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# Return of Private Foundation

## or Section 4947(a)(1) Nonexempt Charitable Trust

### Treated as a Private Foundation

2009

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.

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

MITCHELL P. RALES FAMILY FOUNDATION

Number and street (or P O box number if mail is not delivered to street address)

8404 PARHAM COURT

Room/suite

City or town, state, and ZIP code

MCLEAN, VA 22102

A Employer identification number

54-1739159

B Telephone number

202-828-0060

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, col (c), line 16) ☐ Accounting method: ☒ Cash ☐ Accrual  
☐ Other (specify) \_\_\_\_\_  
 \$ 8,866,973. (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))

(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

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

5a Gross rents

b Net rental income or (loss)

6a Net gain or (loss) from sale of assets not on line 10

b Gross sales price for all assets on line 6a 4,551,014.

7 Capital gain net income (from Part IV, line 2)

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

12 Total. Add lines 1 through 11

13 Compensation of officers, directors, trustees, etc

14 Other employee salaries and wages

15 Pension plans, employee benefits

16a Legal fees

b Accounting fees

c Other professional fees

17 Interest

18 Taxes

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

25 Contributions, gifts, grants paid

26 Total expenses and disbursements. Add lines 24 and 25

27 Subtract line 26 from line 12:

a Excess of revenue over expenses and disbursements

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

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

N/A

SCANNED NOV 26 2010

Operating and Administrative Expenses

RECEIVED

NOV 18 2010

OGDEN, UT

STMT 4

STMT 5

STMT 4

STMT 5

P 21

**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
<b>Assets</b>	1 Cash - non-interest-bearing			
	2 Savings and temporary cash investments	12,509,887.	3,879,600.	3,879,600.
	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 7	2,110,444.	243,334.	243,334.
	c Investments - corporate bonds			
<b>Liabilities</b>	11 Investments - land, buildings, and equipment basis ▶			
	Less: accumulated depreciation ▶			
	12 Investments - mortgage loans			
	13 Investments - other STMT 8	10,547,515.	4,744,039.	4,744,039.
	14 Land, buildings, and equipment: basis ▶			
	Less: accumulated depreciation ▶			
	15 Other assets (describe ▶)			
	16 <b>Total assets</b> (to be completed by all filers)	25,167,846.	8,866,973.	8,866,973.
<b>Net Assets or Fund Balances</b>	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 <b>Total liabilities</b> (add lines 17 through 22)	0.	0.		
<b>Net Assets or Fund Balances</b>	Foundations that follow SFAS 117, check here <input type="checkbox"/> and complete lines 24 through 26 and lines 30 and 31			
	24 Unrestricted			
	25 Temporarily restricted			
	26 Permanently restricted			
	Foundations that do not follow SFAS 117, check here <input checked="" type="checkbox"/> and complete lines 27 through 31.			
	27 Capital stock, trust principal, or current funds	0.	0.	
	28 Paid-in or capital surplus, or land, bldg., and equipment fund	25,167,846.	8,866,973.	
	29 Retained earnings, accumulated income, endowment, or other funds	0.	0.	
30 <b>Total net assets or fund balances</b>	25,167,846.	8,866,973.		
31 <b>Total liabilities and net assets/fund balances</b>	25,167,846.	8,866,973.		

**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	25,167,846.
2 Enter amount from Part I, line 27a	2	<17,601,248.>
3 Other increases not included in line 2 (itemize) ▶ SEE STATEMENT 6	3	1,300,375.
4 Add lines 1, 2, and 3	4	8,866,973.
5 Decreases not included in line 2 (itemize) ▶	5	0.
6 Total net assets or fund balances at end of year (line 4 minus line 5) - Part II, column (b), line 30	6	8,866,973.

