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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

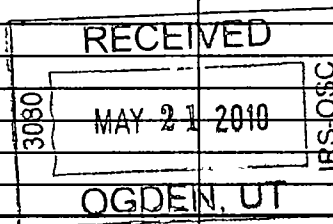
Use the IRS label. Otherwise, print or type. See Specific Instructions.	Name of foundation JOHN C. & ADA K. ARTER MEMORIAL FUND		A Employer identification number 55-6138362
	F/B/O SALVATION ARMY		B Telephone number 304-345-9400
	Number and street (or P.O. box number if mail is not delivered to street address)	Room/suite	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 ☐
	CITY NATIONAL BANK P.O. BOX 4168		
City or town, state, and ZIP code CHARLESTON, WV 25364-4168			
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) \$ 3,160,683. (Part I, column (d) must be on cash basis.)		J Accounting method: ☒ Cash ☐ Accrual ☐ Other (specify) _____	

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		76,056.	76,056.		STATEMENT 1
4 Dividends and interest from securities		51,067.	51,067.		STATEMENT 2
5a Gross rents					
b Net rental income or (loss)					
6a Net gain or (loss) from sale of assets not on line 10		-21,461.			
b Gross sales price for all assets on line 6a		1,077,420.			
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					
12 Total. Add lines 1 through 11		105,662.	127,123.		
13 Compensation of officers, directors, trustees, etc		0.	0.		0.
14 Other employee salaries and wages					
15 Pension plans, employee benefits					
16a Legal fees					
b Accounting fees STMT 3		2,408.	2,408.		0.
c Other professional fees STMT 4		18,916.	18,916.		0.
17 Interest					
18 Taxes STMT 5		2,365.	2,365.		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		23,689.	23,689.		0.
25 Contributions, gifts, grants paid		148,256.			148,256.
26 Total expenses and disbursements. Add lines 24 and 25		171,945.	23,689.		148,256.
27 Subtract line 26 from line 12:					
a Excess of revenue over expenses and disbursements		-66,283.			
b Net investment income (if negative, enter -0-)			103,434.		
c Adjusted net income (if negative, enter -0-)				N/A	

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SCANNED MAY 31 2010



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		612,948.	267,863.	267,863.
	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		1,320.		
	10a	Investments - U.S. and state government obligations STMT 6		975,000.	774,939.	778,478.
	b	Investments - corporate stock STMT 7		679,570.	811,422.	799,792.
	c	Investments - corporate bonds STMT 8		932,229.	1,280,560.	1,314,550.
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)		3,201,067.	3,134,784.	3,160,683.	
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 ☐ 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 ☒ 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		0.	0.	
	29	Retained earnings, accumulated income, endowment, or other funds		3,201,067.	3,134,784.	
	30	Total net assets or fund balances		3,201,067.	3,134,784.	
	31	Total liabilities and net assets/fund balances		3,201,067.	3,134,784.	

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	3,201,067.
2	Enter amount from Part I, line 27a	2	-66,283.
3	Other increases not included in line 2 (itemize) ▶	3	0.
4	Add lines 1, 2, and 3	4	3,134,784.
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	3,134,784.

JOHN C. & ADA K. ARTER MEMORIAL FUND

Form 990-PF (2009)

F/B/O SALVATION ARMY

55-6138362

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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 STATEMENTS			
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 1,077,420.		1,098,881.	-21,461.

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			-21,461.

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	-21,461.
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	299,869.	3,132,549.	.095727
2007	203,412.	3,379,286.	.060194
2006	136,277.	3,376,905.	.040356
2005	125,615.	3,398,434.	.036963
2004	122,296.	3,447,538.	.035473

2 Total of line 1, column (d)	2	.268713
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	.053743
4 Enter the net value of noncharitable-use assets for 2009 from Part X, line 5	4	3,016,962.
5 Multiply line 4 by line 3	5	162,141.
6 Enter 1% of net investment income (1% of Part I, line 27b)	6	1,034.
7 Add lines 5 and 6	7	163,175.
8 Enter qualifying distributions from Part XII, line 4	8	148,256.

