



See a Social Security Number? Say Something!
Report Privacy Problems to <https://public.resource.org/privacy>
Or call the IRS Identity Theft Hotline at 1-800-908-4490



Short Form

Return of Organization Exempt From Income Tax

OMB No 1545-1150

2009

Form 990-EZ

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation)

Department of the Treasury
Internal Revenue Service

Sponsoring organizations of donor advised funds and controlling organizations as defined in section 512(b)(13) must file Form 990. All other organizations with gross receipts less than \$500,000 and total assets less than \$1,250,000 at the end of the year may use this form. The organization may have to use a copy of this return to satisfy state reporting requirements.

Open to Public Inspection

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

B Check if applicable: Address change, Name change, Initial return, Terminated, Amended return, Application pending.

C Name of organization: **PHOTOWORKS, INC.**
Number and street (or P.O. box, if mail is not delivered to street address): **7300 MACARTHUR BLVD**
City or town, state or country, and ZIP + 4: **GLEN ECHO, MD 20812**

D Employer identification number: **65-1178064**

E Telephone number: **301-634-2274**

F Group Exemption Number:

Section 501(c)(3) organizations and 4947(a)(1) nonexempt charitable trusts must attach a completed Schedule A (Form 990 or 990-EZ).

G Accounting method: Cash Accrual
Other (specify):

I Website: **WWW.GLENECHOPHOTOWORKS.ORG**

H Check if the organization is not

J Tax-exempt status (check only one) - 501(c)(3) (insert no.) 4947(a)(1) or 527

required to attach Schedule B (Form 990 990-EZ, or 990-PF)

K Check if the organization is not a section 509(a)(3) supporting organization and its gross receipts are normally not more than \$25,000. A Form 990-EZ or Form 990 return is not required, but if the organization chooses to file a return, be sure to file a complete return.

L Add lines 5b, 6b, and 7b, to line 9 to determine gross receipts; if \$500,000 or more, file Form 990 instead of Form 990-EZ **\$ 151,900.**

Part I Revenue, Expenses, and Changes in Net Assets or Fund Balances (See the instructions for Part I.)

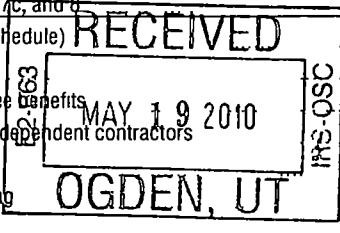
1	Contributions, gifts, grants, and similar amounts received		1	3,250.
2	Program service revenue including government fees and contracts		2	144,532.
3	Membership dues and assessments		3	
4	Investment income		4	183.
5a	Gross amount from sale of assets other than inventory	STMT 2	5a	2,850.
b	Less: cost or other basis and sales expenses		5b	2,519.
c	Gain or (loss) from sale of assets other than inventory (Subtract line 5b from line 5a)		5c	331.
6	Special events and activities (complete applicable parts of Schedule G). If any amount is from gaming, check here <input type="checkbox"/>			
a	Gross revenue (not including \$ _____ of contributions reported on line 1)		6a	880.
b	Less: direct expenses other than fundraising expenses		6b	2,122.
c	Net income or (loss) from special events and activities (Subtract line 6b from line 6a)		6c	<1,242.>
7a	Gross sales of inventory, less returns and allowances	STMT 5	7a	205.
b	Less: cost of goods sold		7b	
c	Gross profit or (loss) from sales of inventory (Subtract line 7b from line 7a)		7c	205.
8	Other revenue (describe _____)		8	
9	Total revenue. Add lines 1, 2, 3, 4, 5c, 6c, 7c, and 8		9	147,259.
10	Grants and similar amounts paid (attach schedule)		10	
11	Benefits paid to or for members		11	
12	Salaries, other compensation, and employee benefits		12	9,600.
13	Professional fees and other payments to independent contractors		13	93,984.
14	Occupancy, rent, utilities, and maintenance	SEE STATEMENT 4	14	36,211.
15	Printing, publications, postage, and shipping		15	250.
16	Other expenses (describe _____)	SEE STATEMENT 1	16	15,845.
17	Total expenses. Add lines 10 through 16		17	155,890.
18	Excess or (deficit) for the year (Subtract line 17 from line 9)		18	<8,631.>
19	Net assets or fund balances at beginning of year (from line 27, column (A)) (must agree with end-of-year figure reported on prior year's return)		19	128,506.
20	Other changes in net assets or fund balances (attach explanation)	SEE STATEMENT 3	20	1,784.
21	Net assets or fund balances at end of year. Combine lines 18 through 20		21	121,659.