**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 4,551,014.		3,540,322.	1,010,692.	
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			1,010,692.	
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 1,010,692.
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		{ If gain, also enter in Part I, line 7 If (loss), enter -0- in Part I, line 7		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	20,754,825.	43,984,430.	.471868
2007	3,439,140.	64,798,633.	.053074
2006	4,962,819.	61,444,626.	.080769
2005	7,717,073.	61,364,902.	.125757
2004	2,414,669.	63,428,873.	.038069
2 Total of line 1, column (d)			2 .769537
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 .153907
4 Enter the net value of noncharitable-use assets for 2009 from Part X, line 5			4 14,128,518.
5 Multiply line 4 by line 3			5 2,174,478.
6 Enter 1% of net investment income (1% of Part I, line 27b)			6 9,676.
7 Add lines 5 and 6			7 2,184,154.
8 Enter qualifying distributions from Part XII, line 4			8 18,611,316.

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 <input type="checkbox"/> 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 <input checked="" type="checkbox"/> and enter 1% of Part I, line 27b		1	9,676.
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	9,676.
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	9,676.
6 Credits/Payments:			
a 2009 estimated tax payments and 2008 overpayment credited to 2009	6a	101,239.	
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	101,239.	
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		
10 Overpayment If line 7 is more than the total of lines 5 and 8, enter the amount overpaid	10	91,563.	
11 Enter the amount of line 10 to be: Credited to 2010 estimated tax <input checked="" type="checkbox"/> 91,563. Refunded <input type="checkbox"/>	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?	X	
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) <u>VA</u>		
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

▶	15	N/A
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Yes	No
-----	----

☐ Yes ☒ No

N/A

▶ ☐

1c		X
----	--	---

☐ Yes ☒ No

N/A

**►** \_\_\_\_\_ , \_\_\_\_\_ , \_\_\_\_\_ , \_\_\_\_\_ , \_\_\_\_\_

☐ Yes ☒ No

N/A

4a	X
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4b		X
----	--	---

**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)?

5b ☒ X

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

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?

6b

☒ X

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

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
MITCHELL P. RALES 2099 PENNSYLVANIA AVE., N.W., 12TH FL WASHINGTON, DC 20006	CHAIRMAN/DIRECTOR 10.00	0.	0.	0.
MICHAEL G. RYAN 2099 PENNSYLVANIA AVE., N.W., 12TH FL WASHINGTON, DC 20006	PRESIDENT 1.00	0.	0.	0.
JOSEPH O. BUNTING, III 2099 PENNSYLVANIA AVE., N.W., 12TH FL WASHINGTON, DC 20006	VICE PRESIDENT 1.00	0.	0.	0.
TERESA L.C. BALDWIN 2099 PENNSYLVANIA AVE., N.W., 12TH FL WASHINGTON, DC 20006	SECRETARY/TREASURER 10.00	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 VIII****Information About Officers, Directors, Trustees, Foundation Managers, Highly Paid Employees, and Contractors** (continued)**3** Five highest-paid independent contractors for professional services. 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
<b>1</b> FOUNDATION MAKES CASH CONTRIBUTIONS TO PRE-SELECTED CHARITABLE ORGANIZATIONS.	18,611,316.
<b>2</b>	
<b>3</b>	
<b>4</b>	

**Part IX-B Summary of Program-Related Investments**

Describe the two largest program-related investments made by the foundation during the tax year on lines 1 and 2.

	Amount
<b>1</b> NOT APPLICABLE	0.
<b>2</b>	
All other program-related investments. See instructions.	
<b>3</b>	
<b>Total.</b> Add lines 1 through 3	0.

Form 990-PF (2009)



**Part X Minimum Investment Return** (All domestic foundations must complete this part. Foreign foundations, see instructions.)

<b>1</b>	Fair market value of assets not used (or held for use) directly in carrying out charitable, etc., purposes:		
<b>a</b>	Average monthly fair market value of securities	<b>1a</b>	7,954,578.
<b>b</b>	Average of monthly cash balances	<b>1b</b>	5,091,645.
<b>c</b>	Fair market value of all other assets	<b>1c</b>	1,297,450.
<b>d</b>	<b>Total</b> (add lines 1a, b, and c)	<b>1d</b>	14,343,673.
<b>e</b>	Reduction claimed for blockage or other factors reported on lines 1a and 1c (attach detailed explanation)	<b>1e</b>	0.
<b>2</b>	Acquisition indebtedness applicable to line 1 assets	<b>2</b>	0.
<b>3</b>	Subtract line 2 from line 1d	<b>3</b>	14,343,673.
<b>4</b>	Cash deemed held for charitable activities. Enter 1 1/2% of line 3 (for greater amount, see instructions)	<b>4</b>	215,155.
<b>5</b>	<b>Net value of noncharitable-use assets.</b> Subtract line 4 from line 3. Enter here and on Part V, line 4	<b>5</b>	14,128,518.
<b>6</b>	<b>Minimum investment return.</b> Enter 5% of line 5	<b>6</b>	706,426.