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	2,069.
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	2,069.
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	2,069.
6 Credits/Payments:			
a 2009 estimated tax payments and 2008 overpayment credited to 2009	6a	1,200.	
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	1,200.	
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	869.	
10 Overpayment. If line 7 is more than the total of lines 5 and 8, enter the amount overpaid	10		
11 Enter the amount of line 10 to be: Credited to 2010 estimated tax ☐ Refunded ☐	11		

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
1b 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
1c 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?		
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) ☐ WV		
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

N/A

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 ► GRAY, GRIFFITH & MAYS, A.C. Telephone no. ► 304-345-9400 Located at ► 707 VIRGINIA ST. E., SUITE 400, CHARLESTON, WV ZIP+4 ► 25301			
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 0.

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	► ☐	1b X
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? 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 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)?

☐ 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)?

Organizations relying on a current notice regarding disaster assistance check here

☒

5b

X

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
CITY NATIONAL BANK, WV 10 HALE ST. SUITE 100 CHARLESTON, WV 25301	TRUSTEE	0.00	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

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."

[illegible]

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

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	2,622,501.
b	Average of monthly cash balances	1b	440,405.
c	Fair market value of all other assets	1c	
d	Total (add lines 1a, b, and c)	1d	3,062,906.
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	3,062,906.
4	Cash deemed held for charitable activities. Enter 1 1/2% of line 3 (for greater amount, see instructions)	4	45,944.
5	Net value of noncharitable-use assets. Subtract line 4 from line 3. Enter here and on Part V, line 4	5	3,016,962.
6	Minimum investment return. Enter 5% of line 5	6	150,848.

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	150,848.
2a	Tax on investment income for 2009 from Part VI, line 5	2a	2,069.
b	Income tax for 2009. (This does not include the tax from Part VI.)	2b	
c	Add lines 2a and 2b	2c	2,069.
3	Distributable amount before adjustments. Subtract line 2c from line 1	3	148,779.
4	Recoveries of amounts treated as qualifying distributions	4	0.
5	Add lines 3 and 4	5	148,779.
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	148,779.

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	148,256.
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	148,256.
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	0.
6	Adjusted qualifying distributions. Subtract line 5 from line 4	6	148,256.

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				148,779.
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				
c From 2006				
d From 2007				
e From 2008				57,997.
f Total of lines 3a through e	57,997.			
4 Qualifying distributions for 2009 from Part XII, line 4: ► \$				148,256.
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				148,256.
e Remaining amount distributed out of corpus	0.			
5 Excess distributions carryover applied to 2009 (If an amount appears in column (d), the same amount must be shown in column (a))	523.			523.
6 Enter the net total of each column as indicated below:				
a Corpus. Add lines 3f, 4c, and 4e. Subtract line 5	57,474.			
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	57,474.			
10 Analysis of line 9:				
a Excess from 2005				
b Excess from 2006				
c Excess from 2007				
d Excess from 2008	57,474.			
e Excess from 2009				

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

N/A

1 a If the foundation has received a ruling or determination letter that it is a private operating foundation, and the ruling is effective for 2009, enter the date of the ruling

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

☐ 4942(1)(3) or ☐ 4942(1)(5)

2 a Enter the lesser of the adjusted net income from Part I or the minimum investment return from Part X for each year listed

b 85% of line 2a

c Qualifying distributions from Part XII,
line 4 for each year listed

d Amounts included in line 2c not used directly for active conduct of exempt activities

e Qualifying distributions made directly for active conduct of exempt activities.

Subtract line 2d from line 2c

3 Complete 3a, b, or c for the alternative test relied upon:

a "Assets" alternative test - enter:

(1) Value of all assets

(2) Value of assets qualifying under section 4942(j)(3)(B)(i)

b "Endowment" alternative test - enter 2/3 of minimum investment return shown in Part X, line 6 for each year listed

c "Support" alternative test - enter:

(1) Total support other than gross investment income (interest, dividends, rents, payments on securities loans (section 512(a)(5)), or royalties)

(2) Support from general public and 5 or more exempt organizations as provided in section 4942(j)(3)(B)(iii)