Part II Balance Sheets. If Total assets on line 25, column (B) are \$1,250,000 or more, file Form 990 instead of Form 990-EZ.

(See the instructions for Part II.)

	(A) Beginning of year	(B) End of year
22 Cash, savings, and investments	44,021.	41,554.
23 Land and buildings	79,853.	77,516.
24 Other assets (describe OTHER DEPRECIABLE ASSETS)	4,717.	2,590.
25 Total assets	128,591.	121,660.
26 Total liabilities (describe SALES TAX PAYABLE)	85.	1.
27 Net assets or fund balances (line 27 of column (B) must agree with line 21)	128,506.	121,659.

SCANNED MAY 19 2010



P

Part V Other Information (Note the statement requirements in the instructions for Part V)

		Yes	No
33	Did the organization engage in any activity not previously reported to the IRS? If "Yes," attach a detailed description of each activity		X
34	Were any changes made to the organizing or governing documents? If "Yes," attach a conformed copy of the changes		X
35	If the organization had income from business activities, such as those reported on lines 2, 6a, and 7a (among others), but not reported on Form 990-T, attach a statement explaining why the organization did not report the income on Form 990-T.		
35a	a Did the organization have unrelated business gross income of \$1,000 or more or was it subject to section 6033(e) notice, reporting, and proxy tax requirements?		X
35b	b If "Yes," has it filed a tax return on Form 990-T for this year?	N/A	
36	Did the organization undergo a liquidation, dissolution, termination, or significant disposition of net assets during the year? If "Yes," complete applicable parts of Sch. N		X
37a	Enter amount of political expenditures, direct or indirect, as described in the instructions. ▶ 37a <u>0.</u>		
37b	b Did the organization file Form 1120-POL for this year?		X
38a	Did the organization borrow from, or make any loans to, any officer, director, trustee, or key employee or were any such loans made in a prior year and still outstanding at the end of the period covered by this return?	X	
38b	b If "Yes," complete Schedule L, Part II and enter the total amount involved		
39a	39 Section 501(c)(7) organizations. Enter:		
	a Initiation fees and capital contributions included on line 9	N/A	
39b	b Gross receipts, included on line 9, for public use of club facilities	N/A	
40a	40a Section 501(c)(3) organizations. Enter amount of tax imposed on the organization during the year under: section 4911 ▶ <u>0.</u> ; section 4912 ▶ <u>0.</u> ; section 4955 ▶ <u>0.</u>		
40b	b Section 501(c)(3) and 501(c)(4) organizations. Did the organization engage in any section 4958 excess benefit transaction during the year or is it aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? If "Yes," complete Schedule L, Part I		X
40c	c Section 501(c)(3) and 501(c)(4) organizations. Enter amount of tax imposed on organization managers or disqualified persons during the year under sections 4912, 4955, and 4958 ▶ <u>0.</u>		
40d	d Section 501(c)(3) and 501(c)(4) organizations. Enter amount of tax on line 40c reimbursed by the organization ▶ <u>0.</u>		
40e	e All organizations. At any time during the tax year, was the organization a party to a prohibited tax shelter transaction? If "Yes," complete Form 8886-T		X
41	41 List the states with which a copy of this return is filed. ▶ <u>MD</u>		
42a	42a The organization's books are in care of ▶ <u>THE ORGANIZATION</u> Telephone no. ▶ <u>301-634-2274</u> Located at ▶ <u>7300 MACARTHUR BLVD, GLEN ECHO, MD</u> ZIP + 4 ▶ <u>20812</u>		
42b	b At any time during the calendar year, did the organization have an interest in or a signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account)? If "Yes," enter the name of the foreign country: ▶ _____ See the instructions for exceptions and filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts.		X
42c	c At any time during the calendar year, did the organization maintain an office outside of the U.S.? If "Yes," enter the name of the foreign country: ▶ _____		X
43	43 Section 4947(a)(1) nonexempt charitable trusts filing Form 990-EZ in lieu of Form 1041 - Check here ▶ <input type="checkbox"/> and enter the amount of tax-exempt interest received or accrued during the tax year ▶ <u>43</u> ▶ <u>N/A</u>		
44	44 Did the organization maintain any donor advised funds? If "Yes," Form 990 must be completed instead of Form 990-EZ		X
45	45 Is any related organization a controlled entity of the organization within the meaning of section 512(b)(13)? If "Yes," Form 990 must be completed instead of Form 990-EZ		X

Part VI Section 501(c)(3) organizations and section 4947(a)(1) nonexempt charitable trusts only. All section 501(c)(3) organizations and section 4947(a)(1) nonexempt charitable trusts must answer questions 46-49b and complete the tables for lines 50 and 51.