**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.)

<b>1</b>	Minimum investment return from Part X, line 6	<b>1</b>	706,426.
<b>2a</b>	Tax on investment income for 2009 from Part VI, line 5	<b>2a</b>	9,676.
<b>b</b>	Income tax for 2009. (This does not include the tax from Part VI.)	<b>2b</b>	6,367.
<b>c</b>	Add lines 2a and 2b	<b>2c</b>	16,043.
<b>3</b>	Distributable amount before adjustments. Subtract line 2c from line 1	<b>3</b>	690,383.
<b>4</b>	Recoveries of amounts treated as qualifying distributions	<b>4</b>	0.
<b>5</b>	Add lines 3 and 4	<b>5</b>	690,383.
<b>6</b>	Deduction from distributable amount (see instructions)	<b>6</b>	0.
<b>7</b>	<b>Distributable amount as adjusted.</b> Subtract line 6 from line 5. Enter here and on Part XIII, line 1	<b>7</b>	690,383.

**Part XII Qualifying Distributions** (see instructions)

<b>1</b>	Amounts paid (including administrative expenses) to accomplish charitable, etc., purposes:		
<b>a</b>	Expenses, contributions, gifts, etc. - total from Part I, column (d), line 26	<b>1a</b>	18,611,316.
<b>b</b>	Program-related investments - total from Part IX-B	<b>1b</b>	0.
<b>2</b>	Amounts paid to acquire assets used (or held for use) directly in carrying out charitable, etc., purposes	<b>2</b>	
<b>3</b>	Amounts set aside for specific charitable projects that satisfy the:		
<b>a</b>	Suitability test (prior IRS approval required)	<b>3a</b>	
<b>b</b>	Cash distribution test (attach the required schedule)	<b>3b</b>	
<b>4</b>	<b>Qualifying distributions.</b> Add lines 1a through 3b. Enter here and on Part V, line 8, and Part XIII, line 4	<b>4</b>	18,611,316.
<b>5</b>	Foundations that qualify under section 4940(e) for the reduced rate of tax on net investment income. Enter 1% of Part I, line 27b	<b>5</b>	9,676.
<b>6</b>	<b>Adjusted qualifying distributions.</b> Subtract line 5 from line 4	<b>6</b>	18,601,640.

**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				690,383.
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	4,203,225.			
c From 2006	2,156,328.			
d From 2007	308,388.			
e From 2008	18,558,753.			
f Total of lines 3a through e	25,226,694.			
4 Qualifying distributions for 2009 from Part XII, line 4: ► \$ 18,611,316.				
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				690,383.
e Remaining amount distributed out of corpus	17,920,933.			
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	43,147,627.			
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 instr.			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	43,147,627.			
10 Analysis of line 9:				
a Excess from 2005	4,203,225.			
b Excess from 2006	2,156,328.			
c Excess from 2007	308,388.			
d Excess from 2008	18,558,753.			
e Excess from 2009	17,920,933.			

