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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

2009Department of the Treasury
Internal Revenue Service

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 , 2009, 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.
THE PHASE FOUNDATION
 P.O. BOX 59136
 POTOMAC, MD 20859
A Employer identification number

52-1611434

B Telephone number (see the instructions)

(410) 208-6699

C If exemption application is pending, check here ☐**D 1** Foreign organizations, check here ☐**2** Foreign organizations meeting the 85% test, check here and attach computation ☐**E** If private foundation status was terminated under section 507(b)(1)(A), check here ☐**F** If the foundation is in a 60-month termination under section 507(b)(1)(B), check here ☐

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

I Fair market value of all assets at end of year
(from Part II, column (c), line 16)

\$ 1,634,936.

J Accounting method: ☐ Cash ☒ Accrual☐ Other (specify) _____

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

Part I Analysis of Revenue and Expenses

(The total of amounts in columns (b), (c), and (d) may not necessarily equal the amounts in column (a) (see the instructions).)

(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 (att sch)**2** Ck ☒ if the foundn is not req to att Sch B**3** Interest on savings and temporary cash investments

1,797.

1,797.

1,797.

4 Dividends and interest from securities

72,000.

72,000.

72,000.

5a Gross rents**b** Net rental income or (loss)**6a** Net gain/(loss) from sale of assets not on line 10

-186,499.

b Gross sales price for all assets on line 6a 1,321,636.**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/(loss) (att sch)**11** Other income (attach schedule)**12 Total.** Add lines 1 through 11

-112,702.

73,797.

73,797.

13 Compensation of officers, directors, trustees, etc

0.

14 Other employee salaries and wages**15** Pension plans, employee benefits**16a** Legal fees (attach schedule)**b** Accounting fees (attach sch) SEE ST 1

2,800.

2,800.

c Other prof fees (attach sch)**17** Interest

7,279.

7,279.

7,279.

18 Taxes (attach schedule)(see instr) SEE STM 2

1,592.

1,592.

19 Depreciation (attach sch) and depletion**20** Occupancy**21** Travel, conferences, and meetings

737.

737.

22 Printing and publications**23** Other expenses (attach schedule)

SEE STATEMENT 3

8,250.

2,004.

2,004.

6,246.

24 Total operating and administrative expenses. Add lines 13 through 23

20,658.

9,283.

9,283.

11,375.

25 Contributions, gifts, grants paid PART XV

85,000.

85,000.

26 Total expenses and disbursements. Add lines 24 and 25

105,658.

9,283.

9,283.

96,375.

27 Subtract line 26 from line 12:**a** Excess of revenue over expenses and disbursements

-218,360.

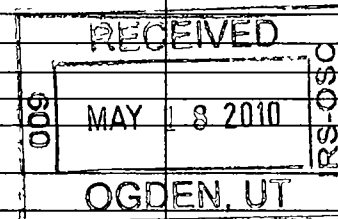
b Net investment income (if negative, enter -0-)

64,514.

c Adjusted net income (if negative, enter -0-)

64,514.

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Part II Balance Sheets		Beginning of year (a) Book Value	End of year	
			(b) Book Value	(c) Fair Market Value
ASSETS	1 Cash – non-interest-bearing			
	2 Savings and temporary cash investments	51,361.	135,364.	135,364.
	3 Accounts receivable			
	Less: allowance for doubtful accounts			
	4 Pledges receivable			
	Less: allowance for doubtful accounts			
	5 Grants receivable			
	6 Receivables due from officers, directors, trustees, and other disqualified persons (attach schedule) (see the instructions).			
	7 Other notes and loans receivable (attach sch.)			
	Less: allowance for doubtful accounts			
	8 Inventories for sale or use			
	9 Prepaid expenses and deferred charges			
	10a Investments – U.S. and state government obligations (attach schedule)			
	b Investments – corporate stock (attach schedule) STATEMENT 4	1,336,154.	1,149,448.	1,163,107.
	c Investments – corporate bonds (attach schedule)			
	11 Investments – land, buildings, and equipment basis			
LIABILITIES	Less: accumulated depreciation (attach schedule)			
	12 Investments – mortgage loans			
	13 Investments – other (attach schedule) STATEMENT 5	159,705.	336,465.	336,465.
	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 instructions. Also, see page 1, item I.)	1,547,220.	1,621,277.	1,634,936.
	17 Accounts payable and accrued expenses	100,000.	85,000.	
	18 Grants payable			
	19 Deferred revenue			
FUNDS	20 Loans from officers, directors, trustees, & other disqualified persons			
	21 Mortgages and other notes payable (attach schedule)			
	22 Other liabilities (describe)			
	23 Total liabilities (add lines 17 through 22)	100,000.	85,000.	
	Foundations that follow SFAS 117, check here and complete lines 24 through 26 and lines 30 and 31. <input type="checkbox"/>			
	24 Unrestricted			
	25 Temporarily restricted			
ASSETS	26 Permanently restricted			
	Foundations that do not follow SFAS 117, check here and complete lines 27 through 31. <input checked="" type="checkbox"/>			
	27 Capital stock, trust principal, or current funds			
	28 Paid-in or capital surplus, or land, building, and equipment fund			
	29 Retained earnings, accumulated income, endowment, or other funds	1,447,220.	1,536,277.	
	30 Total net assets or fund balances (see the instructions).	1,447,220.	1,536,277.	
	31 Total liabilities and net assets/fund balances (see the instructions)	1,547,220.	1,621,277.	