- 46 Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? If "Yes," complete Schedule C, Part I
47 Did the organization engage in lobbying activities? If "Yes," complete Schedule C, Part II
48 Is the organization a school as described in section 170(b)(1)(A)(ii)? If "Yes," complete Schedule E
49a Did the organization make any transfers to an exempt non-charitable related organization?
b If "Yes," was the related organization a section 527 organization?
50 Complete this table for the organization's five highest compensated employees (other than officers, directors, trustees and key employees) who each received more than \$100,000 of compensation from the organization. If there is none, enter "None."

Table with 2 columns: Yes, No. Rows 46-49b.

Table for line 50: (a) Name and address of each employee paid more than \$100,000, (b) Title and average hours per week devoted to position, (c) Compensation, (d) Contributions to employee benefit plans & deferred compensation, (e) Expense account and other allowances.

- f Total number of other employees paid over \$100,000
51 Complete this table for the organization's five highest compensated independent contractors who each received more than \$100,000 of compensation from the organization. If there is none, enter "None."

Table for line 51: (a) Name and address of each independent contractor paid more than \$100,000, (b) Type of service, (c) Compensation.

- d Total number of other independent contractors each receiving over \$100,000

Sign Here: 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 officer) is based on all information of which preparer has any knowledge. Signature of officer: Karen Keating, Date: 5/12/10, Type or print name and title: Karen Keating, President.

Paid Preparer's Use Only: Preparer's signature: Neil E. Berger, Date: 05/03/10, Check if self-employed: [], Preparer's identifying number (See instr): [], Firm's name (or yours if self-employed), address, and ZIP + 4: Metro Metro and Associates, 3311 Olney Sandy Spring Road, Olney, Maryland 20832-1411, EIN: [], Phone no.: (301) 929-9700.

May the IRS discuss this return with the preparer shown above? See instructions [X] Yes [] No

SCHEDULE A
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

Complete if the organization is a section 501(c)(3) organization or a section 4947(a)(1) nonexempt charitable trust.

▶ Attach to Form 990 or Form 990-EZ. ▶ See separate instructions.

OMB No 1545-0047

2009

Open to Public Inspection

Name of the organization **PHOTOWORKS, INC.** Employer identification number **65-1178064**

Part I Reason for Public Charity Status (All organizations must complete this part) See instructions.

The organization is not a private foundation because it is (For lines 1 through 11, check only one box)

- 1 A church, convention of churches, or association of churches described in section 170(b)(1)(A)(i).
- 2 A school described in section 170(b)(1)(A)(ii). (Attach Schedule E)
- 3 A hospital or a cooperative hospital service organization described in section 170(b)(1)(A)(iii).
- 4 A medical research organization operated in conjunction with a hospital described in section 170(b)(1)(A)(iii). Enter the hospital's name, city, and state _____
- 5 An organization operated for the benefit of a college or university owned or operated by a governmental unit described in section 170(b)(1)(A)(iv). (Complete Part II)
- 6 A federal, state, or local government or governmental unit described in section 170(b)(1)(A)(v).
- 7 An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in section 170(b)(1)(A)(vi). (Complete Part II.)
- 8 A community trust described in section 170(b)(1)(A)(vi). (Complete Part II.)
- 9 An organization that normally receives: (1) more than 33 1/3% of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions - subject to certain exceptions, and (2) no more than 33 1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975 See section 509(a)(2). (Complete Part III)
- 10 An organization organized and operated exclusively to test for public safety. See section 509(a)(4).
- 11 An organization organized and operated exclusively for the benefit of, to perform the functions of, or to carry out the purposes of one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2). See section 509(a)(3). Check the box that describes the type of supporting organization and complete lines 11e through 11h
 - a Type I
 - b Type II
 - c Type III - Functionally integrated
 - d Type III - Other
- e By checking this box, I certify that the organization is not controlled directly or indirectly by one or more disqualified persons other than foundation managers and other than one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2)
- f If the organization received a written determination from the IRS that it is a Type I, Type II, or Type III supporting organization, check this box
- g Since August 17, 2006, has the organization accepted any gift or contribution from any of the following persons?