(3) Largest amount of support from an exempt organization

(4) Gross investment income

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

1 Information Regarding Foundation Managers:

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

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

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)
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3 Grants and Contributions Paid During the Year or Approved for Future Payment

Recipient Name and address (home or business)		If recipient is an individual, show any relationship to any foundation manager or substantial contributor	Foundation status of recipient	Purpose of grant or contribution	Amount
a Paid during the year SALVATION ARMY PO BOX 6130 CHARLESTON, WV 25362				INCOME DISTRIBUTION	148,256.
Total ▶ 3a					148,256.
b Approved for future payment NONE					
Total ▶ 3b					0.

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	FEDERAL HOME LN MTG CORP	P	11/18/08	03/02/09
b	FEDERAL HOME LN MTG CORP	P	02/18/09	12/04/09
c	FREDDIE MAC @ 5% DUE	P	02/26/09	12/04/09
d	FEDERAL HOME LOAN BANK BD @ 4%	P	04/11/08	01/22/09
e	FEDERAL HOME LOAN BANK BD @ 4%	P	06/18/08	01/13/09
f	FEDERAL HOME LOAN BANK BD @ 5%	P	07/17/08	01/30/09
g	FEDERAL HOME LOAN BANK BONDS @ 5%	P	04/25/08	01/29/09
h	FEDERAL HOME LOAN BANK @ 3%	P	05/15/09	11/20/09
i	FEDERAL FARM CREDIT BANK BD	P	01/27/09	05/04/09
j	FEDERAL FARM CREDIT BANK BD	P	09/09/09	12/15/09
k	FEDERAL FARM CREDIT BANK BD	P	05/15/09	09/24/09
l	FEDERAL FARM CREDIT BANK BD	P	06/16/09	09/24/09
m	FEDERAL FARM CREDIT BANK BD	P	03/14/08	02/10/09
n	FANNIE MAE NOTE @ 5%	P	02/27/09	06/18/09
o	CATERPILLAR FIN SVCS POWERNT	P	05/08/06	11/15/09

(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.		50,000.	0.
b 100,000.		100,000.	0.
c 50,000.		50,000.	0.
d 50,000.		50,000.	0.
e 75,000.		75,000.	0.
f 100,000.		100,000.	0.
g 100,000.		100,000.	0.
h 25,000.		25,000.	0.
i 25,000.		25,000.	0.
j 25,000.		25,000.	0.
k 25,000.		25,000.	0.
l 50,000.		50,000.	0.
m 100,000.		100,000.	0.
n 50,000.		50,000.	0.
o 25,000.		23,881.	1,119.

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			0.
b			0.
c			0.
d			0.
e			0.
f			0.
g			0.
h			0.
i			0.
j			0.
k			0.
l			0.
m			0.
n			0.
o			1,119.

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 }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

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	FEDERAL HOME LOAN BANK BD @ 4.125%	P	01/10/08	07/22/09
b	FEDERAL HOME LOAN BANK BD @ 4.05%	P	04/02/08	04/22/09
c	FEDERAL HOME LOAN BANK @ 5.20%	P	09/22/08	10/15/09
d	FEDERAL FARM CREDIT BANK BD	P	11/18/08	11/25/09
e	GENERAL MOTORS CORP SR PFD	P	06/28/01	05/29/09
f				
g				
h				
i				
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 50,000.		50,000.	0.
b 100,000.		100,000.	0.
c 25,000.		25,000.	0.
d 50,000.		50,000.	0.
e 2,420.		25,000.	-22,580.
f			
g			
h			
i			
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			0.
b			0.
c			0.
d			0.
e			-22,580.
f			
g			
h			
i			
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	-21,461.
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

<u>SOURCE</u>	<u>AMOUNT</u>
CITY NATIONAL BANK	76,056.
TOTAL TO FORM 990-PF, PART I, LINE 3, COLUMN A	76,056.

FORM 990-PF DIVIDENDS AND INTEREST FROM SECURITIES STATEMENT 2

<u>SOURCE</u>	<u>GROSS AMOUNT</u>	<u>CAPITAL GAINS DIVIDENDS</u>	<u>COLUMN (A) AMOUNT</u>
CITY NATIONAL BANK	51,067.	0.	51,067.
TOTAL TO FM 990-PF, PART I, LN 4	51,067.	0.	51,067.