N/A

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

☐ 4942(i)(3) or ☐ 4942(i)(5)

- (1) Value of all assets

- c "Support" alternative test - enter:**

- (4) Gross investment income

[illegible]

### 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) )

**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.

**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 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:

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

- c Any submission deadlines:**

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

**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)					
<b>a</b> <i>Paid during the year</i> <b>SEE ATTACHED LIST</b>					<b>18602779.</b>
<b>Total</b>					<b>▶ 3a 18602779.</b>
<b>b</b> <i>Approved for future payment</i>  <b>NONE</b>					
<b>Total</b>					<b>▶ 3b 0.</b>

## 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
	(a) Business code	(b) Amount	(c) Exclu- sion code	(d) Amount		
<b>1</b> Program service revenue.						
a _____						
b _____						
c _____						
d _____						
e _____						
f _____						
<b>g</b> Fees and contracts from government agencies						
<b>2</b> Membership dues and assessments						
<b>3</b> Interest on savings and temporary cash investments			14	1,713.		
<b>4</b> Dividends and interest from securities			14	18,325.		
<b>5</b> Net rental income or (loss) from real estate:						
a Debt-financed property	531120	<1,213.>	14			
b Not debt-financed property						
<b>6</b> Net rental income or (loss) from personal property						
<b>7</b> Other investment income			16	186.		
<b>8</b> Gain or (loss) from sales of assets other than inventory	900000	44,796.	18	965,896.		
<b>9</b> Net income or (loss) from special events						
<b>10</b> Gross profit or (loss) from sales of inventory						
<b>11</b> Other revenue:						
a _____						
b _____						
c _____						
d _____						
e _____						
<b>12</b> Subtotal. Add columns (b), (d), and (e)		43,583.		986,120.		0.
<b>13</b> Total. Add line 12, columns (b), (d), and (e)						1,029,703.

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

**Part XVI-B**

### Relationship of Activities to the Accomplishment of Exempt Purposes

[illegible]

## Information Regarding Transfers To and Transactions and Relationships With Noncharitable Exempt Organizations

- 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.

Phone no. (703) 852-5000

923622  
02-02-10

**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	REDEMPTION OF HARVEST INVESTMENT	P	01/01/07	05/06/09
b	10,000 SHARES OF EMDEON	P	08/11/09	08/12/09
c	250,000 SHARES OF A123	P	09/23/09	09/24/09
d	NET RETURN FUND	P	01/01/09	11/09/09
e	FROM PARTNERSHIP - JER REAL ESTATE	P	01/01/09	12/31/09
f	FROM PARTNERSHIP - ACCOLADE PARTNERS	P	01/01/08	12/31/09
g	FROM PARTNERSHIP - X10 CAPITAL	P	01/01/09	12/31/09
h	FROM PARTNERSHIP - X10 CAPITAL	P	01/01/08	12/31/09
i	PARTNERSHIP INCOME - JER	P	01/01/08	12/31/09
j				
k				
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 2,377.			2,377.
b 165,196.		155,000.	10,196.
c 4,239,891.		3,375,000.	864,891.
d 20,000.			20,000.
e		3,289.	<3,289.>
f 11,379.			11,379.
g 67,375.			67,375.
h		7,033.	<7,033.>
i 44,796.			44,796.
j			
k			
l			
m			
n			
o			

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) Losses (from col. (h)) Gains (excess of col. (h) gain over col. (k), but not less than "-0-")
a			2,377.
b			10,196.
c			864,891.
d			20,000.
e			<3,289.>
f			11,379.
g			67,375.
h			<7,033.>
i			44,796.
j			
k			
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	1,010,692.
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 INTEREST ON SAVINGS AND TEMPORARY CASH INVESTMENTS STATEMENT 1

SOURCE	AMOUNT
CITIGROUP	861.
FROM BERNSTEIN INVESTMENT	72.
FROM PARTNERSHIP K-1 - ACCOLADE	495.
FROM PARTNERSHIP K-1 - JER	14.
FROM PARTNERSHIP K-1 - JUST SALAD	200.
FROM PARTNERSHIP K-1 - X-10 CAPITAL	38.
MORGAN STANLEY	33.
TOTAL TO FORM 990-PF, PART I, LINE 3, COLUMN A	1,713.

## FORM 990-PF DIVIDENDS AND INTEREST FROM SECURITIES STATEMENT 2

SOURCE	GROSS AMOUNT	CAPITAL GAINS DIVIDENDS	COLUMN (A) AMOUNT
FROM BERNSTEIN INV	13,342.	0.	13,342.
FROM PARTNERSHIP K-1 - ACCOLADE	1,809.	0.	1,809.
FROM PARTNERSHIP K-1 - X-10 CAPITAL	414.	0.	414.
SMITH BARNEY ACCT	2,760.	0.	2,760.
TOTAL TO FM 990-PF, PART I, LN 4	18,325.	0.	18,325.

