fair market value is the closing stock price of the shares on the date of transfer of the shares to the donee.

Report
of
ARETE FOUNDATION

November 30, 2009

LINGERMAN & ASSOCIATES
Certified Public Accountants

8100 ROOSEVELT BLVD
PHILADELPHIA, PA 19152

(215) 331-1560
FAX (215) 331-1561
LandACPAs@aol.com

INDEPENDENT AUDITOR'S REPORT

**To the Board of Trustees
Arete Foundation**

We have audited the accompanying statement of financial position of Arete Foundation (a non-profit organization) as of November 30, 2009 and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Arete Foundation as of November 30, 2009, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.



**Lingerman & Associates
Certified Public Accountants
Philadelphia, Pennsylvania
March 17, 2010**

Arete Foundation
Statement of Financial Position
November 30, 2009

Assets	
Cash and cash equivalents	\$ 1,857,296
Investments, at fair value	42,808,772
Accrued investment income receivable	<u>63,184</u>
 Total Assets	 <u>\$ 44,729,252</u>
Liabilities	
Accounts payable and accrued expenses	\$ 21,858
 Net Assets	 <u>44,707,394</u>
 Total Liabilities and Net Assets	 <u>\$ 44,729,252</u>

See accompanying notes and accountant's report.

Arete Foundation
Statement of Activities
Year Ended November 30, 2009

Revenues and Net Investment Gains	
Contributions received	\$ 1,924,000
Investment income	355,320
Equity in earnings of unconsolidated investment	352,122
Realized gains on stock donations	1,384,882
Unrealized gain on investments	<u>11,695,601</u>
	\$ <u>15,711,925</u>
Expenses	
Charitable donations, net of recovery	\$ 2,767,440
Professional fees	12,500
Administrative fees	25,235
Federal excise tax	<u>13,486</u>
	\$ <u>2,818,661</u>
Increase in Net Assets	\$ 12,893,264
Net Assets at Beginning of Year	<u>31,814,130</u>
Net Assets at End of Year	\$ <u>44,707,394</u>

See accompanying notes and accountant's report

Arete Foundation
Statement of Cash Flows
Year Ended November 30, 2009

Cash Flows From Operating Activities	
Increase in Net Assets	\$ 12,893,264
Adjustments to reconcile increase in net assets to net cash used by operating activities	
Net unrealized gain on investments	(11,695,601)
Equity in earnings of unconsolidated investment	(352,122)
Charitable contributions of stock - book value (1)	223,108
Increase in accrued investment income receivable	(31,719)
Increase in accounts payable and accrued expenses	<u>1,992</u>
Net Cash Provided by Operating Activities	<u>1,038,922</u>
Cash Flows From Investing Activities	
Stock donations received	(1,924,000)
Proceeds from sale of investments	1,988,938
Investment in Certificate of Deposit	(252,710)
Investment in Debt and Equity Instruments	<u>(5,170,354)</u>
Net Cash Used by Investing Activities	<u>(5,358,126)</u>
Cash Flows From Financing Activities	
Net Decrease in Cash and Cash Equivalents	(4,319,204)
Beginning Cash and Cash Equivalents	<u>6,176,500</u>
Ending Cash and Cash Equivalents	<u>\$ 1,857,296</u>
Supplemental Disclosure of Cash Flow Information	
Federal excise tax payment	<u>\$ 12,629</u>

(1) Noncash operating activities in fiscal 2009 consist of the donation of marketable securities, with a fair value of \$1,607,990 and a book value of \$223,108 to various charitable organizations

See accompanying notes and accountant's report.

Arete Foundation
Notes to Financial Statements
November 30, 2009

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Activities

The Arete Foundation ("the Foundation") is a private charitable trust created on December 26, 1985, and organized under the laws of the Commonwealth of Pennsylvania. The Foundation was created for the purpose of using trust property and income to benefit charitable organizations in the areas of religious, scientific, literary, educational or other charitable activities.

In December 2000, the Trustees of the Foundation established a separate fund known as the Abigail Rebecca Cohen Fund for Youth in the Arts to support work of disadvantaged youth in the arts.

The Foundation is a non-profit organization as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes.