FORM 990-PF ACCOUNTING FEES STATEMENT 3

<u>DESCRIPTION</u>	<u>(A) EXPENSES PER BOOKS</u>	<u>(B) NET INVEST- MENT INCOME</u>	<u>(C) ADJUSTED NET INCOME</u>	<u>(D) CHARITABLE PURPOSES</u>
ACCOUNTING FEES	2,276.	2,276.		0.
DEMAND NOTE SUB-ACCOUNTING FEE	132.	132.		0.
TO FORM 990-PF, PG 1, LN 16B	2,408.	2,408.		0.

FORM 990-PF OTHER PROFESSIONAL FEES STATEMENT 4

<u>DESCRIPTION</u>	<u>(A) EXPENSES PER BOOKS</u>	<u>(B) NET INVEST- MENT INCOME</u>	<u>(C) ADJUSTED NET INCOME</u>	<u>(D) CHARITABLE PURPOSES</u>
TRUST FEES	18,916.	18,916.		0.
TO FORM 990-PF, PG 1, LN 16C	18,916.	18,916.		0.

FORM 990-PF	TAXES			STATEMENT	5
DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES	
FEDERAL EXCISE TAX	2,365.	2,365.			0.
TO FORM 990-PF, PG 1, LN 18	2,365.	2,365.			0.

FORM 990-PF	U.S. AND STATE/CITY GOVERNMENT OBLIGATIONS			STATEMENT	6
DESCRIPTION	U.S. GOV'T	OTHER GOV'T	BOOK VALUE	FAIR MARKET VALUE	
US GOVT. OBLIG SEE STMT 9	X		774,939.	778,478.	
TOTAL U.S. GOVERNMENT OBLIGATIONS			774,939.	778,478.	
TOTAL STATE AND MUNICIPAL GOVERNMENT OBLIGATIONS					
TOTAL TO FORM 990-PF, PART II, LINE 10A			774,939.	778,478.	

FORM 990-PF	CORPORATE STOCK		STATEMENT	7
DESCRIPTION			BOOK VALUE	FAIR MARKET VALUE
CORPORATE STOCKS SEE STMT 10			811,422.	799,792.
TOTAL TO FORM 990-PF, PART II, LINE 10B			811,422.	799,792.

FORM 990-PF	CORPORATE BONDS		STATEMENT	8
DESCRIPTION			BOOK VALUE	FAIR MARKET VALUE
CORPORATE BONDS SEE STMT 11			1,280,560.	1,314,550.
TOTAL TO FORM 990-PF, PART II, LINE 10C			1,280,560.	1,314,550.

John C. & Ada K. Arter Memorial Fund FBO Salvation Army
FEIN 55-6138362
990-PF Balance Sheet
Part II Line 10 A
12/31/2009

Statement 9

Description	Shares	Market Cost Per Share	Cost Basis	12/31/09 Market Value
FFCB 3 05% 03-23-15	25,000 000	98 469000	25,000 00	24,617 25
FFCB 3 45% 08-11-14	50,000 000	100 625000	50,000 00	50,312 50
FFCB 3 375% 09-17-15	40,000 000	99 500000	39,950 00	39,800 00
FFCB 4 00% 05-26-17	25,000.000	99.625000	25,000.00	24,906 25
FHLB 5 00% 12-27-17	100,000 000	103.063000	100,000.00	103,063.00
FHLB 4.00% 01-28-13	50,000 000	102.000000	50,000 00	51,000 00
FHLB 3 2% 08-25-10	125,000.000	101 563000	125,000 00	126,953 75
FHLB 4.125% 02-12-19	50,000.000	96 906000	50,000 00	48,453 00
FHLB 4% 07-30-21 STP	100,000.000	97.469000	100,000 00	97,469 00
FHLB 4.0% 11-18-16	25,000 000	99.219000	25,000 00	24,804.75
FHLB 2.00% 12-23-19	50,000.000	97 719000	50,000.00	48,859 50
FNMA 3% 04-27-15 STP	50,000.000	99 500000	50,000.00	49,750 00
FNMA 4 0% 06-30-17	25,000 000	99 781000	25,000 00	24,945.25
FED KAUFMANN FD #66	2,906 977	4.659999	10,000 00	13,546 51
US T-Bill 02-18-10	25,000 000	99 997000	24,996 39	24,999.25
US T-Bill 03-18-10	25,000.000	99 990000	24,992 67	24,997 50
			\$ 774,939.06	\$ 778,477.51