## FORM 990-PF OTHER INCOME STATEMENT 3

DESCRIPTION	(A) REVENUE PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME
PARTNERSHIP INCOME - JER	<2,028.>	<1,293.>	
PARTNERSHIP INCOME - ACCOLADE	<478.>	0.	
PARTNERSHIP INCOME - JUST SALAD	<3,585.>	<3,585.>	
PARTNERSHIP INCOME - X-10 CAPITAL	<6,502.>	<6,502.>	
TAX REFUND	11,566.	11,566.	
TOTAL TO FORM 990-PF, PART I, LINE 11	<1,027.>	186.	



FORM 990-PF	TAXES	STATEMENT	4
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DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
STATE INCOME TAX	1,013.	0.		0.
FOREIGN TAXES	2.	0.		0.
TO FORM 990-PF, PG 1, LN 18	1,015.	0.		0.

FORM 990-PF	OTHER EXPENSES	STATEMENT	5
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DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
DEDUCTIONS FOR PORTFOLIO INCOME	13,119.	13,010.		0.
ART STORAGE AND INSURANCE EXPENSE	1,953.	1,953.		0.
OTHER EXPENSE	537.	0.		537.
APPRAISAL EXPENSE	8,000.	0.		8,000.
TO FORM 990-PF, PG 1, LN 23	23,609.	14,963.		8,537.

FORM 990-PF	OTHER INCREASES IN NET ASSETS OR FUND BALANCES	STATEMENT	6
-------------	--	-----------	---

DESCRIPTION	AMOUNT
CHANGE IN MARKET VALUE OF INVESTMENTS	1,256,580.
SCHEDULE M-1'S FROM PARTNERSHIPS	10,795.
APPRECIATION IN ART DONATED TO ANOTHER FOUNDATION	33,000.
TOTAL TO FORM 990-PF, PART III, LINE 3	1,300,375.

FORM 990-PF	CORPORATE STOCK	STATEMENT	7
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DESCRIPTION	BOOK VALUE	FAIR MARKET VALUE
HARVEST OFFSHORE INV	0.	0.
GOLDMAN DISTRESSED FUND	243,334.	243,334.
TOTAL TO FORM 990-PF, PART II, LINE 10B	243,334.	243,334.

FORM 990-PF	OTHER INVESTMENTS	STATEMENT	8
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DESCRIPTION	VALUATION METHOD	BOOK VALUE	FAIR MARKET VALUE
ACCOLADE PARTNERS	FMV	269,984.	269,984.
DUNE CAPITAL LTD	FMV	774,085.	774,085.
INVESTMENT IN ARTWORK	COST	120,000.	120,000.
JER REAL ESTATE PARTNERS II	FMV	79,584.	79,584.
JUST SALAD LLC	FMV	90,743.	90,743.
NET RETURN FUND LTD	FMV	3,275,190.	3,275,190.
X-10 CAPITAL PARTNERS	FMV	134,453.	134,453.
TOTAL TO FORM 990-PF, PART II, LINE 13		4,744,039.	4,744,039.

MITCHELL P. RALES FAMILY FOUNDATION  
TAX YEAR ENDED 12/31/09

ATTACHMENT TO FORM 990-PF  
Part VII-B Line 5c

INFORMATION RELATING TO GRANTS  
SUBJECT TO EXPENDITURE RESPONSIBILITY

1. GRANTEE

Glenstone Foundation  
12002 Glen Road  
Potomac, MD 20854

2. DATE AND AMOUNT OF GRANTS

Date of commitment: 1/13/09  
Commitment amount: \$737,565.75  
Payments made to Grantee: \$737,565.75

Date of commitment: 1/14/09  
Commitment amount: \$2,657,500  
Payments made to Grantee: \$2,657,500