	Yes	No
(i) A person who directly or indirectly controls, either alone or together with persons described in (ii) and (iii) below, the governing body of the supported organization?		
(ii) A family member of a person described in (i) above?		
(iii) A 35% controlled entity of a person described in (i) or (ii) above?		
- h Provide the following information about the supported organization(s)

(i) Name of supported organization	(ii) EIN	(iii) Type of organization (described on lines 1-9 above or IRC section (see instructions))	(iv) Is the organization in col. (i) listed in your governing document?		(v) Did you notify the organization in col. (i) of your support?		(vi) Is the organization in col. (i) organized in the U.S.?		(vii) Amount of support
			Yes	No	Yes	No	Yes	No	
Total									

Part II Support Schedule for Organizations Described in Sections 170(b)(1)(A)(iv) and 170(b)(1)(A)(vi)

(Complete only if you checked the box on line 5, 7, or 8 of Part I.)

Section A. Public Support

Calendar year (or fiscal year beginning in) ▶	(a) 2005	(b) 2006	(c) 2007	(d) 2008	(e) 2009	(f) Total
1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants.")						
2 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
3 The value of services or facilities furnished by a governmental unit to the organization without charge						
4 Total. Add lines 1 through 3						
5 The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f)						
6 Public support. Subtract line 5 from line 4						

Section B. Total Support

Calendar year (or fiscal year beginning in) ▶	(a) 2005	(b) 2006	(c) 2007	(d) 2008	(e) 2009	(f) Total
7 Amounts from line 4						
8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
9 Net income from unrelated business activities, whether or not the business is regularly carried on						
10 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part IV)						
11 Total support. Add lines 7 through 10						

12 Gross receipts from related activities, etc. (see instructions) 12

13 **First five years.** If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and **stop here** ▶

Section C. Computation of Public Support Percentage

14 Public support percentage for 2009 (line 6, column (f) divided by line 11, column (f)) 14 %

15 Public support percentage from 2008 Schedule A, Part II, line 14 15 %

16a **33 1/3% support test - 2009.** If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶

b **33 1/3% support test - 2008.** If the organization did not check a box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶

17a **10% -facts-and-circumstances test - 2009.** If the organization did not check a box on line 13, 16a, or 16b, and line 14 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and **stop here.** Explain in Part IV how the organization meets the "facts-and-circumstances" test. The organization qualifies as a publicly supported organization ▶

b **10% -facts-and-circumstances test - 2008.** If the organization did not check a box on line 13, 16a, 16b, or 17a, and line 15 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and **stop here.** Explain in Part IV how the organization meets the "facts-and-circumstances" test. The organization qualifies as a publicly supported organization ▶

18 **Private foundation.** If the organization did not check a box on line 13, 16a, 16b, 17a, or 17b, check this box and see instructions ▶

Part III Support Schedule for Organizations Described in Section 509(a)(2) (Complete only if you checked the box on line 9 of Part I.)

Section A. Public Support

Calendar year (or fiscal year beginning in)	(a) 2005	(b) 2006	(c) 2007	(d) 2008	(e) 2009	(f) Total
1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants.")	20,844.	5,360.	41,685.	11,818.	3,250.	82,957.
2 Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose	101,004.	116,488.	140,326.	138,568.	145,311.	641,697.
3 Gross receipts from activities that are not an unrelated trade or business under section 513						
4 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
5 The value of services or facilities furnished by a governmental unit to the organization without charge						
6 Total. Add lines 1 through 5	121,848.	121,848.	182,011.	150,386.	148,561.	724,654.
7a Amounts included on lines 1, 2, and 3 received from disqualified persons						0.
b Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of \$5,000 or 1% of the amount on line 13 for the year						0.
c Add lines 7a and 7b						0.
8 Public support (Subtract line 7c from line 6)						724,654.

Section B. Total Support

Calendar year (or fiscal year beginning in)	(a) 2005	(b) 2006	(c) 2007	(d) 2008	(e) 2009	(f) Total
9 Amounts from line 6	121,848.	121,848.	182,011.	150,386.	148,561.	724,654.
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources			13.	460.	2,298.	2,771.
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
c Add lines 10a and 10b			13.	460.	2,298.	2,771.
11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
12 Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV)						
13 Total support (Add lines 9, 10c, 11, and 12)	121,848.	121,848.	182,024.	150,846.	150,859.	727,425.