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	1,447,220.
2	Enter amount from Part I, line 27a	2	-218,360.
3	Other increases not included in line 2 (itemize) SEE STATEMENT 6	3	307,417.
4	Add lines 1, 2, and 3	4	1,536,277.
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	1,536,277.

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 shares MLC Company)		(b) How acquired P — Purchase D — Donation	(c) Date acquired (month, day, year)	(d) Date sold (month, day, year)
1a SEE STATEMENT 7				
b				
c				
d				
e				

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

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

2 Capital gain net income or (net capital loss).	<div style="border: 1px solid black; padding: 2px;"> If gain, also enter in Part I, line 7 If (loss), enter -0- in Part I, line 7 </div>		2	-186,499.
3 Net short-term capital gain or (loss) as defined in sections 1222(5) and (6).	<div style="border: 1px solid black; padding: 2px;"> If gain, also enter in Part I, line 8, column (c) (see the instructions) If (loss), enter -0- in Part I, line 8 </div>		3	0.

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 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 (column (b) divided by column (c))
2008	121,090.	1,698,263.	0.071302
2007	133,934.	2,154,875.	0.062154
2006	121,404.	2,021,783.	0.060048
2005	117,684.	1,906,308.	0.061734
2004	108,185.	1,814,492.	0.059623

2 Total of line 1, column (d)	2	0.314861
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	0.062972
4 Enter the net value of noncharitable-use assets for 2009 from Part X, line 5	4	1,417,971.
5 Multiply line 4 by line 3	5	89,292.
6 Enter 1% of net investment income (1% of Part I, line 27b).	6	645.
7 Add lines 5 and 6	7	89,937.
8 Enter qualifying distributions from Part XII, line 4	8	96,375.

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

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

1 a Exempt operating foundations described in section 4940(d)(2), check here <input type="checkbox"/> and enter 'N/A' on line 1. Date of ruling or determination letter: _____ (attach copy of letter if necessary - see instr.)			
b Domestic foundations that meet the section 4940(e) requirements in Part V, check here <input checked="" type="checkbox"/> and enter 1% of Part I, line 27b		1	645.
c All other domestic foundations enter 2% of line 27b. Exempt foreign organizations enter 4% of Part I, line 12, column (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	645.
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	645.
6 Credits/Payments:			
a 2009 estimated tax pmts and 2008 overpayment credited to 2009	6a	800.	
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	800.	
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	0.	
10 Overpayment. If line 7 is more than the total of lines 5 and 8, enter the amount overpaid	10	155.	
11 Enter the amount of line 10 to be: Credited to 2010 estimated tax 155. Refunded	11	0.	

