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Return of Private Foundation

OMB No 1545-0052

2009

Department of the Treasury
Internal Revenue Serviceor Section 4947(a)(1) Nonexempt Charitable Trust
Treated as a Private Foundation

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

For calendar year 2009, or tax year beginning , and ending

G Check all that apply ☐ Initial return ☐ Initial return of a former public charity ☐ Final return
☐ Amended return ☐ Address change ☐ Name change

Use the IRS label. Otherwise, print or type. See Specific Instructions.	Name of foundation Arlene H. Smith Charitable Foundation		A Employer identification number 25-1515142
	Number and street (or P.O. box number if mail is not delivered to street address)	Room/suite	B Telephone number
	100 State Street	700	(814) 870-7705
	City or town, state, and ZIP code Erie, PA 16507-1459		C If exemption application is pending, check here ☐ D 1. Foreign organizations, check here ☐ 2. Foreign organizations meeting the 85% test, check here and attach computation ☐
H Check type of organization. ☒ Section 501(c)(3) exempt private foundation ☐ Section 4947(a)(1) nonexempt charitable trust ☐ Other taxable private foundation			E If private foundation status was terminated under section 507(b)(1)(A), check here ☐
I Fair market value of all assets at end of year (from Part II, col. (c), line 16) \$ 4,563,519. (Part I, column (d) must be on cash basis.)		J Accounting method ☒ Cash ☐ Accrual ☐ Other (specify) _____	F If the foundation is in a 60-month termination under section 507(b)(1)(B), check here ☐

Part I Analysis of Revenue and Expenses (The total of amounts in columns (b), (c), and (d) may not necessarily equal the amounts in column (a).)		(a) Revenue and expenses per books	(b) Net investment income	(c) Adjusted net income	(d) Disbursements for charitable purposes (cash basis only)
1 Contributions, gifts, grants, etc., received				N/A	
2 Check ☒ if the foundation is not required to attach Sch. B					
3 Interest on savings and temporary cash investments					
4 Dividends and interest from securities		106,948.	106,948.		Statement 1
5a Gross rents					
b Net rental income or (loss)					
6a Net gain or (loss) from sale of assets not on line 10		-134,576.			
b Gross sales price for all assets on line 6a		582,927.			
7 Capital gain net income (from Part IV, line 2)			0.		
8 Net short-term capital gain					
9 Income modifications					
10a Gross sales less returns and allowances					
b Less Cost of goods sold					
c Gross profit or (loss)					
11 Other income		6,840.	0.		Statement 2
12 Total. Add lines 1 through 11		-20,788.	106,948.		
13 Compensation of officers, directors, trustees, etc.		8,000.	4,000.		4,000.
14 Other employee salaries and wages					
15 Pension plans, employee benefits					
16a Legal fees Stmt 3		18,990.	9,495.		9,495.
b Accounting fees					
c Other professional fees Stmt 4		14,509.	14,261.		248.
17 Interest					
18 Taxes Stmt 5		1,375.	1,375.		0.
19 Depreciation and depletion					
20 Occupancy					
21 Travel, conferences, and meetings					
22 Printing and publications					
23 Other expenses					
24 Total operating and administrative expenses. Add lines 13 through 23		42,874.	29,131.		13,743.
25 Contributions, gifts, grants paid		291,983.			291,983.
26 Total expenses and disbursements. Add lines 24 and 25		334,857.	29,131.		305,726.
27 Subtract line 26 from line 12		-355,645.			
a Excess of revenue over expenses and disbursements			77,817.		
b Net investment income (if negative, enter -0-)					
c Adjusted net income (if negative, enter -0-)				N/A	