Date of commitment: 1/26/09  
Commitment amount: \$2,633,000  
Payments made to Grantee: \$2,633,000

Date of commitment: 1/27/09  
Commitment amount: \$1,220,117.89  
Payments made to Grantee: \$1,220,117.89

Date of commitment: 2/17/09  
Commitment amount: \$2,566,772.37  
Payments made to Grantee: \$2,566,772.37

Date of commitment: 3/02/09  
Commitment amount: \$600,000  
Payments made to Grantee: \$600,000

Date of commitment: 3/16/09  
Commitment amount: \$370,000  
Payments made to Grantee: \$370,000

Date of commitment: 3/25/09  
Commitment amount: \$15,000  
Payments made to Grantee: \$15,000

Date of commitment: 11/10/09  
Commitment amount: \$195,000  
Payments made to Grantee: \$195,000

Date of commitment: 12/01/09  
Commitment amount: \$5,050,000  
Payments made to Grantee: \$5,050,000

3. PURPOSE:

The purpose of these grants was to provide funds to aid in promoting the study, improvement and advancement of the visual arts, the furthering of the public's appreciation and understanding of artistic achievements and art works elicited by art, architecture and landscape and to support public and education exhibitions of art.

4. AMOUNT OF GRANT SPENT BY GRANTEE

A report dated April 30, 2010 received from the Grantee indicates that all grant funds were spent by the Grantee in 2009.

5. DIVERSION

To the knowledge of the Foundation, no part of the grants was used for other than its intended purpose.

6. DATE OF REPORT FROM GRANTEE

A report dated April 30, 2010 providing details of accomplishments of the grants was received from the Grantee. All grant objectives appear to have been satisfied.

7. DATE AND RESULT OF ANY VERIFICATION

To the knowledge of the Foundation, the Grantee has complied with all record keeping requirements established as a condition to the Foundation's commitment. According to Treas. Reg. §53.4945-5(c)(1), the Foundation need not conduct any independent verification unless it has reason to doubt the accuracy or reliability of the reports received from the Grantee.

Mitchell P Rales Family Foundation  
54-1739159  
12/31/09

# STATEMENT

Part I Col (a) - Contributions, Gifts and Grants Paid

<u>Name</u>	<u>Class of Activity or Purpose</u>	<u>Descr of Property</u>	<u>Relationship</u>	<u>Status</u>	<u>Cost or FMV</u>	<u>Date</u>
NATIONAL GALLERY OF ART	Support the Arts	Cash	None	Public	285,000.00	1/15/09
NATIONAL GALLERY OF ART	Support the Arts	Cash	None	Public	1,000.00	2/5/09
WASHINGTON HEBREW CONGREGATION	Charitable Contribution	Cash	None	Public	200,000.00	2/12/09
INOVA HEALTH SYSTEM FOUNDATION	Charitable Contribution	Cash	None	Public	500.00	3/1/09
THE SEED FOUNDATION	Educational Support	Cash	None	Public	1,000,000.00	3/12/09
BOYS AND GIRLS CLUB OF GREATER WASH	Charitable Contribution	Cash	None	Public	5,000.00	3/24/09
THE ENVIRONMENTAL FILM FESTIVAL	Charitable Contribution	Cash	None	Public	500.00	3/24/09
JUVENILE DIABETES RESEARCH	Charitable Contribution	Cash	None	Public	5,000.00	3/26/09
COLLEGE OF THE ATLANTIC	Educational Support	Cash	None	Public	1,500.00	4/21/09
FRIENDS OF ACADIA	Charitable Contribution	Cash	None	Public	10,000.00	4/21/09
WETA	Charitable Contribution	Cash	None	Public	10,000.00	4/21/09
GUGGENHEIM FOUNDATION	Support the Arts	Artwork	None	Public	40,000.00	4/30/09
LOMBARDI CANCER CENTER	Charitable Contribution	Cash	None	Public	5,000.00	5/13/09
ALPINE CHILDREN'S CHARITY	Charitable Contribution	Cash	None	Public	1,000.00	8/3/09
GOODWILL OF GREATER WASHINGTON	Charitable Contribution	Cash	None	Public	5,000.00	8/4/09
FIGHT FOR CHILDREN	Charitable Contribution	Cash	None	Public	48,300.00	8/7/09
NATIONAL GALLERY OF ART	Support the Arts	Cash	None	Public	600,000.00	9/29/09
CROSSROADS UNITED METHODIST CHURCH	Charitable Contribution	Cash	None	Public	5,000.00	10/20/09
THE PARTNERSHIP FOR THE HOMELESS	Charitable Contribution	Cash	None	Public	2,500.00	10/28/09
NORWOOD SCHOOL	Educational Support	Cash	None	Public	1,000.00	12/14/09
HIRSHHORN MUSEUM AND SCULPTURE GARDEN	Support the Arts	Cash	None	Public	6,500.00	12/14/09
NATIONAL GALLERY OF ART	Support the Arts	Cash	None	Public	250,000.00	12/28/09
BREAST CANCER MEDICINE SERVICE - MSKCC	Medical Research	Cash	None	Public	75,000.00	12/28/09
GLENSTONE FOUNDATION	Support the Arts	Cash	None	Public	15,849,956.00	Various
GLENSTONE FOUNDATION	Support the Arts	Cash	None	Private Operating Foundation	195,000.00	11/10/09
FLOW THROUGH FROM PARTNERSHIP	Support the Arts	Artwork	None	Private Operating Foundation	23.00	Various