Part VII-A Statements Regarding Activities

	Yes	No
1 a 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 the instructions for definition)? <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>		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? <i>If 'Yes,' attach a detailed description of the activities</i>		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? <i>If 'Yes,' attach a conformed copy of the changes</i>		X
4 a 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? <i>If 'Yes,' attach the statement required by General Instruction T.</i>		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? <i>If 'Yes,' complete Part II, column (c), and Part XV</i>	X	
8 a Enter the states to which the foundation reports or with which it is registered (see the instructions) MD		
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 <i>General Instruction G</i> ? <i>If 'No,' attach explanation</i>	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)? <i>If 'Yes,' complete Part XIV</i>		X
10 Did any persons become substantial contributors during the tax year? <i>If 'Yes,' attach a schedule listing their names and addresses</i>		X

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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 <u>N/A</u>	13	X	
14	The books are in care of <u>MICHAEL C. RHOADES, CPA</u> Telephone no <u>(410) 208-6699</u> Located at <u>17 BEACH COURT BERLIN MD</u> ZIP + 4 <u>21811</u>			
15	Section 4947(a)(1) nonexempt charitable trusts filing Form 990-PF in lieu of Form 1041 - Check here <u>N/A</u> and enter the amount of tax-exempt interest received or accrued during the year <u>15</u>			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? <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 the instructions)? Organizations relying on a current notice regarding disaster assistance check here <input type="checkbox"/>	1b	N/A
c Did the foundation engage in a prior year in any of the acts described in 1a, other than excepted acts, that were not corrected before the first day of the tax year beginning in 2009?	1c	X
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? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If 'Yes,' list the years <u>20__</u> , <u>20__</u> , <u>20__</u> , <u>20__</u>		
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 the instructions)	2b	N/A
c If the provisions of section 4942(a)(2) are being applied to any of the years listed in 2a, list the years here <u>20__</u> , <u>20__</u> , <u>20__</u> , <u>20__</u>		
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 checked="" type="checkbox"/> 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)	3b	N/A
4a Did the foundation invest during the year any amount in a manner that would jeopardize its charitable purposes?	4a	X
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	X

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

b If any answer is 'Yes' to 5a(1)-(5), did any of the transactions fail to qualify under the exceptions described in Regulations section 53.4945 or in a current notice regarding disaster assistance (see instructions)?

5b 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? ☐ Yes ☒ No

N/A

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

6b X

b Did the foundation, during the year, pay premiums, directly or indirectly, on a personal benefit contract?

If 'Yes' to 6b, file Form 8870

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

7b N/A

b If yes, did the foundation receive any proceeds or have any net income attributable to the transaction?

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 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
NORRIS C. HEKIMIAN POTOMAC, MD	TRUSTEE 0	0.	0.	0.
JOAN E. HEKIMIAN POTOMAC, MD	TRUSTEE 0	0.	0.	0.
CATHERINE HEKIMIAN GERMANTOWN, MD	TRUSTEE 0	0	0	0

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

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

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

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 instructions). If none, enter 'NONE.'

(a) Name and address of each person paid more than \$50,000	(b) Type of service	(c) Compensation
NONE		

Total number of others receiving over \$50,000 for professional services 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 N/A	
2	
3	
4	

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

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

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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	1,346,201.
b Average of monthly cash balances	1b	93,363.
c Fair market value of all other assets (see instructions)	1c	
d Total (add lines 1a, b, and c)	1d	1,439,564.
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	1,439,564.
4 Cash deemed held for charitable activities. Enter 1-1/2% of line 3 (for greater amount, see instructions)	4	21,593.
5 Net value of noncharitable-use assets. Subtract line 4 from line 3. Enter here and on Part V, line 4	5	1,417,971.
6 Minimum investment return. Enter 5% of line 5.	6	70,899.

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	70,899.
2a Tax on investment income for 2009 from Part VI, line 5	2a	645.	
b Income tax for 2009. (This does not include the tax from Part VI.)	2b		
c Add lines 2a and 2b	2c	645.	
3 Distributable amount before adjustments. Subtract line 2c from line 1	3	70,254.	
4 Recoveries of amounts treated as qualifying distributions	4		
5 Add lines 3 and 4	5	70,254.	
6 Deduction from distributable amount (see instructions)	6		
7 Distributable amount as adjusted. Subtract line 6 from line 5. Enter here and on Part XIII, line 1.	7	70,254.	

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	96,375.
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	96,375.
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 instructions)	5	645.
6 Adjusted qualifying distributions. Subtract line 5 from line 4	6	95,730.