SCANNED MAY 27 2010

Revenue

Operating and Administrative Expenses

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

		Beginning of year	End of year	
		(a) Book Value	(b) Book Value	(c) Fair Market Value
Assets	1 Cash - non-interest-bearing			
	2 Savings and temporary cash investments	272,856.	227,570.	227,570.
	3 Accounts receivable ▶ Less allowance for doubtful accounts ▶			
	4 Pledges receivable ▶ Less allowance for doubtful accounts ▶			
	5 Grants receivable			
	6 Receivables due from officers, directors, trustees, and other disqualified persons			
	7 Other notes and loans receivable ▶ 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			
	b Investments - corporate stock Stmt 6	3,762,239.	3,411,571.	3,216,268.
	c Investments - corporate bonds Stmt 7	1,076,958.	1,117,265.	1,119,681.
	11 Investments - land, buildings, and equipment basis ▶ Less accumulated depreciation ▶			
	12 Investments - mortgage loans			
	13 Investments - other			
14 Land, buildings, and equipment basis ▶ Less accumulated depreciation ▶				
15 Other assets (describe ▶)				
16 Total assets (to be completed by all filers)	5,112,053.	4,756,406.	4,563,519.	
Liabilities	17 Accounts payable and accrued expenses			
	18 Grants payable			
	19 Deferred revenue			
	20 Loans from officers, directors, trustees, and other disqualified persons			
	21 Mortgages and other notes payable			
	22 Other liabilities (describe ▶)			
23 Total liabilities (add lines 17 through 22)	0.	0.		
Net Assets or Fund Balances	Foundations that follow SFAS 117, check here ▶ ☒ X and complete lines 24 through 26 and lines 30 and 31.			
	24 Unrestricted	5,112,053.	4,756,406.	
	25 Temporarily restricted			
	26 Permanently restricted			
	Foundations that do not follow SFAS 117, check here ▶ ☐ and complete lines 27 through 31.			
	27 Capital stock, trust principal, or current funds			
	28 Paid-in or capital surplus, or land, bldg, and equipment fund			
	29 Retained earnings, accumulated income, endowment, or other funds			
30 Total net assets or fund balances	5,112,053.	4,756,406.		
31 Total liabilities and net assets/fund balances	5,112,053.	4,756,406.		

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	5,112,053.
2 Enter amount from Part I, line 27a	2	-355,645.
3 Other increases not included in line 2 (itemize) ▶	3	0.
4 Add lines 1, 2, and 3	4	4,756,408.
5 Decreases not included in line 2 (itemize) ▶ Rounding	5	2.
6 Total net assets or fund balances at end of year (line 4 minus line 5) - Part II, column (b), line 30	6	4,756,406.

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			
b See Attached Statement			
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 582,927.		717,503.	-134,576.

Complete only for assets showing gain in column (h) and owned by the foundation on 12/31/69

(i) F.M.V. as of 12/31/69	(j) Adjusted basis as of 12/31/69	(k) Excess of col. (i) over col. (j), if any	(l) Gains (Col. (h) gain minus col. (k), but not less than -0-) or Losses (from col. (h))
a			
b			
c			
d			
e			-134,576.

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	-134,576.
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) If (loss), enter -0- in Part I, line 8	3	N/A

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 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))
2008	223,991.	5,067,645.	.044200
2007	238,905.	5,949,593.	.040155
2006	190,234.	5,216,050.	.036471
2005	269,387.	4,641,140.	.058043
2004	251,889.	4,500,258.	.055972

2 Total of line 1, column (d)	2	.234841
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	.046968
4 Enter the net value of noncharitable-use assets for 2009 from Part X, line 5	4	4,198,542.
5 Multiply line 4 by line 3	5	197,197.
6 Enter 1% of net investment income (1% of Part I, line 27b)	6	778.
7 Add lines 5 and 6	7	197,975.
8 Enter qualifying distributions from Part XII, line 4.	8	305,726.

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

Part VI Excise Tax Based on Investment Income (Section 4940(a), 4940(b), 4940(e), or 4948 - see instructions)

1a Exempt operating foundations described in section 4940(d)(2), check here ☐ and enter "N/A" on line 1. Date of ruling or determination letter _____ (attach copy of letter if necessary-see instructions)			
b Domestic foundations that meet the section 4940(e) requirements in Part V, check here ☒ and enter 1% of Part I, line 27b		1	778.
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	0.
3 Add lines 1 and 2		3	778.
4 Subtitle A (income) tax (domestic section 4947(a)(1) trusts and taxable foundations only. Others enter -0-)		4	0.
5 Tax based on investment income. Subtract line 4 from line 3. If zero or less, enter -0-		5	778.
6 Credits/Payments.			
a 2009 estimated tax payments and 2008 overpayment credited to 2009	6a	1,120.	
b Exempt foreign organizations - tax withheld at source	6b		
c Tax paid with application for extension of time to file (Form 8868)	6c		
d Backup withholding erroneously withheld	6d		
7 Total credits and payments. Add lines 6a through 6d	7	1,120.	
8 Enter any penalty for underpayment of estimated tax. Check here ☐ 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		
10 Overpayment. If line 7 is more than the total of lines 5 and 8, enter the amount overpaid	10	342.	
11 Enter the amount of line 10 to be Credited to 2010 estimated tax	11	0.	