TOTAL

18,602,779

ART DEALERS ASSOCIATION OF AMERICA



December 21, 2009

Mitchell P. Rales Family Foundation  
2099 Pennsylvania Avenue, NW.  
12<sup>th</sup> Floor  
Washington Dc 20006

ATT: Ms. Teresa Baldwin

205 Lexington Avenue  
Suite #901  
New York, NY 10016  
telephone: (212) 488-5550  
fax: (646) 688-6809  
e-mail: adaa@artdealers.org  
website www.artdealers.org

Dear Ms. Baldwin:

At your request, and in connection with the gift made by you on November 10, 2009 to the Glenstone Foundation, Potomac, MD of the work described below, a color photograph of which is attached to the original hereof, we have appraised the work as of the date of gift as follows:

DESCRIPTION:

Title: Substrat 12 I, 2003  
Artist: Thomas Ruff  
Medium: Diptych: two C-prints with Diasac  
Dimensions: each height 112.6" by width 73.23"  
Overall: height 112.6" by width 146.46"  
Signed/dated: Signed dated numbered and inscribed on  
back " Th Ruff 3/3 2003; sub 12 I a;  
sub 12 I b "  
Condition: Good  
Other data: Edition 3 of 3

PROVENANCE:

Collection: David Zwirner Inc., New York, NY

APPRAISED VALUE: \$195,000\*

\*This appraisal is supported by the following information:

The donated work is the only diptych the artist has ever made.

(footnote continued on following page)

BOARD OF DIRECTORS

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Michael Findlay  
*Vice President*

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*Vice President*

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Gilbert S. Edelson  
*Administrative Vice President  
and Counsel*

FOUNDED 1962

The Qualified Appraisal data required by Internal Revenue Service Regulations is attached as part of this appraisal.

Very truly yours,

ART DEALERS ASSOCIATION OF AMERICA, INC.

By Paulina Kolczynska  
Paulina Kolczynska  
ADAA Appraiser

---

(footnote continued)

In support of this appraisal we cite the most recent sales of works from this series:

Substart 15 I, 2003  
Inkjet on paper face-mounted on Plexiglas  
73" by 97"  
Edition 2 of 3  
Sold at Christie's New York on November 11, 2009  
for \$86,500

The cited work is a single smaller photograph from the same series as the donated work. The donated work is a diptych which consists of two larger photographs.

Substart 9 I, 2002  
C-print face-mounted on Plexiglas  
50.7" by 66.2"  
Edition 3 of 5  
Sold at Christie's New York on November 11, 2009  
for \$74,500

The cited work is a much smaller print from a larger edition. The donated work is a diptych from a smaller edition.