John C. & Ada K. Arter Memorial Fund FBO Salvation Army

FEIN 55-6138362

990-PF Balance Sheet

Part II Line 10 B

12/31/2009

Statement 1C

Description	Shares	Market Cost Per Share	Cost Basis	12/31/09 Market Value
AT&T	300.000	28.030000	7,523.99	8,409.00
Abbott Labs	200.000	53.990000	9,623.99	10,798.00
Amgen Inc.	400.000	56.570000	28,272.00	22,628.00
Automatic Data Proce	200.000	42.820000	7,503.78	8,564.00
BB&T Corp	500.000	25.370000	11,307.50	12,685.00
Centurytel Inc	200.000	36.210000	5,670.00	7,242.00
Cisco Sys Inc.	300.000	23.940000	5,355.74	7,182.00
Citigroup, Inc.	400.000	3.310000	18,285.00	1,324.00
CitiGroup Cap PFD ST	1,000.000	18.270000	25,000.00	18,270.00
Coca-Cola Company	400.000	57.000000	19,188.25	22,800.00
Conocophillips	200.000	51.070000	9,173.98	10,214.00
Consol Energy Corp	300.000	49.800000	14,937.60	14,940.00
Walt Disney Company	200.000	32.250000	5,832.93	6,450.00
E I Dupont	600.000	33.670000	31,033.75	20,202.00
Eaton Tx Mgd Div Eq	2,950.000	13.130000	48,327.00	38,733.50
Eaton Tax Mgd GL Buy	3,000.000	13.890000	49,780.00	41,670.00
Eaton Tx MGD GL Div	1,550.000	12.330000	24,645.00	19,111.50
Eaton Risk Mgd Div	1,100.000	16.660000	20,670.00	18,326.00
Europacific Growth F	489.716	38.339997	25,000.86	18,775.71
Exxon Mobil Corp	300.000	68.190000	11,331.62	20,457.00
FPL Group Inc	300.000	52.820000	10,051.00	15,846.00
Amer Fundamental A	639.684	32.730004	27,500.61	20,936.86
General Electric Co	1,000.000	15.130000	26,461.92	15,130.00
General Mills Inc	100.000	70.810000	5,820.79	7,081.00
Growth Fd. of America	870.322	27.330000	30,000.68	23,785.90
HSBC Financial Corp	1,000.000	22.060000	25,000.00	22,060.00
H J Heinz Co	200.000	42.760000	7,225.99	8,552.00
Hewlett Packard Co	600.000	51.510000	23,471.00	30,906.00
Home Depot Inc	600.000	28.930000	25,893.52	17,358.00
Intel Corporation	300.000	20.400000	4,542.00	6,120.00
International Business Mach	400.000	130.900000	43,257.01	52,360.00
Johnson & Johnson	600.000	64.410000	34,911.65	38,646.00
MDU Resources Group	300.000	23.600000	6,193.78	7,080.00
Marathon Oil Corp	200.000	31.220000	5,905.62	6,244.00
McDonalds Corp	200.000	62.440000	11,714.00	12,488.00
Microsoft Corp	200.000	30.480000	3,968.00	6,096.00
Occidental Pete Corp	200.000	81.350000	3,342.00	16,270.00
Oracle Sys Corp	200.000	24.530000	3,420.00	4,906.00
Peabody Energy Group	500.000	45.210000	19,042.42	22,605.00
Pinnacle West Capita	700.000	36.580000	27,511.00	25,606.00
Proctor & Gamble Co	500.000	60.630000	29,096.99	30,315.00
Sysco Corp	200.000	27.940000	4,604.96	5,588.00
Texas Instruments	200.000	26.060000	3,155.70	5,212.00
3M Co Com	200.000	82.670000	11,431.87	16,534.00
United Parcel Servic	200.000	57.370000	9,634.00	11,474.00
United Technologies	300.000	69.410000	10,555.09	20,823.00
Verizon Comm Inc.	200.000	33.130000	5,913.98	6,626.00
Walmart Stores Inc.	200.000	53.450000	10,663.98	10,690.00
Walgreen Company	100.000	36.720000	2,669.70	3,672.00
			\$ 811,422.25	\$ 799,792.47