Part VII-A Statements Regarding Activities

	Yes	No
1a During the tax year, did the foundation attempt to influence any national, state, or local legislation or did it participate or intervene in any political campaign?		X
b Did it spend more than \$100 during the year (either directly or indirectly) for political purposes (see instructions for definition)? 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.		X
c Did the foundation file Form 1120-POL for this year?		X
d Enter the amount (if any) of tax on political expenditures (section 4955) imposed during the year: (1) On the foundation ☐ \$ 0. (2) On foundation managers ☐ \$ 0.		
e Enter the reimbursement (if any) paid by the foundation during the year for political expenditure tax imposed on foundation managers ☐ \$ 0.		
2 Has the foundation engaged in any activities that have not previously been reported to the IRS? If "Yes," attach a detailed description of the activities.		X
3 Has the foundation made any changes, not previously reported to the IRS, in its governing instrument, articles of incorporation, or bylaws, or other similar instruments? If "Yes," attach a conformed copy of the changes		X
4a Did the foundation have unrelated business gross income of \$1,000 or more during the year?		X
b If "Yes," has it filed a tax return on Form 990-T for this year?		N/A
5 Was there a liquidation, termination, dissolution, or substantial contraction during the year? If "Yes," attach the statement required by General Instruction T.		X
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?	X	
7 Did the foundation have at least \$5,000 in assets at any time during the year? If "Yes," complete Part II, col. (c), and Part XV.	X	
8a Enter the states to which the foundation reports or with which it is registered (see instructions) ☐ PA		
b If the answer is "Yes" to line 7, has the foundation furnished a copy of Form 990-PF to the Attorney General (or designate) of each state as required by General Instruction G? If "No," attach explanation	X	
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 2009 or the taxable year beginning in 2009 (see instructions for Part XIV)? If "Yes," complete Part XIV		X
10 Did any persons become substantial contributors during the tax year? If "Yes," attach a schedule listing their names and addresses		X

Part VII-A Statements Regarding Activities (continued)

11	At any time during the year, did the foundation, directly or indirectly, own a controlled entity within the meaning of section 512(b)(13)? If "Yes," attach schedule (see instructions)	11		X
12	Did the foundation acquire a direct or indirect interest in any applicable insurance contract before August 17, 2008?	12		X
13	Did the foundation comply with the public inspection requirements for its annual returns and exemption application? Website address ► N/A	13	X	
14	The books are in care of ► James D. Cullen, Esq. Located at ► 100 State Street, Suite 700, Erie, PA	Telephone no	► 814/870-7705	
		ZIP+4	► 16507	
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	N/A

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?	☐ Yes ☒ No	
(2) Borrow money from, lend money to, or otherwise extend credit to (or accept it from) a disqualified person?	☐ Yes ☒ No	
(3) Furnish goods, services, or facilities to (or accept them from) a disqualified person?	☐ Yes ☒ No	
(4) Pay compensation to, or pay or reimburse the expenses of, a disqualified person?	☐ Yes ☒ 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)?	☐ Yes ☒ 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.)	☐ Yes ☒ 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	N/A	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 2009?		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 2009, did the foundation have any undistributed income (lines 6d and 6e, Part XIII) for tax year(s) beginning before 2009? If "Yes," list the years ►	☐ Yes ☒ No	
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 instructions.)	N/A	2b
c If the provisions of section 4942(a)(2) are being applied to any of the years listed in 2a, list the years here ►		
3a Did the foundation hold more than a 2% direct or indirect interest in any business enterprise at any time during the year?	☐ Yes ☒ No	
b If "Yes," did it have excess business holdings in 2009 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 2009.)	N/A	3b
4a Did the foundation invest during the year any amount in a manner that would jeopardize its charitable purposes?		4a
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 2009?		4b

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Part VII-B Statements Regarding Activities for Which Form 4720 May Be Required (continued)**5a** During the year did the foundation pay or incur any amount to:

(1) Carry on propaganda, or otherwise attempt to influence legislation (section 4945(e))?