Public Donations and Revenues

The Trustees have been the primary contributors to the Foundation since its formation. Beginning in December 2000, the Foundation has received unrestricted public donations from outside sources, which have been used to fund the Abigail Rebecca Cohen Fund for Youth in the Arts. Since that time, the Foundation has been registered as a charitable organization with the Pennsylvania Department of State's Bureau of Charitable Organizations.

Donated Assets

Donations of marketable securities are recorded as contributions at their fair values on the date of donation.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP") requires management to make estimates and assumptions based on available information that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from these estimates.

Arete Foundation
Notes to Financial Statements
November 30, 2009

The accounting policy concerning investment valuations relies on data from external fund managers that cannot be entirely substantiated by third parties as of the financial statement date, and it is considered to have the largest potential for significant financial impact. Valuations for investments, principally investments in limited partnerships, are subjective and require judgment regarding significant matters such as the comparability to similar investments, liquidity, interest rates, and the determination of external events adequate to quantify changes in value. Changes in assumptions could have a significant effect on the fair value of these instruments.

Basis of Accounting

The financial statements of the Foundation have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Cash and Cash Equivalents

The Foundation considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Investments

Investments are presented at fair value as determined by methodologies relevant to each asset class with any related gain or loss reported in the statement of activities. Investments in equity securities listed or traded on a securities exchange are valued at the closing price on the primary exchange where the security is traded. Money market accounts are valued as determined by the bank or money market manager. Marketable securities held by a custodian either in the Foundation's name or held for the Foundation's account in a street name, as valued by the custodian using a valuation methodology similar to above. Marketable securities held by hedge funds are valued by the fund manager using a valuation methodology similar to the above.

Arete Foundation
Notes to Financial Statements
November 30, 2009

Investments in limited partnerships, principally hedge funds, are valued at the fair value. Fair value is determined using the most recent valuation available by the respective external fund manager. Hedge funds encompass a wide range of investments, including long/ short, distressed debt, merger arbitrage, real estate, and others. The allocations to each strategy vary, depending on market conditions. The fair value of these investments is estimated based on valuations provided by external investment managers as of a prior quarter, adjusted for cash receipts, cash disbursements, and securities distributions, if any, through November 30.

The asset allocation of the Foundation's portfolio is intended to provide exposure to a diverse set of markets. These markets are subject to various risks such as interest rate, market, sovereign, and credit risks. The Foundation anticipates that the value of its investments may, from time to time, fluctuate as a result of these risks. The Foundation believes the carrying amount of its investments is a reasonable estimate of fair value.

Concentration of Credit Risk

Financial instruments, which potentially subject the Foundation to concentrations of credit risk, consist principally of periodic temporary investments of cash. The Foundation places its temporary cash investments in high quality short-term money market instruments with suitable financial institutions and brokerage firms. At November 30, 2009, the Foundation had \$1,873,571 in deposits at various banks and brokerage firms, of which \$873,571 was over the temporary insurance limit of the Federal Deposit Insurance Corporation of \$250,000 until December 31, 2013. No losses have been experienced on such investments.

Income Taxes

The Foundation incurred federal excise tax on net investment income of \$13,486 for the fiscal year ended November 30, 2009.

The Foundation's tax returns are subject to review and examination by federal, state and local authorities. Tax returns for the fiscal years ended November 30, 2008, 2007 and 2006 are open to examination by federal, state and local authorities.

Arete Foundation
Notes to Financial Statements
November 30, 2009

New Accounting Pronouncements

In June 2009, the Financial Accounting Standards Board ("FASB") issued the Accounting Standards Codification establishing the Codification as the source of authoritative U.S. GAAP recognized by the FASB to be applied by nongovernmental entities. On the effective date of this topic, the Codification superseded all existing account and reporting standards other than guidance issued by the SEC. All other non-grandfathered accounting literature not included in the Codifications became non-authoritative. The Codification was effective for financial statements issued for interim and annual periods ending after September 15, 2009. The adoption of the Codification did not have a material impact on the Foundation's financial statements.