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

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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				70,254.
2 Undistributed income, if any, as of the end of 2009:				
a Enter amount for 2008 only			0.	
b Total for prior years: 20____, 20____, 20____		0.		
3 Excess distributions carryover, if any, to 2009:				
a From 2004	18,905.			
b From 2005	25,255.			
c From 2006	24,571.			
d From 2007	31,142.			
e From 2008	37,761.			
f Total of lines 3a through e	137,634.			
4 Qualifying distributions for 2009 from Part XII, line 4: \$ 96,375.				
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				70,254.
e Remaining amount distributed out of corpus	26,121.			
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	163,755.			
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) (see instructions)	0.			
8 Excess distributions carryover from 2004 not applied on line 5 or line 7 (see instructions)	18,905.			
9 Excess distributions carryover to 2010. Subtract lines 7 and 8 from line 6a	144,850.			
10 Analysis of line 9:				
a Excess from 2005	25,255.			
b Excess from 2006	24,571.			
c Excess from 2007	31,142.			
d Excess from 2008	37,761.			
e Excess from 2009	26,121.			

N/A

- Part XV** **Supplementary Information (Complete this part only if the organization had \$5,000 or more in assets at any time during the year – see instructions.)**

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).)

NONE

- 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

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 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

SEE STATEMENT 8

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

SEE STATEMENT FOR LINE 2A

- c Any submission deadlines:

SEE STATEMENT FOR LINE 2A

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

SEE STATEMENT FOR LINE 2A

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</i> Paid during the year SEE ATTACHED SCHEDULE		N/A		85,000.
Total				85,000.
<i>b</i> Approved for future payment				
Total				

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 the instructions)
		(a) Business code	(b) Amount	(c) Exclu- sion 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					
3	Interest on savings and temporary cash investments			14	1,797.	
4	Dividends and interest from securities			14	72,000.	
5	Net rental income or (loss) from real estate:					
a	Debt-financed property					
b	Not debt-financed property					
6	Net rental income or (loss) from personal property					
7	Other investment income					
8	Gain or (loss) from sales of assets other than inventory			18	-186,499.	
9	Net income or (loss) from special events					
10	Gross profit or (loss) from sales of inventory					
11	Other revenue:					
a						
b						
c						
d						
e						
12	Subtotal. Add columns (b), (d), and (e)				-112,702.	
13	Total. Add line 12, columns (b), (d), and (e)					-112,702.

(See worksheet in the instructions for line 13 to verify calculations.)

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

[illegible]

THE PHASE FOUNDATION

52-1611434

STATEMENT 1
FORM 990-PF, PART I, LINE 16B
ACCOUNTING FEES

	(A) EXPENSES PER BOOKS	(B) NET INVESTMENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
TAX PREPARATION FEE	\$ 2,800.			\$ 2,800.
TOTAL	<u>\$ 2,800.</u>	<u>\$ 0.</u>	<u>\$ 0.</u>	<u>\$ 2,800.</u>

STATEMENT 2
FORM 990-PF, PART I, LINE 18
TAXES

	(A) EXPENSES PER BOOKS	(B) NET INVESTMENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
TAX BASED ON INVESTMENT INCOME .	\$ 1,592.			\$ 1,592.
TOTAL	<u>\$ 1,592.</u>	<u>\$ 0.</u>	<u>\$ 0.</u>	<u>\$ 1,592.</u>

STATEMENT 3
FORM 990-PF, PART I, LINE 23
OTHER EXPENSES

	(A) EXPENSES PER BOOKS	(B) NET INVESTMENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
INVESTMENT ADVISORY FEES	\$ 2,004.	\$ 2,004.	\$ 2,004.	
OFFICE EXPENSE	196.			\$ 196.
OFFICE MANAGEMENT	6,050.			6,050.
TOTAL	<u>\$ 8,250.</u>	<u>\$ 2,004.</u>	<u>\$ 2,004.</u>	<u>\$ 6,246.</u>

STATEMENT 4
FORM 990-PF, PART II, LINE 10B
INVESTMENTS - CORPORATE STOCKS

CORPORATE STOCKS	VALUATION METHOD	BOOK VALUE	FAIR MARKET VALUE
LPL FINANCIAL MUTUAL FUNDS	COST	\$ 1,149,448.	\$ 1,163,107.
	TOTAL	<u>\$ 1,149,448.</u>	<u>\$ 1,163,107.</u>

THE PHASE FOUNDATION

52-1611434

STATEMENT 5
FORM 990-PF, PART II, LINE 13
INVESTMENTS - OTHER

	VALUATION METHOD	BOOK VALUE	FAIR MARKET VALUE
<u>OTHER INVESTMENTS</u>			
KENSINGTON REALTY INCOME FUND LP	COST	\$ 139,912.	\$ 139,912.
CONDOR PARTNERS LP	COST	196,553.	196,553.
	TOTAL	\$ 336,465.	\$ 336,465.