☐ Yes ☒ No

(2) Influence the outcome of any specific public election (see section 4955), or to carry on, directly or indirectly, any voter registration drive?

☐ Yes ☒ No

(3) Provide a grant to an individual for travel, study, or other similar purposes?

☐ Yes ☒ No

(4) Provide a grant to an organization other than a charitable, etc., organization described in section 509(a)(1), (2), or (3), or section 4940(d)(2)?

☐ Yes ☒ No

(5) Provide for any purpose other than religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals?

☐ Yes ☒ No**b** If any answer is "Yes" to 5a(1)-(5), did any of the transactions fail to qualify under the exceptions described in Regulations section 53.4945 or in a current notice regarding disaster assistance (see instructions)?

N/A

Organizations relying on a current notice regarding disaster assistance check here

☒**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?

N/A

☐ Yes ☐ No

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

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

If "Yes" to 6b, file Form 8870.

6b

X

7a At any time during the tax year, was the foundation a party to a prohibited tax shelter transaction?☐ Yes ☒ No**b** If yes, did the foundation receive any proceeds or have any net income attributable to the transaction?

N/A

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.

(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
James W. Anundson 159 Shade Tree Lane Franklin, PA 16323-6659	Vice Pres./Director 5.00	3,500.	0.	0.
Frank K. Smith (dec. 12/24/09) 13567 Turnpike Road Corry, PA 16407-8131	President/Director 5.00	4,500.	0.	0.
James D. Cullen 100 State Street, Suite 700 Erie, PA 16507-1459	Treasurer/Director 1.00	0.	0.	0.
Russell S. Warner 100 State Street, Suite 700 Erie, PA 16507-1459	Secretary/Director 1.00	0.	0.	0.

2 Compensation of five highest-paid employees (other than those included on line 1). If none, enter "NONE."

(a) Name and address of each employee paid more than \$50,000	(b) Title, and average hours per week devoted to position	(c) Compensation	(d) Contributions to employee benefit plans and deferred compensation	(e) Expense account, other allowances
NONE				

Total number of other employees paid over \$50,000

0

Form 990-PF (2009)

Part X Minimum Investment Return (All domestic foundations must complete this part. Foreign foundations, see 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	4,062,003.
b	Average of monthly cash balances	1b	200,476.
c	Fair market value of all other assets	1c	
d	Total (add lines 1a, b, and c)	1d	4,262,479.
e	Reduction claimed for blockage or other factors reported on lines 1a and 1c (attach detailed explanation)	1e	0.
2	Acquisition indebtedness applicable to line 1 assets	2	0.
3	Subtract line 2 from line 1d	3	4,262,479.
4	Cash deemed held for charitable activities. Enter 1 1/2% of line 3 (for greater amount, see instructions)	4	63,937.
5	Net value of noncharitable-use assets. Subtract line 4 from line 3. Enter here and on Part V, line 4	5	4,198,542.
6	Minimum investment return. Enter 5% of line 5	6	209,927.

Part XI Distributable Amount (see 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	209,927.
2a	Tax on investment income for 2009 from Part VI, line 5	2a	778.
b	Income tax for 2009. (This does not include the tax from Part VI.)	2b	
c	Add lines 2a and 2b	2c	778.
3	Distributable amount before adjustments. Subtract line 2c from line 1	3	209,149.
4	Recoveries of amounts treated as qualifying distributions	4	0.
5	Add lines 3 and 4	5	209,149.
6	Deduction from distributable amount (see instructions)	6	0.
7	Distributable amount as adjusted. Subtract line 6 from line 5. Enter here and on Part XIII, line 1	7	209,149.

Part XII Qualifying Distributions (see 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	305,726.
b	Program-related investments - total from Part IX-B	1b	0.
2	Amounts paid to acquire assets used (or held for use) directly in carrying out charitable, etc., purposes	2	
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	305,726.
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	5	778.
6	Adjusted qualifying distributions. Subtract line 5 from line 4	6	304,948.