14 First five years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and stop here

Section C. Computation of Public Support Percentage

15 Public support percentage for 2009 (line 8, column (f) divided by line 13, column (f))	15	99.62 %
16 Public support percentage from 2008 Schedule A, Part III, line 15	16	99.93 %

Section D. Computation of Investment Income Percentage

17 Investment income percentage for 2009 (line 10c, column (f) divided by line 13, column (f))	17	.38 %
18 Investment income percentage from 2008 Schedule A, Part III, line 17	18	.07 %

19a 33 1/3% support tests - 2009. If the organization did not check the box on line 14, and line 15 is more than 33 1/3%, and line 17 is not more than 33 1/3%, check this box and stop here. The organization qualifies as a publicly supported organization

b 33 1/3% support tests - 2008. If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3%, and line 18 is not more than 33 1/3%, check this box and stop here. The organization qualifies as a publicly supported organization

20 Private foundation. If the organization did not check a box on line 14, 19a, or 19b, check this box and see instructions

FORM 990-EZ	OTHER EXPENSES	STATEMENT	1
DESCRIPTION		AMOUNT	
ADVERTISING AND PROMOTION		6,307.	
ACCOUNTING		2,646.	
INSURANCE		490.	
DARKROOM SUPPLIES		2,656.	
BANK AND CREDIT CARD FEES		45.	
REPAIRS AND MAINTENANCE		1,232.	
TELECOMMUNICATIONS		256.	
OFFICE EXPENSES		2,178.	
BOARD EXPENSES		35.	
TOTAL TO FORM 990-EZ, LINE 16		15,845.	

FORM 990-EZ	GAIN (LOSS) FROM PUBLICLY TRADED SECURITIES	STATEMENT	2	
DESCRIPTION	GROSS SALES PRICE	COST OR OTHER BASIS	EXPENSE OF SALE	NET GAIN OR (LOSS)
200 SHS - TECO ENERGY INC.	2,850.	2,519.	0.	331.
TO FORM 990-EZ, LINE 5	2,850.	2,519.	0.	331.

FORM 990-EZ	OTHER CHANGES IN NET ASSETS OR FUND BALANCES	STATEMENT	3
DESCRIPTION		AMOUNT	
UNREALIZED GAINS FROM WACHOVIA SECURITIES		1,784.	
TOTAL TO FORM 990-EZ, LINE 20		1,784.	

FORM 990-EZ OCCUPANCY, RENT, UTILITIES AND MAINTENANCE STATEMENT 4

DESCRIPTION	AMOUNT
DEPRECIATION	4,464.
OTHER EXPENSES	31,747.
TOTAL TO FORM 990-EZ, LINE 14	36,211.

FORM 990-EZ

INCOME AND COST OF GOODS SOLD
INCLUDED ON PART I, LINE 7A

STATEMENT 5

INCOME

1. GROSS RECEIPTS	205	
2. RETURNS AND ALLOWANCES		
3. LINE 1 LESS LINE 2		205
4. COST OF GOODS SOLD (LINE 13)		
5. GROSS PROFIT (LINE 3 LESS LINE 4)		205

COST OF GOODS SOLD

6. INVENTORY AT BEGINNING OF YEAR		
7. MERCHANDISE PURCHASED		
8. COST OF LABOR		
9. MATERIALS AND SUPPLIES		
10. OTHER COSTS		
11. ADD LINES 6 THROUGH 10		
12. INVENTORY AT END OF YEAR		
13. COST OF GOODS SOLD (LINE 11 LESS LINE 12).		

FORM 990-EZ

INFORMATION REGARDING TRANSFERS
ASSOCIATED WITH PERSONAL BENEFIT CONTRACTS

STATEMENT 6

- A) DID THE ORGANIZATION, DURING THE YEAR, RECEIVE ANY FUNDS,
DIRECTLY OR INDIRECTLY, TO PAY PREMIUMS ON A PERSONAL
BENEFIT CONTRACT? [] YES [X] NO
- B) DID THE ORGANIZATION, DURING THE YEAR, PAY PREMIUMS,
DIRECTLY OR INDIRECTLY, ON A PERSONAL BENEFIT CONTRACT? . . [] YES [X] NO

TO OPERATE A PHOTOGRAPHY EDUCATION CENTER AS PART OF THE GLEN ECHO PARK PARTNERSHIP FOR ARTS AND CULTURE.

GENERAL EXPLANATION OVERFLOW

• General Explanation Attachment

Name of the organization PHOTOWORKS, INC.	Employer identification number 65-1178064
--	--

SCHEDULE L, PART II, LOANS TO AND FROM INTERESTED PERSONS:

(A) NAME OF PERSON: KAREN KEATING

(A) PURPOSE OF LOAN:

TO FUND PURCHASE OF EQUIPMENT AND LEASEHOLD IMPROVEMENTS