STATEMENT 6
FORM 990-PF, PART III, LINE 3
OTHER INCREASES

UNREALIZED MARKET VALUE CHANGE		TOTAL	\$ 307,417.
			\$ 307,417.

STATEMENT 7
FORM 990-PF, PART IV, LINE 1
CAPITAL GAINS AND LOSSES FOR TAX ON INVESTMENT INCOME

ITEM	(A) DESCRIPTION	(B) HOW ACQUIRED	(C) DATE ACQUIRED	(D) DATE SOLD
1	WASHINGTON MUTUAL INVESTORS	PURCHASED		12/01/2009
2	INCOME FUND OF AMERICA	PURCHASED		12/01/2009
3	SMALL CAP WORLD FUND	PURCHASED		12/01/2009
4	NEW PERSPECTIVE FUND	PURCHASED		12/01/2009
5	K-1 KENSINGTON REALTY INCOME FUND, LP	PURCHASED		12/31/2009
6	K-1 CONDOR PARTNERS, LP	PURCHASED		12/31/2009

ITEM	(E) GROSS SALES	(F) DEPREC. ALLOWED	(G) COST BASIS	(H) GAIN (LOSS)	(I) FMV 12/31/69	(J) ADJ. BAS. 12/31/69	(K) EXCESS (I) - (J)	(L) GAIN (LOSS)
1	204,119.		247,479.	-43,360.				\$ -43,360.
2	459,595.		512,914.	-53,319.				-53,319.
3	221,485.		154,965.	66,520.				66,520.
4	436,437.		440,193.	-3,756.				-3,756.
5	0.		40,280.	-40,280.				-40,280.
6	0.		112,304.	-112,304.				-112,304.
							TOTAL	\$ -186,499.

STATEMENT 8
FORM 990-PF, PART XV, LINE 2A-D
APPLICATION SUBMISSION INFORMATION

NAME OF GRANT PROGRAM: THE PHASE FOUNDATION
NAME:
CARE OF:
STREET ADDRESS: P.O. BOX 59136
CITY, STATE, ZIP CODE: POTOMAC, MD 20859
TELEPHONE: (410) 208-6699

2009

FEDERAL STATEMENTS

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THE PHASE FOUNDATION

52-1611434

STATEMENT 8 (CONTINUED)
FORM 990-PF, PART XV, LINE 2A-D
APPLICATION SUBMISSION INFORMATION

FORM AND CONTENT:	CURRENT FINANCIAL INFORMATION AND SUMMARY OF CHARITABLE PURPOSE
SUBMISSION DEADLINES:	NONE
RESTRICTIONS ON AWARDS:	NONE

2009 Form 990-PF, Part XV, 3a – Grants and Contributions
The Phase Foundation
52-1611434

Allegany College of Maryland Foundation, Inc. \$3,000

attn: Executive Director David R. Jones
12401 Willowbrook Road, SE
Cumberland, MD 21502
to fund scholarships

ALS Association DC/MD/VA Chapter \$2,500

attn: Executive Director Ken Nicholls
7507 Standish Place
Rockville, MD 20855
to fund PALS program (home-based care)

Alzheimer's Association, National Capital Area \$5,000

attn: Corp. Relations & Foundations Manager Susan Sandler
3701 Pender Drive, Suite 400
Fairfax, VA 22030
to fund educational programs

Arthritis Foundation, Metropolitan Washington Chapter \$2,500

attn: Chief Development Officer Katy Walker Ahmed
2011 Pennsylvania Ave. NW 6th Floor
Washington, DC 20006
towards continuing Juvenile Arthritis Network

B&O Railroad Museum \$3,000

attn: Executive Director Courtney B. Wilson
901 West Pratt Street
Baltimore, MD 21223
to fund Early Childhood Education Program