John C. & Ada K. Arter Memorial Fund FBO Salvation Army
FEIN 55-6138362
990-PF Balance Sheet
Part II Line C
12/31/2009

Statement 11

Description	Shares	Market Cost Per Share	Cost Basis	12/31/09 Market Value
BB&T 5.2% 12-23-15	25,000.000	103.862000	24,649.75	25,965.50
BB&T Cap 8.95% PFD	1,000.000	26.860000	25,003.50	26,860.00
Bk of Amer 8.2% PFD	2,000.000	24.170000	50,000.00	48,340.00
Bank of Amer 5.35%	25,000.000	99.668000	25,000.00	24,917.00
Bear Stn 4 55 062310	28,750.000	101.673009	27,959.37	29,230.99
GCB Bell South 4.75%	100,000.000	106.781000	100,000.00	106,781.00
CISCO 5.25% 02-22-11	25,000.000	104.933000	25,000.00	26,233.25
Citigroup 5.125%	25,000.000	99.531000	23,620.50	24,882.75
Danville VA 4.20%	50,000.000	103.975000	50,000.00	51,987.50
John Deere Cap 3.00%	50,000.000	100.493000	50,000.00	50,246.50
Deutsche BK 6.625%	500.000	20.990000	12,500.00	10,495.00
Du Pont 4.75% 3-15-15	25,000.000	106.358000	24,781.25	26,589.50
GE 5.50% 11-15-11	25,000.000	101.190000	25,000.00	25,297.50
GE Cap 4.5% 03-15-13	50,000.000	101.165000	47,225.00	50,582.50
GE Cap 4.4% 04-15-14	50,000.000	98.506000	50,000.00	49,253.00
GE Cap 4.3% 05-15-12	50,000.000	102.280000	50,000.00	51,140.00
Georgia Power 4.25%	25,000.000	96.904000	24,973.75	24,226.00
Goldman Sachs 4.00%	25,000.000	97.658000	25,000.00	24,414.50
Goldman Sachs 6.20%	800.000	25.240000	20,000.00	20,192.00
HSBC FI 5.60% 091512	50,000.000	104.626000	50,000.00	52,313.00
ING Group 8.5% PFD	1,000.000	21.920000	25,000.00	21,920.00
ML 4.13 05-12-11 S/P	25,000.000	98.018000	25,000.00	24,504.50
Microsoft Corp 4.2%	25,000.000	99.843000	25,000.00	24,960.75
Morgan Stanley 6.45%	1,100.000	21.450000	27,500.00	23,595.00
Nat Rural 3.9% 8-15-10	25,000.000	101.661000	25,000.00	25,415.25
Pitney Bowes 4.75%	25,000.000	103.999000	25,000.00	25,999.75
Protective Life 4.0%	25,000.000	101.669000	25,021.75	25,417.25
Prude 6.00% 12-01-17	75,000.000	103.171000	74,550.00	77,378.25
Toyota 5.25% 122211	100,000.000	106.790000	100,000.00	106,790.00
Verizon 4.35% 021513	50,000.000	104.602000	48,610.00	52,301.00
Wachovia 5.75% 2-1-18	50,000.000	104.357000	50,000.00	52,178.50
Wells Fargo 6.45%	50,000.000	105.605000	49,165.50	52,802.50
Wells Fargo 7.875%	2,000.000	25.670000	50,000.00	51,340.00
			\$ 1,280,560.37	\$ 1,314,550.24