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 instructions)

	(a) Corpus	(b) Years prior to 2008	(c) 2008	(d) 2009
1 Distributable amount for 2009 from Part XI, line 7				209,149.
2 Undistributed income, if any, as of the end of 2009				
a Enter amount for 2008 only			0.	
b Total for prior years		0.		
3 Excess distributions carryover, if any, to 2009				
a From 2004				
b From 2005	41,614.			
c From 2006				
d From 2007				
e From 2008				
f Total of lines 3a through e	41,614.			
4 Qualifying distributions for 2009 from Part XII, line 4 ▶ \$	305,726.			
a Applied to 2008, but not more than line 2a			0.	
b Applied to undistributed income of prior years (Election required - see instructions)		0.		
c Treated as distributions out of corpus (Election required - see instructions)	0.			
d Applied to 2009 distributable amount				209,149.
e Remaining amount distributed out of corpus	96,577.			
5 Excess distributions carryover applied to 2009 (If an amount appears in column (d), the same amount must be shown in column (a).)	0.			0.
6 Enter the net total of each column as indicated below:				
a Corpus Add lines 3f, 4c, and 4e Subtract line 5	138,191.			
b Prior years' undistributed income Subtract line 4b from line 2b		0.		
c Enter the amount of prior years' undistributed income for which a notice of deficiency has been issued, or on which the section 4942(a) tax has been previously assessed		0.		
d Subtract line 6c from line 6b Taxable amount - see instructions		0.		
e Undistributed income for 2008. Subtract line 4a from line 2a. Taxable amount - see instructions			0.	
f Undistributed income for 2009 Subtract lines 4d and 5 from line 1 This amount must be distributed in 2010				0.
7 Amounts treated as distributions out of corpus to satisfy requirements imposed by section 170(b)(1)(F) or 4942(g)(3)	0.			
8 Excess distributions carryover from 2004 not applied on line 5 or line 7	0.			
9 Excess distributions carryover to 2010. Subtract lines 7 and 8 from line 6a	138,191.			
10 Analysis of line 9:				
a Excess from 2005	41,614.			
b Excess from 2006				
c Excess from 2007				
d Excess from 2008				
e Excess from 2009	96,577.			

N/A

- b** Check box to indicate whether the foundation is a private operating foundation described in section

☐ 4942(i)(3) or ☐ 4942(j)(5)

- (4) Gross investment income**

[illegible]

See attached.

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) | X |
| | (2) Other assets | 1a(2) | X |
| b | Other transactions | | |
| | (1) Sales of assets to a noncharitable exempt organization | 1b(1) | X |
| | (2) Purchases of assets from a noncharitable exempt organization | 1b(2) | X |
| | (3) Rental of facilities, equipment, or other assets | 1b(3) | X |
| | (4) Reimbursement arrangements | 1b(4) | X |
| | (5) Loans or loan guarantees | 1b(5) | X |
| | (6) Performance of services or membership or fundraising solicitations | 1b(6) | X |
| c | Sharing of facilities, equipment, mailing lists, other assets, or paid employees | 1c | X |
| 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. | | |

[illegible]

- 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
N/A		

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.

Sign Here

Signature of officer or trustee

Date _____

Title

**Paid
Preparer's
Use Only**

Preparer's
signature

Date _____

☐ Check if self-employed

Preparer's identifying number

Firm's name (or yours
if self-employed),
address, and ZIP code

MACDONALD, ILLIG, JONES & BRITTON LLP
100 STATE STREET, SUITE 700
ERIE, PA 16507-1459

EIN ▶	25-0918810
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Phone no 814/870-7600

Arlene H. Smith Charitable Foundation

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	Artio International Equity A	P	06/05/06	11/24/09
b	Buffalo Science & Technology	P	06/05/06	Various
c	Calamos Growth A	P	Various	Various
d	iShares Russell 2000 Value Index	P	12/20/07	11/24/09
e	iShares Russell Midcap Value Index	P	12/20/07	11/24/09
f	Schwab Instl Select S&P 500	P	Various	06/16/09
g	Schwab S&P 500 Index Sel	P	Various	11/24/09
h	Vanguard Explorer	P	07/27/04	11/24/09
i	Vanguard Morgan Growth	P	10/25/07	11/24/09
j	Vanguard Total Bond Market Index	P	05/09/08	06/16/09
k	Capital Gains Dividends			
l				
m				
n				
o				