In May 2009, the FASB issued guidance relating to subsequent events, which intended to establish principles and requirements for subsequent events not addressed in other U.S. GAAP. The guidance sets forth: (1) the period after the balance sheet date during which management shall evaluate events; (2) circumstances under which an entity shall recognize events or transactions occurring after the balance sheet date; and (3) the disclosures that an entity shall make about events or transactions that occur after the balance sheet date, including a disclosure as to the date through which an entity has evaluated subsequent events and whether that represents the date the financial statements were issued or were available to be issued. The guidance is effective for interim periods or annual financial periods ending after June 15, 2009. The adoption of this guidance is anticipated to increase financial statement disclosures when such items are identified.

Fair Value Measurements

The Foundation accounts for its financial instruments as well as certain assets and liabilities at fair value. Fair value is defined as the price that would be paid in an orderly transaction, or exit price, between market participants to sell the asset or transfer the liability in the principal or most advantageous market for the asset or liability. Fair value is a market based measurement, not an entity-specific measurement, and should therefore be determined based on the assumptions that market participants would use in pricing the asset or liability.

The Foundation is required by generally accepted accounting principles to categorize its financial instruments based on a three-level fair value hierarchy. The hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value of the instrument. Financial instruments recorded on the statement of financial position are categorized based on the inputs to the valuation techniques as follows:

Arete Foundation
Notes to Financial Statements
November 30, 2009

Level 1 – Financial assets and liabilities whose values are based on quoted prices for identical assets or liabilities in an active market that the Foundation has the ability to access (examples include active exchange-traded equity securities and most U.S. Government and agency securities).

Level 2 – Financial assets and liabilities whose values are based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset or liability. Level 2 inputs includes quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets or liabilities in non-active markets (examples include corporate and municipal bonds, which trade infrequently); pricing models whose inputs are observable for substantially the full term of the asset or liability (examples include most over-the-counter derivatives, including interest rate and currency swaps); and pricing models whose inputs are derived principally from or corroborated by observable market data through correlation or other means for substantially the full term of the asset or liability (examples include certain residential and commercial mortgage related assets, including loans, securities, and derivatives).

Level 3 – Financial assets and liabilities whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. These inputs reflect management's own assumptions about the assumptions a market participant would use in pricing the asset or liability (examples include certain private hedge funds).

Arete Foundation
Notes to Financial Statements
November 30, 2009

Note 2: INVESTMENTS

Investments as of November 30, 2009 are summarized as follows:

	<u>Type</u>	<u>Cost</u>	<u>Fair Value</u>
Atlas Energy, Inc.	Common	\$16,278,207	\$33,920,633
Resource America, Inc.	Common	2,122,266	1,658,714
The Bancorp, Inc.	Common	444,000	87,150
RAIT Financial Trust	Beneficial Interest	2,082,574	196,542
TD Bank, N.A.	Certificate of Deposit	252,710	252,710
United States Treasury	Bonds	1,999,076	2,013,752
Resource America, Inc.	Senior Notes	1,791,980	1,838,258
Apidos Select Corporate Credit Fund, L.P.	Limited Partnership Interest	500,000	577,576
Castine Partners II, L.P.	Limited Partnership Interest	1,609,150	2,263,437
Resource America, Inc.	Warrants	<u>833,020</u>	<u> -</u>
Totals		\$27,912,983	\$42,808,772
		=====	=====

On September 29, 2009, the Foundation purchased through a private placement, \$2,625,000 of 12% senior notes with detachable 5-year warrants issued by Resource America, Inc. ("RAI"). The notes mature on September 29, 2012. The notes, initially valued at \$1,719,980, require quarterly payments of interest in arrears beginning December 31, 2009. Additionally, the warrants, initially valued at \$833,020, provide the right to acquire 514,706 shares of RAI's common stock at an exercise price of \$5.10 per share expiring on September 29, 2014. As of November 30, 2009, the closing price of RAI common stock was \$3.69 per share.

The notes are unsecured senior obligations subordinated to RAI's current and future secured indebtedness. Until RAI repays the outstanding senior notes offering of \$18,800,000, there are certain restrictions as to the payment of cash dividends in excess of \$.03 per share.

Arete Foundation
Notes to Financial Statements
November 30, 2009

Note 3: FAIR VALUE MEASUREMENTS

The Foundation uses fair value measurements to record fair value adjustments to certain assets and to determine fair value disclosures. For additional information on how the Foundation measures fair value refer to Note 1 – Summary of Significant Accounting Policies.