Breast Cancer Awareness - Cumberland Valley, Inc. \$5,000

attn: Community Liaison Janet Lung
322 E. Antietam St., Suite 101
Hagerstown, MD 21740
to buy wigs, turbans, supplies for women undergoing chemotherapy

CASA for the Children of the District of Columbia \$2,500

attn: Executive Director Shane Salter
515 M St., SE
Building 74, Suite 200
Washington, DC 20003
towards Preparing Youth for Adulthood counseling program

2009 Form 990-PF, Part XV, 3a – Grants and Contributions
The Phase Foundation
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Chesapeake Chapter of the US Lighthouse Society \$1,500

attn: Communications Director Maria Alvarez-Lundie

P.O. Box 1270

Annandale, VA 22003

to help restore historic lighthouses

Computer C.O.R.E. \$5,000

attn: Executive Director Lynn O'Connell

3846 King St.

Alexandria, VA 22302

to buy textbooks and help refurbish donated computers

Emmaus Services for the Aging \$3,500

attn: Executive Director Joseph K. Williams, Sr. M.Div.

1426 9th St. NW

Washington, DC 20001

to fund food pantry and healthcare assistance

House of Ruth \$3,000

attn: Director of Development Carolyn Stevens

5 Thomas Circle, NW

Washington, DC 20005

to fund counseling, job training for victims of domestic abuse

Housing Unlimited \$4,500

attn: Executive Director Abe Schuchman

1398 Lamberton Drive, Suite G1

Silver Spring, MD 20902

to fund housing program for people with mental illness

Interages \$5,000

attn: Executive Director Carol Croll

3950 Ferrara Drive, 2nd floor

Wheaton, MD 20906

to fund SHARE (Students Helping and Reaching Elders) program

Leukemia and Lymphoma Society, Inc. \$5,000

National Capital Area Chapter

attn: Donor Development Senior Manager Taryn Deaton

5845 Richmond Hwy., Suite 800

Alexandria, VA 22303

to fund research into cure for blood cancers

2009 Form 990-PF, Part XV, 3a – Grants and Contributions
The Phase Foundation
52-1611434

Lions Camp Merrick, Inc. \$3,000

attn: President and Executive Director Mark LaRue
PO Box 56
Nanjemoy, MD 20662
to fund camp for special-needs children

The Maryland Zoo in Baltimore \$3,000

attn: VP of Interpretation, Education, & Volunteer Programs Kathryn Foat
1876 Mansion House Drive
Druid Hill Park
Baltimore, MD 21217
to fund pre-school education program

Metropolitan Washington Ear \$4,000

attn: Development Officer Rosemary Roussil
12061 Tech Rd.
Silver Spring, MD 20904
to update equipment for reading-service for the blind

Mobile Medical Care \$4,000

attn: Executive Director Robert Lee Spector
9309 Old Georgetown Road
Bethesda, MD 20814
to subsidize medication for low-income people via mobile medical van

Partner for Surgery \$4,500

attn: President Frank Peterson
6804 Melrose Drive
McLean, VA 22101
to fund medical treatment for people in rural Guatemala

Second Chance Wildlife Center \$5,000

attn: Executive Director Christine Montuori
7101 Barcellona Drive
Gaithersburg, MD 20879
to buy food, supplies for animals recovering from injury, illness

Shepherd's Table, Inc. \$3,500

attn: President Howard Stein
8210-A Colonial Lane
Silver Spring, MD 20910
to fund meals, eye clinic at homeless shelter

2009 Form 990-PF, Part XV, 3a – Grants and Contributions
The Phase Foundation
52-1611434

St. John's Food Pantry \$2,000

attn: Coordinator Michele Hamlett, RN

4403 Pimlico Road

Baltimore, MD 21215

to help stock the church's food pantry for low-income people

Visitors' Services Center \$3,000

attn: Executive Director Ann C. Keep

1422 Massachusetts Ave., S.E.

Washington, DC 20003

to fund bus tokens, toiletries for newly released prisoners of the DC Jail

WETA \$2,000

attn: Teri Blandon, Director of Foundation & Gov't Development

2775 South Quincy Street

Arlington, VA 22206

to fund episodes of "Nature" program on WETA Channel 26 (public broadcasting)

TOTAL: \$85,000