(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 50,000.		67,656.	-17,656.
b 32,000.		38,402.	-6,402.
c 145,000.		206,768.	-61,768.
d 5,407.		6,970.	-1,563.
e 25,907.		34,331.	-8,424.
f 56,000.		76,554.	-20,554.
g 51,000.		56,811.	-5,811.
h 1,975.		2,298.	-323.
i 24,975.		36,020.	-11,045.
j 189,950.		191,693.	-1,743.
k 713.			713.
l			
m			
n			
o			

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) Losses (from col. (h)) Gains (excess of col. (h) gain over col. (k), but not less than "-0-")
a			-17,656.
b			-6,402.
c			-61,768.
d			-1,563.
e			-8,424.
f			-20,554.
g			-5,811.
h			-323.
i			-11,045.
j			-1,743.
k			713.
l			
m			
n			
o			

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	-134,576.
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) If (loss), enter "-0-" in Part I, line 8 }	3	N/A

Form 990-PF	Dividends and Interest from Securities	Statement	1
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Source	Gross Amount	Capital Gains Dividends	Column (A) Amount
Additional Dividends	1,375.	0.	1,375.
Charles Schwab - Agency	105,573.	0.	105,573.
Charles Schwab - Agency CG Div.	713.	713.	0.
Total to Fm 990-PF, Part I, ln 4	107,661.	713.	106,948.

Form 990-PF	Other Income	Statement	2
Description	(a) Revenue Per Books	(b) Net Invest- ment Income	(c) Adjusted Net Income
2008 Form 990-PF Refund	6,840.	0.	
Total to Form 990-PF, Part I, line 11	6,840.	0.	

Form 990-PF

Legal Fees

Statement 3

Description	(a) Expenses Per Books	(b) Net Invest- ment Income	(c) Adjusted Net Income	(d) Charitable Purposes
MacDonald, Illig, Jones & Britton LLP	18,990.	9,495.		9,495.
To Fm 990-PF, Pg 1, ln 16a	18,990.	9,495.		9,495.

Form 990-PF	Other Professional Fees			Statement	4
Description	(a) Expenses Per Books	(b) Net Invest- ment Income	(c) Adjusted Net Income	(d) Charitable Purposes	
Investment Fee	14,014.	14,014.		0.	
Subscriptions	495.	247.		248.	
To Form 990-PF, Pg 1, ln 16c	14,509.	14,261.		248.	

Form 990-PF

Taxes

Statement 5

Description	(a) Expenses Per Books	(b) Net Invest- ment Income	(c) Adjusted Net Income	(d) Charitable Purposes
2009 Foreign Tax Paid	1,375.	1,375.		0.
To Form 990-PF, Pg 1, ln 18	1,375.	1,375.		0.

Form 990-PF	Corporate Stock	Statement	6
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Description	Book Value	Fair Market Value
Artisan International Fund	135,507.	166,894.
Schwab S&P 500 Index	804,214.	791,655.
Calamos Growth Fund	344,968.	326,164.
Vanguard Explorer Fund	138,968.	127,334.
Artio Intl Equity	330,344.	279,638.
T Rowe Price MC Growth	277,798.	359,949.
Scout SC Fund	172,000.	137,874.
Buffalo Science & Tech Fund	198,598.	199,819.
Vanguard Morgan Growth	450,980.	358,232.
iShares Russell MC Value	352,889.	296,819.
iShares Russell 2000	116,811.	99,074.
iShares Russell MC Growth	88,494.	72,816.
Total to Form 990-PF, Part II, line 10b	3,411,571.	3,216,268.

Form 990-PF

Corporate Bonds

Statement

7

Description	Book Value	Fair Market Value
Vanguard Intm Term Corp Bond	566,710.	560,855.
Vanguard Total Bond Market	550,555.	558,826.
Total to Form 990-PF, Part II, line 10c	1,117,265.	1,119,681.