Assets Measured at Fair Value on a Recurring Basis:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Equities	\$35,863,039	\$ -	\$ -	\$35,863,039
U.S. Treasury Bills	2,013,752	-	-	2,013,752
Certificate of deposit	252,710	-	-	252,710
Debt securities	-	1,838,258	-	1,838,258
Warrants	-	-	-	-
Limited Partnerships	-	-	2,841,013	2,841,013
Total Investments,				
Fair Value	\$38,129,501	\$1,838,258	\$2,841,013	\$42,808,772
	=====	=====	=====	=====

Level 3 Assets

The following table provides a summary of changes in fair value of the Foundation's Level 3 financial assets for the year ended November 30, 2009:

	<u>Investments</u>
Beginning Balance, December 1, 2008	\$ 2,073,566
Net Realized and Unrealized Gain on Investments	267,447
Purchase of Investment	500,000
Ending Balance, November 30, 2009	\$ 2,841,013
	=====

Note 4: RELATED PARTIES

The Foundation maintains an investment with a carrying value of \$1,658,714 in Resource America, Inc., a publicly traded company. The shares were donated to the Foundation in prior fiscal years by a Trustee. A Trustee of the Foundation is Chairman. Another Trustee is Chief Executive Officer and President. In fiscal 2009, the Foundation purchased, through a private offering, RAI's senior notes and detachable warrants. Please refer to Note 2 – Investments for further details.

Arete Foundation
Notes to Financial Statements
November 30, 2009

In March 2009, the Foundation purchased for \$500,000 a limited partnership interest in a private hedge fund for which a limited liability company affiliated with RAI is the general partner. The general partner is wholly owned by a limited liability company of which the managing member serves as the fund's investment manager, Resource Financial Fund Management, Inc. ("RFFM"). RFFM is a wholly-owned subsidiary of RAI and a Registered Investment Advisor under the Investment Advisors Act of 1940. The Fund has a carrying value of \$500,000 as of November 30, 2009.

The Foundation maintains an investment with a carrying value of \$33,920,633 in Atlas Energy, Inc., formerly Atlas America, Inc., ("Atlas"), a publicly traded company. Atlas was a subsidiary of RAI until a spinoff was completed in June 2005. As an RAI shareholder, the Foundation received a stock dividend of Atlas common stock as a result of the spinoff. In the fiscal years following the spinoff, the Foundation received additional shares of Atlas as a result of several stock splits as well as stock contributions made by a Trustee. In fiscal 2009, 100,000 shares of Atlas with a fair value of \$1,924,000 was donated to the Foundation by a Trustee. A Trustee of the Foundation is Chairman and Chief Executive Officer of Atlas. Another Trustee serves as Vice-Chairman.

The Foundation maintains an investment with a carrying value of \$196,542 in RAIT Financial Trust, a publicly traded entity. A portion of the shares held were donated by the Trustee in prior fiscal years. A Trustee of the Foundation is Chairman of the Board of Trustees. Another Trustee was a Trustee and Chief Executive Officer until February 2010.

The Foundation maintains bank accounts with a book value totaling \$591,389 and an investment with a carrying value of \$87,150 in The Bancorp, Inc., a publicly traded company. The shares were donated by a Trustee in a prior fiscal year. A Trustee of the Foundation is the Chief Executive Officer and a Board Director. Another Trustee is Chairman of our Board of Directors.

The Foundation maintains investments and cash totaling \$31,346,431 at a brokerage company, Cohen and Company, of which a Trustee of the Foundation is the Chairman.

The Foundation maintains an investment with a carrying value of \$1,609,150 in Castine Partners II, L.P. purchased in a prior fiscal year. A Trustee of the Foundation is a managing member of the general partner.

Arete Foundation
Notes to Financial Statements
November 30, 2009

Note 5: ASSETS CONTRIBUTED TO RECIPIENT ORGANIZATIONS

At various times during fiscal 2009, the Foundation contributed a combined total of 69,540 shares of Atlas Energy, Inc. with an aggregate fair value at the time of donation of \$1,607,990 and a combined cost of \$223,108 to various charitable organizations. The Foundation realized gains of \$1,384,882 on these charitable donations.

Note 6: SUBSEQUENT EVENTS

In preparing these financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through March 17, 2010, the date the financial statements are available for issuance.