Form 990-PF

Grants and Contributions
Paid During the Year

Statement 8

Recipient Name and Address	Recipient Relationship and Purpose of Grant	Recipient Status	Amount
American Cancer Society, Corry Area Unit 134 E. Main Street Corry, PA 16407	General Unrestricted	Public Charity	10,000.
American Cancer Society, Corry Area Unit 2 S. Center Street Corry, PA 16407	General Unrestricted	Public Charity	5,000.
Americans for the Competitive Enterprise System 1001 State Street, Suite 310 Erie, PA 16501	None General Unrestricted	Public Charity	7,000.
Corry Area Food Pantry P.O. Box 236 Corry, PA 16407	General Unrestricted	Public Charity	21,000.
Corry Area Little League P.O. Box 225 Corry, PA 16407	None General Unrestricted	Public Charity	37,083.
Corry Community Development Corp. 1524 Enterprise Road Corry, PA 16407	General Unrestricted	Public Charity	5,000.
Corry Higher Education Council, Inc. 221 North Center St. Corry, PA 16407	General Unrestricted	Public Charity	12,218.
Corry Memorial Hospital 612 West Smith Street Corry, PA 16407	General Unrestricted	Public Charity	31,600.

<u>Arlene H. Smith Charitable Foundation</u>			<u>25-1515142</u>
Corry Rotary PO Box 284 Corry , PA 16407	None General Unrestricted	Public Charity	2,500.
Safe Horizons, Services for Women, Inc. 25 West High Street Union City, PA 16438	General Unrestricted	Public Charity	5,000.
YMCA of Corry 906 North Center Street Corry, PA 16407	General Unrestricted	Public Charity	155,582.
Total to Form 990-PF, Part XV, line 3a			<u><u>291,983.</u></u>

**THE NEXT ALLOCATION MEETING WILL BE HELD IN DECEMBER 2009.
PLEASE HAVE COMPLETED APPLICATION SUBMITTED BY
NOVEMBER 15, 2009.**

**ARLENE H. SMITH CHARITABLE FOUNDATION
REQUEST FOR FUNDING FORMAT AND PROCEDURE**

The Arlene H. Smith Charitable Foundation is a private foundation which was established in 1982 by Arlene H. Smith. Mrs. Smith was a resident of Corry, Pennsylvania and taught in the Corry public schools for many years. She was a member of the Board of Directors of McInnes Steel Company until her death in 1986.

The Articles of Incorporation for the Foundation state that assets must be used exclusively for charitable, religious, educational, and scientific purposes, including the making of distributions for such purposes to organizations in the Corry, Pennsylvania area that qualify as exempt organizations under Section 501(c)(3) of the Internal Revenue Code.

The Foundation's funds are distributed under the direction and supervision of its Board of Directors consisting of two (2) residents or former residents of the Corry, Pennsylvania area and two (2) attorneys from MacDonald, Illig, Jones & Britton LLP, Erie, Pennsylvania.

PROCEDURES

A complete application will consist of four (4) copies of each of the following:

1. The attached Request for Funding.
2. Your Request for Funding should include the following as attachments:
 - (a) Copy of your IRS Determination Letter regarding your agency's tax exempt status (if not previously submitted);
 - (b) Roster of current Board of Directors, to include addresses, phone numbers, and occupations;
 - (c) Audited financial statement for most recent fiscal year;
 - (d) Program/Agency budget;
 - (e) Annual report (if available) for most recent fiscal year as distributed to your members or Board of Directors; and
 - (f) Any other material you feel might be helpful.

The initiator of any request will be notified by the Foundation of its status at whatever point in the review and approval process is appropriate. Letters of Award will be sent to grant recipients approved by the Foundation describing the magnitude and timing of the grant and related reporting requirements to the Foundation's Board of Directors.

Completed Requests should be sent to:

**Frank K. Smith, President
Arlene H. Smith Charitable Foundation
c/o 13567 Turnpike Road
Corry, PA 16407-8131**

or

**James D. Cullen, Treasurer
Arlene H. Smith Charitable Foundation
c/o MacDonald, Illig, Jones & Britton LLP
100 State Street, Suite 700
Erie, PA 16507-1459**

Applicants should be aware the Foundation may consult with other funding sources and community leaders when considering grant applications.

ARLENE H. SMITH CHARITABLE FOUNDATION

REQUEST FOR FUNDING

Date. _____

Name of Organization _____

Date of Incorporation _____ Contact Person _____

Address _____

Phone _____

Describe your organization, its goals, purpose, significant accomplishments, and what charitable, religious, educational, or scientific purposes it performs in the Corry, Pennsylvania area. Fill in below or attach on separate page.

THE FOLLOWING ARE TO BE ANSWERED EXCEPT WHERE REQUEST IS FOR A SPECIAL PROJECT, INCLUDING A CAPITAL FUNDS PROJECT.

If your request is for a contribution to an annual fundraising campaign, state total amount to be raised \$_____ and amount requested from the Foundation \$_____.

If your request is for a contribution to a special fundraising campaign, state the purpose of the campaign _____, the total amount to be raised \$_____, and amount requested from the Foundation \$_____.

If the Foundation makes a grant to the organization, will all campaign funds raised be used exclusively for the benefit of persons residing in the Corry, Pennsylvania area or for the benefit of agencies or organizations which benefit such persons? _____.

State what percentage of the total amount to be raised will be used to pay campaign expenses and/or fees to persons or organizations who are engaged in soliciting the funds. _____%.

THE FOLLOWING ARE TO BE ANSWERED WHERE REQUEST IS FOR A SPECIAL PROJECT, INCLUDING A CAPITAL FUNDS PROJECT. (Be complete and as detailed as possible on pages attached hereto and covering the following, but limit attachment to a maximum of four (4) pages.)

1. Describe the Project, its location, its purposes, and persons or groups who would use the same or be benefited thereby in the Corry, Pennsylvania area.
2. Which present unfulfilled need in the Corry, Pennsylvania area will be met by the Project? What charitable, religious, educational, or scientific purposes or benefits will be furnished by the Project in the Corry, Pennsylvania area?
3. What is the total cost of the Project? \$ _____
4. What is the amount requested from the Foundation? \$ _____
5. How and from what groups do you intend to raise the amount not funded by the Foundation?
6. When will the campaign begin and end?
7. Attach copy of the Project cost budget, including the names of person(s) or entity(ies) who/which propose the same.
8. Has the governing body of your organization specifically satisfied itself that the Project can and will be completed within the total Project cost estimates set forth in the budget?
9. If the Project is completed, how does your organization propose to provide for annual operating expenses? Does it anticipate the need for annual or special operating expense campaigns or fundraisers and, if so, what are the present estimates (or budgets) as to annual operating costs for each of the first three years following completion of the Project?
10. What person(s) or entity(ies) to whom fundraising fees or expenses will be paid will be in charge of or engaged in the campaign to raise funds for the Project? What percentage of the total funds raised will be paid for fundraising fees and/or expenses?
11. If the Foundation approves a contribution, at what time or times do you request the contribution to be made and, if in installments, the percentages of the total contribution to be paid in each installment date?

YOU ARE SPECIFICALLY ADVISED THAT IF A CONTRIBUTION IS GOING TO BE MADE, IT WILL BE MADE SUBJECT TO SUCH CONDITIONS AS THE GRANT LETTER WILL SET FORTH. WITHOUT LIMITING THE FOREGOING, THE FOUNDATION, AS A CONDITION OF MAKING A CONTRIBUTION, MAY REQUIRE THAT THE GOVERNING BODY OF THE ORGANIZATION SPECIFICALLY AGREE IN WRITING THAT IF, AFTER THE FOUNDATION PAYS ITS CONTRIBUTION, THE PROJECT.

- (i) CEASES TO OPERATE OR FUNCTION OR
- (ii) FAILS TO PRIMARILY PROVIDE SERVICES AND/OR BENEFITS TO OR FOR CHARITABLE, RELIGIOUS, EDUCATIONAL, OR SCIENTIFIC PURPOSES IN THE CORRY, PENNSYLVANIA AREA, THE FOUNDATION WILL EITHER:
 - 1) BE REIMBURSED IN FULL FOR ITS CONTRIBUTION, OR
 - 2) THE PROJECT WILL BE TRANSFERRED TO AN ORGANIZATION WHICH DOES PERFORM SUCH SERVICES IN THE CORRY, PENNSYLVANIA AREA, OR
 - 3) THE PROJECT WILL BE SOLD AND THE PROCEEDS USED TO REIMBURSE THE FOUNDATION IN FULL OR PRO-RATABLY BASED UPON THE PERSONS, ENTITIES, OR ORGANIZATIONS WHICH PROVIDED THE CASH FUNDS FOR THE PROJECT.

The undersigned hereby certify that all information in and submitted with this Request for Funding is correct and that this Request is submitted with the approval of its Board of Directors.

Signature of President/Chairman

Signature of Executive Director

Print Name and Title

Print Name and Title